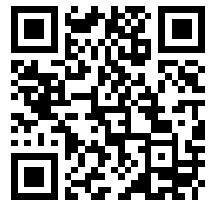

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The BANKERS MAGAZINE

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Vol. CX

JANUARY 1925

No. 1

**How 3,000 Bankers Voted on
Branch Banking**

Politics and the Federal Reserve

**Community Need of Bankers' Interest
in Better Agriculture**

Two Views of the Business Cycle

The Armored Chariots of King Cash

**Co-operative Advertising by
Savings Banks**

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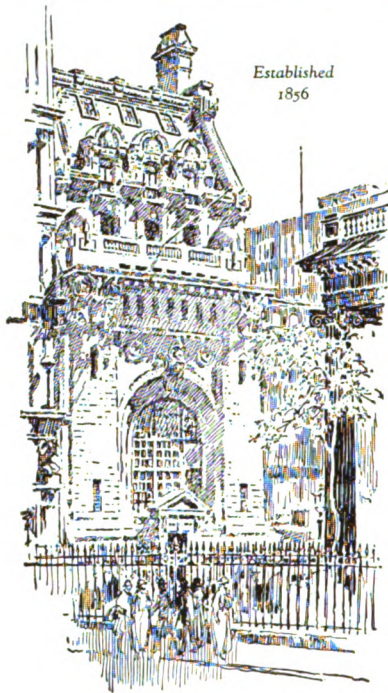
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Volume CX

JANUARY 1925

No. 1

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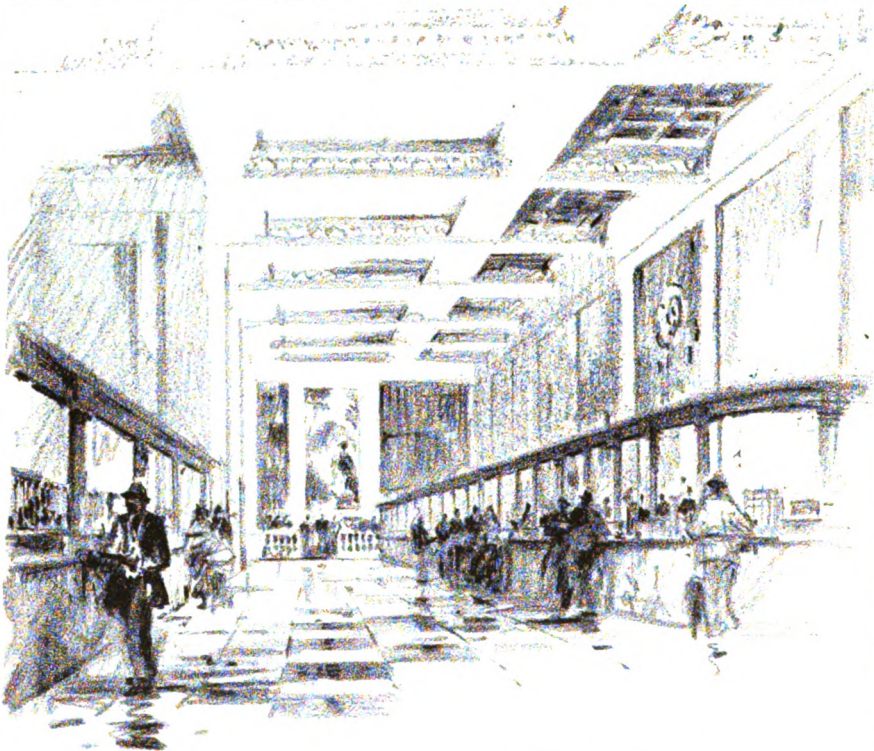
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The Armored Chariots of King Cash	By John Walker Harrington 29
In all the large financial centers of the country fortified services in the form of heavily armored cars are making their appearance. Some of these armored cars are operated by express companies with banks as their clients; and here and there a bank owns its own small fleet, all duly manned with armed guards. What these cars are like, how they are manned, how the crews are protected, and many other interesting facts are told by Mr. Harrington in this article.	
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The Publisher's Page

THE investment trust is an institution that has within recent months been the object of an ever increasing attention on the part of American bankers. This is borne out by the fact that several investment trusts have recently been established in the United States where previously the institution remained practically unknown. "Investment Trusts in Great Britain," by Paul Einzig, which will appear in the February number, will be found of particular interest at the present time to readers of **THE BANKERS MAGAZINE**. This article has been prepared purely for purposes of information, without any attempt to decide for or against the desirability of the investment trust and its adaptability to conditions existing in this country. The author, Dr. Einzig, is an economist of note. He is foreign editor of "The Financial News," (London) and Doctor of Political and Economic Sciences, University of Paris.



THE co-operative bank movement, a development of the building and loan idea, has grown in the state of Massachusetts alone from sixteen banks with assets of \$272,462 in 1881 to 217 banks with assets of approximately \$311,962,791 at the close of business in October 1924. Throughout the United States the co-operative plan has grown from the first association, organized in 1831 to over 10,700 institutions of a similar nature with total assets of \$3,942,939,880 in 1923. The development of the co-operative plan from its early beginnings up to present times is interestingly traced by Ernest A. Hale in his article "Co-operative Banking," which will appear in the February number of **THE BANKERS MAGAZINE**. Mr. Hale is treasurer of the Suffolk Co-operative Bank, Boston, Mass.



WHEN the United States acquired the Philippines the Islands were totally unable to care for themselves. They were both bankrupt and helpless, and what the future held in store for them was regarded as largely problematical. Twenty-five years have passed. The Islands are no longer bankrupt. They have thrived under American sovereignty. In return for the care and expense incurred during those years the Philippines are in a position to co-ordinate in the industrial and economic welfare of the United States and thereby sustain their autonomy. Frederic E. Sturdevant, in his article "What About the Philippines?" which will appear in the

February number, gives a very clear and enlightening picture of developments in the Philippines since they have been under United States protectorship. Mr. Sturdevant takes up the matter of Philippine independence, presenting this highly important question and the facts relating to it very strongly to the reader. Mr. Sturdevant concludes that a grant of independence to the Philippines is neither feasible nor desirable, leaving the reader to draw his own conclusions.



IN the February number will appear the first series of five articles by Theodore Tefft Weldon on "A Complete Campaign for New Trust Business." The first article of this series will cover the subject "Selling Your Trust Department to the Public." This article contains, as will the ones which are to follow it, a wealth of helpful suggestions based on the practical and highly successful experience of the author. The second article of the series will appear in the April number. Mr. Weldon, the author of the series, is advertising director of the Northern Trust Company of Chicago.



THE second article of E. B. Harshaw's series on the Agricultural Department of a Bank will appear in the February number. The author will discuss in this article the survey of the community for agricultural development. The third article of the series will appear in the March number. Mr. Harshaw is cashier of the Grove City National Bank of Grove City, Pa., and is president of the Pennsylvania Bankers Association. His bank has been a pioneer in agricultural community development and co-operation. This work has been very mutually beneficial to the farmers of the community and to the bank.



AMONG the first and most effective things that the bankers of this country could do in working for tax reduction would be to discourage further state and municipal bond offerings, in the opinion of William P. Helm, Jr., whose article "The Heart of the Tax Problem," will appear in the March number of **THE BANKERS MAGAZINE**. Mr. Helm is an authority on the tax problem, having made a careful and thorough study of taxation. For the last three years he has been Washington correspondent of the National Budget Committee.

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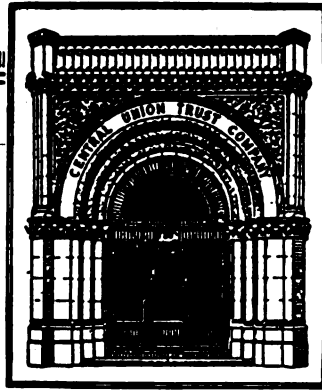
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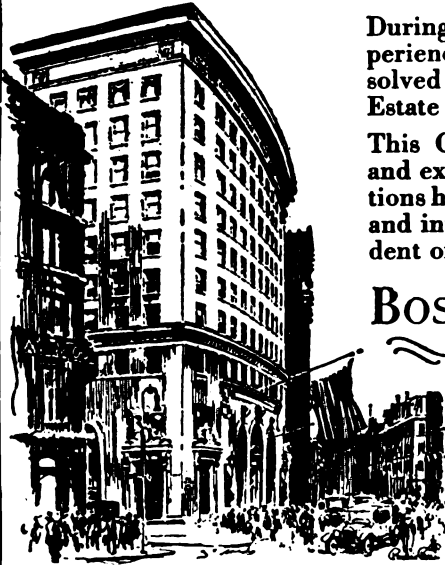
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Represented by

**THE ANGLO-SOUTH AMERICAN
TRUST COMPANY**

Incorporated under the laws of the State of New York

49 Broadway, New York

Austin National Bank

AUSTIN, TEXAS

Capital \$300,000

Surplus and Profits \$726,000

Resources \$8,622,663

WM. H. FOLTS, President

JOHN H. CHILES, Vice-President

MORRIS HIRSHFELD, Vice-President

T. H. DAVIS, Vice-President

C. M. BARTHOLOMEW, Vice-Pres. & Cashier

S. B. ROBERDEAU, Asst. Cashier

LEFFLER CORBITT, Asst. Cashier

This old established bank is thoroughly equipped in every department. Its strong financial position, efficient management and reputation commend it to banks, bankers and individuals requiring a good banking connection at the capital of the Union's largest State.

We are at the center of an Empire of Business and would like to represent you here

H. A. WROE, President
R. C. ROBERDEAU, Vice-Pres. **L. J. SCHNEIDER, Vice-Pres.**
A. D. THOMPSON, Vice-Pres. **L. D. WILLIAMS, Cashier**
H. PFAEFFLIN, Asst. Cashier **D. H. HART, Jr., Asst. Cashier**

For Prompt and Best Service Send Your
Texas Items Direct to the

American National Bank

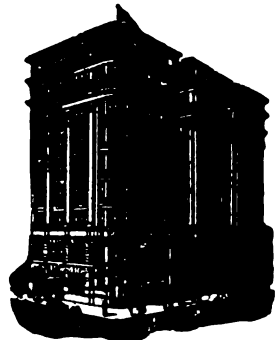
AUSTIN, TEXAS

Capital, \$300,000

Surplus, \$800,000

Directors' Responsibility Over \$8,000,000 United States Government Depository

Will remit in New York, Boston, Chicago, St. Louis, Kansas City or New Orleans Exchange when requested. We have unsurpassed facilities for collecting on all banking points in Texas.





Capital
\$5,000,000

Reserves
\$7,000,000

Head Office—TORONTO, CANADA

CANADIAN COLLECTIONS—

Special facilities through our Branches and arrangements with other Banks for making Canadian Collections for Banks and Business Houses in United States and Foreign Countries. Our service comprises close supervision and prompt remittance. Information will be gladly furnished when required.

CANADIAN ACCOUNTS AND BALANCES—

Deposits invited. Interest allowed on balances. Close rates of exchange given on amounts transferred.

THE BANK OF TORONTO

INCORPORATED
1827

JOHN E. LAMB
General Manager

Extensive Connections

—covering every section of the "Pacific Northwest", enable The Old National Bank to render a service to banks and bankers everywhere that is unsurpassed for promptness and accuracy in taking care of their requirements in this district.

The Old National Bank
Spokane, Washington

MEMBER FEDERAL RESERVE SYSTEM



ESTABLISHED 1832

Banking Service in Canada, Newfoundland and West Indies

With 265 branches in Canada, 13 in Newfoundland, 10 in Jamaica and 9 in Cuba, Porto Rico and the Dominican Republic, we are well equipped to handle the accounts of banks and corporations wishing to do business with these points.

Capital Paid-Up - - \$10,000,000
Reserve Fund - - \$19,500,000
Total Assets over - \$220,000,000

The Bank of Nova Scotia

GENERAL MANAGER'S OFFICE: TORONTO, ONT.
 J. A. McLEOD, General Manager

NEW YORK AGENCY - - - - 49 WALL STREET
 P. W. MURPHY and F. W. MURRAY, Agents

LONDON BRANCH: 108 Old Broad St., E. C. 2

CORRESPONDENTS

**LONDON, ENG.—Midland Bank Limited, Bank of England,
 Royal Bank of Scotland**
**NEW YORK—Bank of New York & Trust Co.
 National Bank of Commerce in New York**

The Bank of Toronto

Incorporated 1855

Condensed Annual Statement, 29th November, 1924

LIABILITIES

Deposits	\$ 77,731,761.52
Balances due to other Banks	4,023,659.01
Bank of Toronto Notes in Circulation	7,926,217.00
Letters of Credit outstanding	1,295,123.26
Other Liabilities	293,020.94
	\$ 91,269,781.73
Capital paid up	\$5,000,000.00
Reserves	7,239,115.70
	\$ 12,239,115.70
	<u>\$103,508,897.43</u>

Cash

ASSETS

Gold and silver coin, Dominion Notes, Notes and Cheques of other Banks, etc.	\$ 15,110,112.62
Balances due by other Banks	1,417,440.09
Deposit in the Central Gold Reserves	2,500,000.00
Deposit with the Minister for the purposes of the Circulation Fund	255,033.25
Securities Owned —Dominion, Provincial, Municipal Bonds and other high grade securities readily saleable	22,494,830.12
Call and Short Loans against securities	6,256,527.06
	\$ 48,033,943.14
Commercial Loans (less rebate of interest) after making full provision for all Bad and Doubtful debts	\$ 50,731,911.26
Mortgages held against Real Estate sold by Bank	94,319.23
Letters of Credit —Liabilities of customers (as per contra)	1,295,123.26
Bank Premises including Head Office and Branches (at not more than 60% of cost)	3,353,600.54
	<u>\$103,508,897.43</u>

W. G. GOODERHAM, President

JOHN R. LAMB, General Manager

Canadian Collections

With Branches or Agents at every important point in Canada we offer exceptional facilities for the handling of your Canadian business.

Private wires connecting Toronto and Montreal with Buffalo and New York enable us to give prompt exchange transfers at best rates.

Canadian Accounts and Balances—Deposits invited; interest allowed on balances.



An Ally of Business Since 1869

Over half a century ago, during an important period in the history of the Maritime Provinces, a small banking firm was formed to fill a definite need in the commercial life of the community.

From this modest beginning, through a careful yet progressive policy, The Royal Bank of Canada has developed with the Dominion, till it now occupies a position amongst the most powerful banks in the world.

Besides the advantage of this mature experience, its Customers and Correspondents have the security of the sound business management and financial strength of an institution world wide in its influence.

The Royal Bank of Canada

Resources of Over \$583,000,000

• Head Office
Montreal

New York
68 William St.

The Royal Bank of Canada

Statement to the Dominion Government (Condensed) Showing Condition
of the Bank on November 29, 1924

LIABILITIES

Capital Paid up	\$ 20,400,000.00
Reserve Fund	20,400,000.00
Undivided Profits	1,143,806.90
Dividend No. 149, payable 1st December, 1924.....	612,000.00
Bonus 2% payable 1st December, 1924	408,000.00
Notes in Circulation	29,821,936.74
Deposits	461,836,583.57
Due to other Banks	11,984,837.54
Bills Payable (Acceptances by London Branch)	5,884,277.65
Letters of Credit outstanding	31,298,066.69
	<u>\$583,789,509.09</u>

ASSETS

Cash on Hand	\$ 51,612,054.11
Deposit in the Central Gold Reserves	11,000,000.00
Notes of and Cheques on other Banks	56,010,798.53
Due from other Banks	28,797,935.00
Government and Municipal Securities	78,674,739.22
Railway and other Bonds, Debentures and Stocks	17,677,562.02
Call Loans on Stocks and Bonds	34,251,651.00
	<u>\$278,024,739.88</u>
Loans and Discounts	257,980,174.78
Liabilities of Customers under Letters of Credit as per contra	31,298,066.69
Bank Premises	13,350,717.05
Real Estate other than Bank Premises	1,668,230.00
Mortgages on Real Estate sold by the Bank	447,580.69
Deposit with Dominion Government for Security of Note Circulation	1,020,000.00
	<u>\$583,789,509.09</u>

Head Office
Montreal

New York
68 William St.

Established 1875

Imperial Bank of Canada

HEAD OFFICE, TORONTO

Capital (Paid Up) \$7,000,000
 Reserve Fund 7,500,000

PELEG HOWLAND, PRESIDENT

SIR JAMES WOOD, VICE-PRESIDENT

A. E. PHIPPS, GEN. MANAGER G. D. BOULTON, ASST. GEN. MANAGER

H. T. JAFFRAY, ASST. GEN. MANAGER

Agents and Correspondents

UNITED STATES

New York—Bank of the Manhattan Co.
 Boston—National Shawmut Bank.
 Philadelphia—Fourth St. National Bank
 Buffalo—Marine Trust Co.
 Chicago—First National Bank.
 San Francisco—Wells Fargo Bank &
 Union Trust Co.
 Seattle—Seattle National Bank.
 Minneapolis—First National Bank.

GREAT BRITAIN and IRELAND

England—Lloyds Bank, Limited.
 Scotland—The Commercial Bank of Scot-
 land.
 Ireland—Northern Banking Co., Limited,
 Belfast, and Branches.
FRANCE, BELGIUM and
SWITZERLAND
 Lloyds & National Provincial Foreign
 Bank, Ltd.

Having as its correspondents the largest and strongest banks throughout the world, the Imperial Bank of Canada is in a position to afford the most efficient banking service.

With 212 branches in Canada our facilities for handling business throughout the Dominion are unexcelled.

Bank of Liverpool & Martins Limited.

Head Office: 7, WATER STREET, LIVERPOOL.

London Office: 68, LOMBARD STREET, LONDON, E.C. 3.

Capital Subscribed	\$5=£1 \$93,955,600
Capital Paid Up	11,744,450
Reserve Fund and Surplus Profits.....	8,686,210
Deposits, etc., at 30th June, 1924	308,836,735

365 BRANCHES AND SUB-BRANCHES.

All descriptions of Banking, Trustee and Foreign Exchange Business Transacted.

The Bank is prepared to act as Agents for Foreign Banks on usual Terms.

Banca Nazionale di Credito

Capital - - Lit. 300,000,000

HEAD OFFICE: MILAN, ITALY

Over 60 Branches and Agencies Throughout Italy

Correspondents

in all the Principal Cities of the Kingdom

Every Description of Domestic and International
Banking Business Transacted

Special Travelers' Letters of Credit and
Money Order Departments

Inquiries and Correspondence Solicited

AFFILIATED BANKS

BANQUE ITALO-FRANCAISE DE CREDIT
Paris Marseilles Tunis

ITALIAN DISCOUNT & TRUST COMPANY
New York City

BANCO ITALO-EGIZIANO
Alexandria Beni-Mazar Beni-Suef
Cairo Fayum Mansura
Mit-Ghamr Port Said Tantah

BANCA DALMATA DI SCONTO
Zara Sebenico

BANCA COLONIALE DI CREDITO
Asmara Massaw

In Every Important Italian Market

IN EIGHTY commercial and industrial centers of Italy a branch of the Banca Commerciale Italiana performs all the functions of a local bank, with its services closely interwoven with the business affairs of the community it serves.



The New York Agency of this institution, therefore, brings to American bankers and business men an intimate knowledge of Italian commerce and industry obtained by constant and direct relationship with these eighty Italian business centers. Foreign branches and affiliations extend our service to England, France, Switzerland, Poland, Czecho-Slovakia, Austria, Hungary, Roumania, Jugoslavia, Bulgaria, Turkey and throughout South America. Facilities thus provided for American foreign trade are of exceptional breadth and scope.

Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital Lire 500,000,000

Paid in Lire 410,000,000

Surplus Lire 200,000,000

NEW YORK AGENCY, 62-64 WILLIAM STREET

Telephone John 1000

Recently organized

Banca Commerciale Italiana Trust Company

Capital \$1,000,000

Surplus \$500,000

62-64 WILLIAM STREET, NEW YORK

Telephone John 4666

All Banking Facilities

A Native Bank in Peru
for all Banking Operations
BANCO ITALIANO

LIMA, PERU

Established 1889

Capital Fully Paid Lp. 400,000

Surplus Lp. 450,831

BRANCHES

Callao—Arequipa—Chincha Alta—Mollendo—Trujillo

Representatives for the U. S. A.

Banca Commerciale Italiana

Agency in New York

62-64 William Street

Phone: John 1000



In Rhode Island
—the Industrial Trust

Branch offices in the principal centers throughout the state, and headquarters in Providence, equip the Industrial Trust for prompt and satisfactory service. Your first transaction with us will prove this to you.

INDUSTRIAL TRUST COMPANY*Member of Federal Reserve System***Main Offices: Providence, Rhode Island****BOOKS THAT BANKERS NEED**

Write for our new circular describing books
that you need for your banking library

BOOK DEPARTMENT**THE BANKERS PUBLISHING Co.**

71 Murray Street, New York, U.S. A.

The National Bank of New Zealand, Ltd.

Authorized Capital, \$30,000,000
 Subscribed Capital, \$22,500,000
 Paid-up Capital, \$ 7,500,000
 Reserve Fund, \$ 7,350,000

Head Office

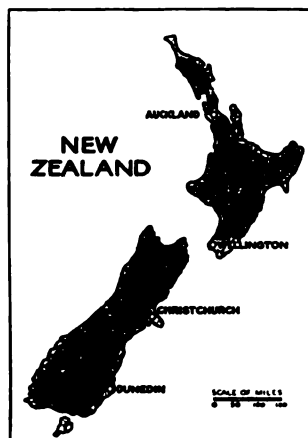
8 Moorgate Street, London, E.C. 2

Manager, ARTHUR WILLIS

Chief Office

In New Zealand at Wellington

General Manager, ALFRED JOLLY



80 Branches and Agencies Throughout New Zealand.

Bills of Exchange Collected. Wool and Produce Credits Arranged.
 All Classes of Banking Business Undertaken.

The Anglo-Egyptian Bank, Limited

(Affiliated with Barclays Bank, Ltd.)

Subscribed Capital	. . .	£1,800,000
CAPITAL PAID-UP	. . .	£ 600,000
Reserve Fund	. . .	£ 720,000

Head Office : 37 to 39 King William Street
 London, E.C. 4

BRANCHES

EGYPT. Alexandria, Cairo, Port-Said, Suez, Tantah,
 Zagazig, Mansourah, Assiut, Beni-Suef, Minieh,
 Musky.

SUDAN. Omdurman, Khartoum, Port Sudan, Makwar,
 Wad Medani.

PALESTINE. Haifa, Jaffa, Jerusalem, Nazareth.

MEDITERRANEAN. Malta, Gibraltar.

The Bank transacts every description of Banking business in Egypt and other Countries where it has branches, grants letters of credit and affords facilities to travellers proceeding to Egypt and elsewhere. Deposits received for one year at rates to be ascertained on application.



THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

Head Office: TAIPEH, JAPAN

Capital Subscribed.....Yen 60,000,000
Capital Paid Up.....Yen 52,500,000
Reserve Funds.....Yen 13,780,000

KOJURO NAKAGAWA, Esq.
 President

HIROZO MORI, Esq.
 Vice-president

Directors

GUNJI KAWASAKI, Esq.
TADASU HISAMUNE, Esq.

MASUMI ESAKI, Esq.
DENKICHI TAKITA, Esq.

MASAKAZU SHUTO, Esq.

Branches :

JAPAN—Tokyo (General Manager's Office), Kobe, Osaka, Yokohama.

TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Mako, Naito, Shinchiku, Taichu, Tainan, Takao, Tansui, Taito, Toyen.

CHINA—Amoy, Canton, Foochow, Hankow, Shanghai, Swatow.

OTHERS—Hongkong, London, New York, Singapore, Semarang, Soerabaia, Batavia, Bombay, Bangkok, Calcutta, Dairen.

New York Office: 165 Broadway

K. YAMAMOTO, Agent

London Office: 25 Old Broad Street

Cable Transfers, Drafts, and Letters of Credit issued; the Negotiation and Collection of Bills of Exchange and other Banking Business transacted through our various Branches as well as correspondents in all parts of the world; offers exceptional facilities for handling transactions in the Far East.

The Sumitomo Bank, Limited

Cable address: "Sumitbank"

ESTABLISHED 1912

(Successors to The Sumitomo Bank)

Capital Subscribed . . .  . . . Yen 70,000,000
 Capital paid up " 50,000,000

Head Office : OSAKA, JAPAN

BARON K. SUMITOMO, President

K. YUKAWA, Esq., Managing Director

S. YOSHIDA, Esq., Managing Director

N. YATSUSHIRO, Esq., Managing Director

New York Agency, 149 Broadway, New York

G. HIGASHI, Agent

HOME OFFICES

Osaka (11)
Shimonoseki
Kurume

Tokyo (15)
Moji
Kure

Yokohama
Hiroshima (2)
Wakamatsu

Kobe (2)
Hakata
Kokura

Kyoto (2)
Hyogo
Yanaï

Nagoya
Nihama
Onomichi

Foreign Branches—Shanghai, New York, London, Hankow, San Francisco, Los Angeles, Bombay
 Affiliated Banks—The Sumitomo Bank of Hawaii, Ltd., Honolulu, T. H.; The Sumitomo
 Bank of Seattle, Seattle, Wash.

Bankers—National City Bank of New York, New York;

Lloyds Bank, Ltd. London; Lloyds & National Provincial Foreign Bank, Ltd., Paris.

Correspondents in All Important Places at Home and Abroad

The Bank buys, sells and receives for collection drafts and telegraphic transfers; issues
 Commercial and Travellers Letters of Credit available in all important parts of the
 world, and acts as Trustee for Mortgage Bond, besides doing general Banking Business.

THE MITSUI BANK, LTD.

Capital Subscribed . . .  . . . Yen 100,000,000.00
 Capital Paid-Up Yen 60,000,000.00
 Reserve Funds (June 1924). Yen 47,100,000.00

Head Office : TOKYO, JAPAN

(No. 1 Suruga-cho, Nihonbashi-ku)

President

G. MITSUI, Esq.

Managing Directors

S. IKEDA, Esq.

N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq.

R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

Home Branches:

Fukuoka, Hiroshima, Kobe, Kyoto, Marunouchi (Tokyo), Moji,
 Nagasaki, Nagoya, Nihonbashi (Tokyo), Osaka (4), Otaru,
 Shimonoseki, Wakamatsu (Kyushu), Yokohama

Foreign Branches:

Bombay

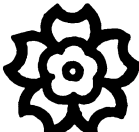
London

New York

Shanghai

The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 80,000,000
Capital Paid-Up . . .		Yen 50,000,000
Total Resources . . .		Yen 660,000,000

Head Office, Keijo (Seoul), Chosen (Korea)

Governor, K. NONAKA

Deputy Governor, S. SUZUKI

Y. KATAYAMA

Directors

I. IUCHI

M. HASHIMOTO

FOREIGN DEPARTMENT: TOKYO

(All communications relating to the arrangements of correspondents and the Bank's general foreign business to be addressed to the Foreign Department)

Principal Branches:

CHOSŌN: (Korea) Chemulpo, Pyengyang, Wonsan, Fusan, Taiku.
MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung.
JAPAN: Tokyo, Osaka, Kobe, Shimonoseki.
CHINA: Shanghai, Tsingtao, Tientsin, Tsinan.
SIBERIA: Vladivostok.

New York Agency, 165 Broadway

H. YAMASHITA, Agent

The Kajima Bank, Limited

Established in 1888

CAPITAL SUBSCRIBED		Yen 30,200,000.00
CAPITAL PAID UP . . .		18,875,000.00
RESERVE FUNDS . . .		5,300,000.00
DEPOSITS (June 30, 1924)		158,787,038.92

Keizo Hirooka, Esq., President
 Chusuke Yoshii, Esq., Managing Director
 Seijiro Gion, Esq., Director
 Tadanosuke Emura, Esq., Director
 Manroku Matsui, Esq., Auditor

Yukinori Hoshino, Esq., Managing Director
 Seishichi Kawakami, Esq., Managing Director
 Hikotaro Ohmura, Esq., Director
 Kyuemon Hirooka, Esq., Auditor
 Kin-ichiro Hoshijima, Esq., Auditor

Head Office, Osaka, Japan

Principal Branches:

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

**General Banking, Foreign Exchange and Trust
 Business Transacted**

New York Correspondents

Yokohama Specie Bank, Ltd.
 Bank of Taiwan, Ltd.
 American Express Co.

London Correspondents

Yokohama Specie Bank, Ltd.
 Bank of Taiwan, Ltd.
 London & Brazilian Bank, Ltd.

SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG STOCKHOLM MALMÖ

Branches
In All Parts of Sweden

PAID-UP CAPITAL AND RESERVES
KR. 182,000,000

Telegraphic Address: Kreditbolaget

Foreign Exchange bought and sold, bills collected, deposit
and current accounts opened and all kinds of banking
business transacted

Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

Head Office: Athens

*Branches: Piraeus, Argos, Pyrgos, Patras, Corfou, Cephalonia, Nauplic,
Vostizza, Calamata, Syra, Chio, Candia, Volo, Salonica, Larissa,
Triccala, Mytilene, Canea, Zante, Plomari and Tripolitza*

ASSOCIATED BANK in LONDON

The Commercial Bank of The Near East, Ltd.

4 London Wall Buildings, E. C. 2

with branch in CONSTANTINOPLE

Correspondents in the principal towns of Greece and in foreign countries
throughout the world

GENERAL BANKING BUSINESS TRANSACTED

Collections, Letters of Credit, Cable Transfers, Current
and Term Deposits, Etc.

Capital and Reserves . . . Dr. 58,106,143

of the above Dr. 25,000,000 are represented by assets of £1,000,000 evaluated at Dr. 25

Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

Capital Paid up.....f.80,000,000 Neth. Currency (£6,666,666)
 Statutory Reserve Fund.....f.20,045,032 “ “ (£1,670,419)
 Extraordinary Reserve Fund f.22,660,000 “ “ (£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

Branches in the NETHERLANDS INDIES: BATAVIA, SOURABAYA, SAMARANG, MEDAN, and further Principal Ports.

Branches in the STRAITS SETTLEMENTS, BRITISH INDIA, CHINA and JAPAN: SINGAPORE, PENANG, RANGOON, CALCUTTA, BOMBAY, HONGKONG, SHANGHAI and KOBE.

Grant Drafts and Issue Letters of Credit on all their Branches and Correspondents in the East, on the Continent, on Great Britain, Africa, America and Australia, and transact Banking Business of every description.

LONDON CORRESPONDENTS :
 The National Provincial Bank, Ltd., LONDON.

DEUTSCHE LAENDERBANK

Aktiengesellschaft

Head Office :

78, Unter den Linden (corner Pariser Platz)

BERLIN N. W. 7

Telephone: Zentrum 10130/39. Trunk Calls: Zentrum 13640/44

Branch Office: 2, Börsenbrücke, HAMBURG

Telephone: Roland 2000/7. Trunk Call: Roland 2008

Telegrams: Länderbank

Codes used: ABC (5th Ed.) Marconi's, Rudolf Mosse, Bentley's, Lieber's (Five Letters)

*Every kind of Banking Business transacted
 Property Administration*



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

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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.

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.....192

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Name

Bank

Address



Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

HEAD OFFICE, SYDNEY



Head Office
Sydney, N. S. W.

Branches in all the principal towns and cities of Australia, at London (2), and Rabaul.

A Savings Bank Department at all Branches and 3,826 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

Agents and Correspondents throughout the World Banking and Exchange Business

of every description transacted within the Australian Commonwealth,
United Kingdom, United States, Canada and Abroad

June 30th, 1924

General Bank Deposits	-	-	\$159,574,511.84
Other Items	-	-	35,222,469.96
Savings Bank Deposits	-	-	205,355,496.00
Note Issue Department	-	-	284,451,125.00
			<u>\$684,603,602.80</u>

Cable Remittances made to, and drafts drawn on United States,
Canada and foreign places direct

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened Interest on Fixed Deposits

Advances made against approved Securities

JAMES KELL, Esq., Acting Governor

EVERY BANKING
FACILITY
AFFORDED
BY

**THE NATIONAL BANK
OF AUSTRALASIA LIMITED.**

458 Offices and
Branches throughout Australia
London Office, 7, Lothbury,
E.C.2



CAPITAL & RESERVES EXCEED \$30,000,000.

GROWTH OF THE BANKS ASSETS

1914. \$ 73,059,300

1924. \$ 191,046,130

CORRESPONDENTS IN EVERY IMPORTANT CITY IN THE WORLD
\$5 = £1

**English, Scottish & Australian Bank,
Limited**

Authorized Capital	\$15,000,000
Paid-up Capital	\$7,500,000
Further Liability of Shareholders . . .	\$7,500,000
Reserve Fund	\$9,100,000

HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3
and 370 Branches and Agencies in Australia
Chief Office in Australia—388 Collins St., Melbourne

BANKING AND EXCHANGE BUSINESS of every description transacted with Australia. **BILLS NEGOTIATED** or sent for **COLLECTION**. **REMITTANCES** made by **TELEGRAPHIC TRANSFER**. **WOOL** and **PRODUCE CREDITS** arranged. **LETTERS of CREDIT** and **DRAFTS** issued on all the Branches of the Bank.

Chief Agents in United States

NEW YORK—Guaranty Trust Company of New York.
CHICAGO—First National Bank.
SAN FRANCISCO—Crocker National Bank.

E. M. JANION, Manager.



THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

Paid-up Capital £4,000,000
Reserve Fund £3,625,000
Reserve Liability of Proprietors
under the Charter £4,000,000
£11,625,000

Head Office, 4 Threadneedle Street, London, E. C. 2

EDMUND GODWARD, Manager

West End Branch, 17 Northumberland Avenue, London, W. C. 2

Branches in Australia

VICTORIA

Melbourne: 394 & 396 Collins St.; 384 Elizabeth St.; 71 Collins St. East
 Brunswick
 Burnley
 Coburg
 Collingwood
 Elsternwick
 Malvern
 Middle Brighton
 Port Melbourne
 Prahran
 St. Kilda
 Williamstown
 Bairnedale
 Ballarat
 Benalla
 Bendigo
 Bright
 Castlemaine
 Charlton
 Chiltern
 Colbran
 Corryong
 Drouin
 Euroa
 Fish Creek
 Foster
 Geelong
 Katamatite
 Kingston
 Korat
 Koroit Vale
 Koroomburra
 Leongatha
 Mirboo North
 Mooroopna
 Morwell
 Nathalia
 Numurkah
 Port Fairy (Belfast)
 Rutherglen
 St. James

Victoria, Contd.

Sale
 Shepparton
 Stawell
 Stony Creek
 Strathmerton
 Tallangatta
 Terang
 Traralgon
 Tullahoma
 Walwa
 Warragul
 Warrnambool
 Wedderburn
 Welschpool
 Wycheproof
 Yackandandah
 Yarram-Yarram
 Yarrowonga

NEW SOUTH

WALEs
 Sydney: Martin Place; 85 Pitt St.; 353 George St. So.;
 We at w o r t h Ave.;
 236 William Street
 Bondi Junction
 Hurstville
 Kogarah
 Leichhardt
 Marrickville
 Newtown
 North Sydney (84 Mount St.)
 Petersham
 Albury
 Ballina
 Bathurst
 Bega
 Bellingen
 Berrigan
 Blayney
 Broken Hill
 Cessnock
 Cootamundra

N. S. Wales, Contd.

Corowa
 Crookwell
 Dorrigo
 Dubbo
 Forbes
 Glen Innes
 Goulburn
 Grafton
 Grenfell
 Howlong
 Jerilderie
 Kempsey
 Kyogle
 Lismore
 Maitland (West)
 Maitland (East)
 Moree
 Murwillumbah
 Newcastle
 Narrabri
 Narromine
 Newcastle
 Nowra
 Orange
 Parkes
 Peak Hill
 South Grafton
 Stroud
 Tamworth
 Tullamore
 Wagga-Wagga
 Wee Waa
 Young

Queensland, Contd.

Longreach
 Maryborough
 Oakey
 Richmond
 Rockhampton
 Roma
 Toogoolawah
 Toowoomba
 Townsville

WESTERN AUSTRALIA

Adelaide
 Kooronga
 Mount Barker
 Port Lincoln
 Port Pirie
 Wirrabara

Branches in New Zealand

Wellington
 Ashburton
 Auckland
 Christchurch
 Dannevirke
 Dunedin
 Eltham
 Featherston
 Feilding
 Gisborne
 Gore
 Hamilton

Hastings
 Hawera
 Invercargill
 Kaikata
 Levin
 Mania
 Mangonui
 Marton
 Masterton
 Matamata
 Morrinsville
 Motu

QUEENSLAND

Brisbane
 Cairns
 Charters Towers
 Chillagoe
 Cooyar
 Crow's Nest
 Herberton
 Hughenden
 Ipswich
 Kingaroy

TASMANIA

Hobart
 Burnie
 Deloraine
 Devonport
 Fingal
 Latrobe
 Launceston
 Sheffield
 Stanley
 Ulverstone
 Wynyard

Principal Correspondents in North America

CANADA :

Bank of Montreal
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UNITED STATES:

Bank of New York & Trust Co., New York
 Hanover National Bank, New York
 National Bank of Commerce, New York

UNITED STATES, Contd.:

National City Bank of New York
 Continental & Commercial Nat. Bk. of Chicago
 Illinois Merchants Trust Co., Chicago
 National Bank of the Republic, Chicago
 Fourth Street National Bank, Philadelphia
 Wells Fargo Bank & Union Trust Co. San Francisco

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AFRICAN BANKING CORPORATION, LIMITED)

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in Cape Province; to the Imperial Government in
South Africa; and to the Administration of Rhodesia.

Authorized Capital	-	-	-	-	-	£10,000,000
Subscribed Capital	-	-	-	-	-	£8,916,660
Paid-Up Capital	-	-	-	-	-	£2,229,165
Reserve Fund	-	-	-	-	-	£2,893,335
Uncalled Capital	-	-	-	-	-	£6,687,495
						£11,809,995

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Rotterdam Branch : 15, Coolingsel

Hamburg Agency : Bank of British West Africa, Ltd., 49-53, Schauenburgerstrasse

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SOUTH and EAST AFRICA

New York Agency: 67 Wall Street

ROWLAND SMITH and R. GIBSON, Agents

Representing in { Bank of British West Africa, Ltd.
New York { Bank of New South Wales

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Canada its unsurpassed service for facilitating trade with
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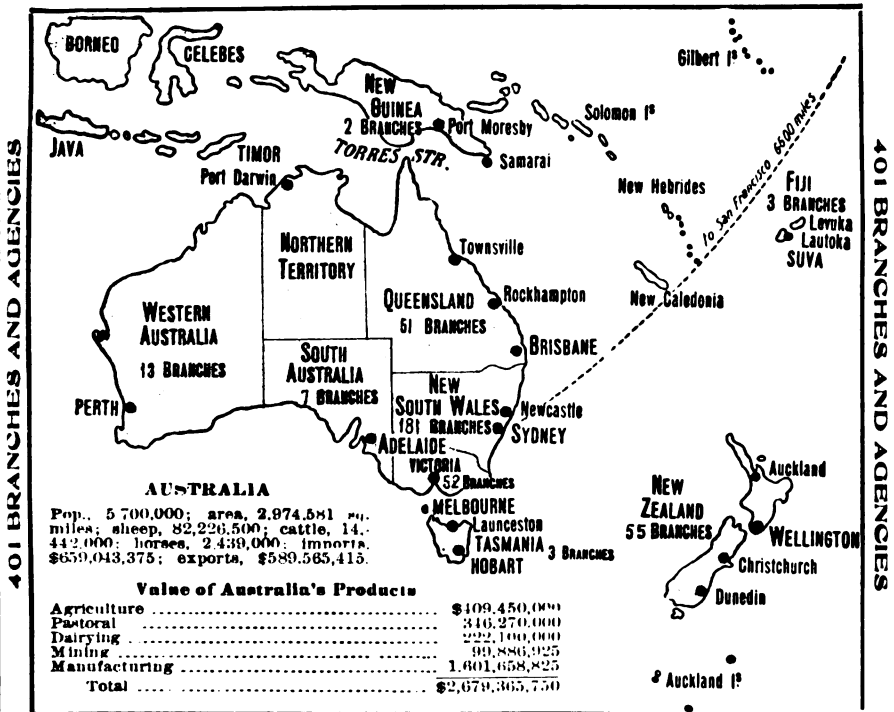
AUSTRALIA

Paid-up Capital . . .		\$30,000,000
Reserve Fund . . .		20,250,000
Reserve Liability of Proprietors . . .		30,000,000
		<u>\$80,250,000</u>



Aggregate Assets, 31st March, 1924, \$391,045,400

OSCAR LINES, General Manager



Head Office—George St., Sydney London Office—29 Threadneedle St., E. C.

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BY reason of long and close association with important American and foreign financing, this Company is thoroughly familiar with modern trust methods in connection with corporate financing. The experience of its corporate trust officers, together with its exceptional facilities, are always at the disposal of correspondent banks and their clients.

Our booklet, "Specialized Service to Banks," which describes these and other services to banks, will be sent on request.

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of New York

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-NINTH YEAR

JANUARY 1925

VOLUME CX, NO. 1

Editorial Comment

Tenth Anniversary of the Federal Reserve System

NATURALLY enough, the tenth anniversary of the establishment of the Federal Reserve Banks in November last called forth many expressions of praise for the effective manner in which the system has functioned in this period. When the Federal Reserve Banks went into operation they were at once confronted with a grave situation, war having been declared in Europe several months before, and they were put to a much more severe test from April, 1917, until November, 1918, when this country itself was engaged in the war.

It is of special significance that, young as the Federal Reserve System was when it had to meet the stress of war, it met this trial in a manner that fully justified the faith of its sponsors. While bestowing unqualified praise for what the system did in this time of trial, reservation of opinion as to its complete efficacy under all conditions must be made until a better opportunity is given to observe the workings of the system under more normal conditions. The Federal Reserve System has shown its ability to weather a financial gale of unsurpassed fury. From this it would seem safe to infer its efficiency in calm weather. But as ease and luxury are insidious and often fatal enemies of the individual, so may the Federal Reserve System find it more difficult to resist the dangers of peace than of war.

If the world, and especially the

United States, shall be exempt from war for another ten years, this will afford a better opportunity of judging of the complete efficacy of the Federal Reserve System than was afforded by the preceding ten-year period.

The vast financial operations which the war rendered necessary have swelled the resources and profits of the Federal Reserve Banks far beyond what would have happened in ordinary times. These banks have put up large and expensive buildings at a time when construction costs were high, have divided exceptional profits, and have made unusual additions to surplus and profit accounts. They have rendered a great public service for which they have been well paid.



Banking and Currency Reform Not Ended

FROM the panegyrics bestowed upon the Federal Reserve System it would be mistaken to conclude that the work of banking and currency reform is ended.

The Federal Reserve System marks some salutary changes in American banking, chief of which is the unification of the member banks into at least the semblance of a banking system. More effective utilization of reserves, improved methods of collections, the gold settlement fund, better rediscount facilities, the change in the basis of bank notes from Government bonds to

gold and commercial paper—these and other features that might be mentioned mark a distinct advance in American banking legislation.

But there are still some things left undone, or that might have been better done.

There are, in fact, two features of the Federal Reserve System which are open to serious objections. First is the fact that through the composition of the Federal Reserve Board the banking system of the country is linked up with the Government (and therefore with politics) much more closely than is desirable. The chief reason why such an affiliation is undesirable lies in the fact that conditions are bound to arise when a sound banking policy requires a course which, at the moment, may be found politically inexpedient. We have witnessed already outbursts of hostility among the farmers because of the real or supposed deflation policy of the Federal Reserve Board in 1920. One need not question the wisdom, integrity or patriotism of a President to concede that under strong pressure he would be almost compelled to yield in favor of a more liberal discount policy than sound banking considerations, at a given time, might indicate.

This objection is by no means an imaginary one. In recent months there have been official expressions of opinion pointing to the fact that it already exercises a practical influence on Federal Reserve policy.

But conceivably something far worse than this may arise. Either of the leading political parties, temporarily in control of the Government (and therefore of the Federal Reserve Board), might use the vast funds of the system as a means of political coercion or corruption. In a sense this is borrowing trouble. But the Federal Reserve Banks, with their enormous funds and the almost autocratic control these institutions can exercise over the banking and business of the country, offer a tempting invitation to an unscrupulous political boss to make use of them for

his own ends. They have not been so used in the past, and a sound and vigilant public opinion will prevent such perversion of the Federal Reserve System in the future.

To call attention to this close alliance of the Government and banking is by no means to insist that the banks should be given an entirely free hand. The Government should intervene just so far as to assure fair play to all concerned. It is believed this could be accomplished with a much looser alliance between the banks and the Government than now exists.

There is another valid criticism to be made of the Federal Reserve System, and that is in respect to the note issues. These, based as they are on coin and commercial paper, are an immense improvement over national bank notes, which are based on Government bonds. But both kinds of notes have a common defect—they are obligations of the Government, and are thus less subject to the demands of daily redemption than pure bank credit notes would be. This objection becomes one of great force when it is remembered that Federal Reserve notes thus become available as reserves for the state banks, which in number and resources surpass the national banks of whose membership the Federal Reserve System is chiefly composed.



Inflation and the Federal Reserve System

THE character of the Federal Reserve notes which renders them available as reserves of the state banks, is a contributory element in currency and credit inflation. If there existed no form of money applicable to this purpose but gold, the state banks would then be required to keep their reserves in this form of money. Now they may hold Federal Reserve notes, which need not be secured by a gold reserve of more than 40 per cent. At

present, on account of the very high percentage of gold back of the Federal Reserve notes, this objection is chiefly one of principle.

But there is another contributory element of inflation inherent in the Federal Reserve System at present against which serious objections may be urged. Reference is made to the diminished reserves of the national banks, and the further requirement that these already lessened reserves must be made to do still further duty by being compulsorily lent to the Federal Reserve Banks. Here is the potential source of enormous credit inflation.

This feature of the Federal Reserve System, partly introduced under the stress of war, has no justification for its continuance under peace conditions and especially at a time when our large stock of gold itself threatens to cause inflation. This danger would be greatly lessened if there were no other permissible form of bank reserves save gold, and if the pyramiding of reserves now required were stopped and the banks required to hold a substantial part of their reserves in their own vaults. This would diminish the amount of funds at the disposal of the Federal Reserve Banks, but would probably leave them enough to meet requirements in ordinary times.

The possibility of Governmental interference with the policy of the Federal Reserve Board, the character of the Federal Reserve notes, the diminished and pyramided bank reserves—all these constitute factors in the inflationary tendencies which may well be made the subject of thorough investigation at the present time.



Other Elements of Inflation

BUT there are other elements in our currency system beside those noted which may be justly charged with inflationary tendencies—the fixed kinds of money. These are the greenbacks and silver certificates.

To them might properly be added the bond-secured national bank notes, which have remained substantially fixed in volume, though their early reduction in amount and ultimate retirement are now in sight.

All these several kinds of fixed monetary circulation undoubtedly interfere with the elasticity of the Federal Reserve notes, and tend to make it more difficult to prevent inflation. They not only serve as currency, but are used as bank reserves also to a large extent by the state banks.

If there is any serious intention on the part of Congress to legislate on banking and currency so as to check the already menacing evils of inflation—greater perhaps than the country has ever witnessed—it would do well to give prompt attention to these forms of currency, all of which are more or less archaic and some of which are positively dangerous.

We hear a great deal about the dangers of gold inflation. But these dangers would hardly exist were it not for the other factors above mentioned. Take away the quasi-legal-tender quality of the Federal Reserve notes, so that they can no longer be used as bank reserves; increase the actual required reserves, and make the banks keep a fair percentage of their reserves in their own vaults; get rid of the legal-tender notes, of the legal-tender silver dollars, and in time of the bond-secured national bank notes, and the menace of gold inflation will completely disappear.



The Reserve System and Bank Failures

WHILE the inauguration of the Federal Reserve System definitely put a stop to currency panics, and ended banking suspensions due to inability of a bank to exchange or hypothecate its good assets for currency, the actual failure of banks has not been diminished under the Federal

Reserve System, but has tended to increase, as may be seen from the following table, showing the failures of all classes of banks in the two periods, 1904-1913 and 1914-1923.

Period	Number of bank failures
1904-1913	714
1914-1923	1485

These figures are from the report of the Comptroller of the Currency. They are subject to considerable modification on account of the number of banks having been greater in the latter period. For example, the total number of national banks on June 9, 1904, was 5331, and on June 14, 1913, the number was 7478. This number had further increased to 8239 on September 14, 1923. Between 1910 and 1923 the state banks reporting to the Comptroller of the Currency increased from 15,950 to 21,937.

Suspensions of really solvent banks—of those whose securities were good and whose capital was unimpaired—have been rendered practically impossible since the passage of the Federal Reserve Act. This constitutes an immense gain and has greatly diminished the hardships formerly occasioned by bank suspensions that really ought not to have occurred.

But failures caused by improper management go on about as before. In other words, the Federal Reserve System seems to have done little or nothing to raise the standard of bank management. It was highly desirable that this should be done, for bad banking has been the greatest source of bank troubles, and continues to be so. In cities where clearing-house supervision exists, the standard of bank management has been perceptibly raised; but the Federal Reserve System, instead of fostering this development, has probably interfered with it. This conclusion follows from the fact that the Federal Reserve Act set up an additional form of examination, partaking of much the same character as that already exercised

by the Comptroller's Bureau over the national banks. Prior to the enactment of this measure there was a tendency to extend clearing-house examination among the city banks, and some hope that in time it might be made to include the country banks. This development was checked by the institution of another form of examination under the direction of the Federal Reserve Board.

Purpose of Criticism of the System

CRITICISM of the Federal Reserve System should have the sole object of calling attention to such defects in it as time and experience may reveal, with the view to their correction. Perhaps the system has been harmed more by indiscriminate praise than by criticism. The Federal Reserve Act was not perfect at the time of its enactment in 1913, as the numerous amendments since that time amply attest. In what has been said above full acknowledgment is given to the many undoubted benefits which the Federal Reserve Act has conferred upon the banks and the business interests of the country. Some of the defects inherent in the system have been pointed out in the hope that this may lead to their correction. No true friend of the Federal Reserve System can wish to see these faults continued, for they are such as threaten to impair the usefulness and perhaps the very existence of the system.

Attacking the Passport Nuisance

BANKERS, like all men of business, are opposed to the expenditure of time, money and labor that produces no results. They are therefore naturally antagonistic to the present passport nuisance. This is evi-

denced by a report recently made by the commerce and marine commission of the American Bankers Association, which declares that "high fees for passports and visés are a burden upon international travel which is so necessary to foreign commerce, and the formalities incident to visés and to police control of passports, which were appropriate in time of war, are now an interference with commerce."

The commission therefore urges the American Government to reduce its fees for passports and visés to a reasonable charge for the service it performs, and to enter as promptly as possible into reciprocal agreements with foreign governments for the complete discontinuance of visé and passport requirements as conditions warrant.

And to the same effect is the following from the annual report of the Secretary of Commerce:

"Fees charged for passports: The regulations in effect at the present time with regard to the fees charged for passports and visés are irksome and provocative of resentment abroad, which is reflected in retaliatory measures that handicap American merchants and traveling salesmen in foreign countries. The fees should be radically reduced and formalities thoroughly revised and simplified."

The expense incident to maintaining the passport nuisance is by no means negligible. The initial cost and the numerous fees for visés mount up, especially when piled upon other expenses of foreign travel. The consumption of time and the personal annoyance caused are even more vexatious than the money cost. But all this could be borne if either the passports or the visés were of any use whatever. But they are not. The traveler finds that he has been subjected to this annoyance and expense without any resultant benefit to him. He expends his time and money and gets nothing in return.

Worse than all this, from the American standpoint, is the fact that there is

a discrimination against citizens of this country traveling in Europe. It is rather galling to be told that if you are an American a visé will be required, while if you are of other nationality it will not. This means, for example, that an American commercial representative will have to pay the fee while a British traveler will not.

The responsibility for the continuance of this discrimination against our people rests squarely with the American Government.



Wall Street Speculation

IMMEDIATELY following the Presidential election in November great activity began in the stock market, which has continued to a point where nearly all past records of trading have been surpassed. The rise in prices of stocks and bonds was quite general, thus indicating that it was based upon the belief of widespread prosperity more than on an improvement in the outlook for a particular line of securities or those of individual corporations.

Whatever may be thought of Wall Street, it must be recognized that the shrewd and experienced operators in that vicinity rarely fail in correctly estimating the business situation. There are sometimes small waves of speculation, usually of short duration, that have no special significance. But when a general and sustained activity in Wall Street occurs with marked advances all along the line, it may be fairly interpreted as the forerunner of what we have come to regard as an era of prosperity.

In this special instance there is every indication that Wall Street has guessed right, as it almost always does. There is of course some danger that stock speculation may be overdone, for the activity and rise of prices, due chiefly to the favorable outlook for business, are fostered by money market conditions. A superabundance of bank credit, available at a very low rate, has tended to

accelerate the speculative movement. Credit ease does not of itself necessarily result in speculation, but when other conditions are favorable—that is when the business outlook is rosy—abundant credit to be had at low rates does make speculation much easier and in fact tends to encourage it. The situation would have been sounder had the volume of circulation been further reduced during the dull period. This would measurably have curtailed the means of speculation. When general business becomes more active we shall almost certainly witness an expansion in currency and credit that will in time lead to inflation.



Prospects for Further Tax Reduction

IN his annual budget message recently presented to Congress President Coolidge pointed out that the revenues for the current fiscal year were expected to be some \$400,000,000 below those of last year, owing principally to a reduction in taxation, while an increase of some \$114,000,000 in expenditures had been made necessary by the Soldiers Bonus Act. The President submitted an estimated surplus of \$67,000,000 for the current fiscal year and of \$373,000,000 for the ensuing fiscal year. He thus presented his views regarding taxation:

“Shall we embark upon new projects involving expenditures which will prevent the accumulation of these expected surpluses, or shall we continue the campaign for economy? I am for economy. If we continue the campaign for economy we will pave the way for further reduction in taxes. This reduction can not be effected immediately. Before it is undertaken we should know more definitely by actual operation what our revenues will be under our present tax law. But the knowledge of our revenue under the existing law will avail us

nothing if we embark upon any new large expenditure program.”

The “campaign for economy” of which the President speaks has been none too easy in the past. Plentiful reasons always exist for spending more and more money. Projects for benefiting the people through taxation are cropping up every day, and they must be scrutinized and opposed where necessary if we are to make and keep any substantial progress in the economy program to which President Coolidge stands committed. Now that we are entering upon an era of business expansion, of rising prices, and perhaps of dangerous inflation, the efforts to enforce a program of economy in the conduct of the Government need to be more vigilant than ever. Congress will find it specially difficult at such a time to resist the pressure to increase expenditures, and can only do so if backed up by sound public opinion.



How the Banks Look At Branch Banking

SPECIFIC authorization of branch banking, provided for in H. R. 8887, now pending in Congress, and commonly known as the McFadden Bill, constitutes such an important departure in the banking policy of the country as to call for a most careful examination of the proposal. The bill grants branch privileges to national banks in those states where the laws permit the state banks to have branches, but limits the national bank branches to the municipality in which the head office is located. The bill would also limit branches of state banks that are members of the Federal Reserve System in the same way—that is by confining such branches to the municipality where the head office of the state bank is located.

So important has this proposal seemed that THE BANKERS MAGAZINE has in-

stituted an inquiry, addressed to all the banks of the United States, asking for an expression of their views on these proposals.

It is expected that this referendum will be of great value as a reflection of the banking opinion of the country in regard to branch banking. Results to date show a majority of 11 votes in favor of branch banking, votes from 3000 banks received being published in this issue of *THE BANKERS MAGAZINE*.

The subject has been discussed and acted on at a number of the conventions of state bankers' associations and at one or more meetings of the American Bankers Association. Some complaints have been heard that these expressions of views have not been as free in all cases as was desired. In order to relieve the present referendum of this objection, the inquiry has been sent to every bank in the country, and an opportunity given to vote on the question without publishing the names of any of the voting banks. The scope of the investigation, and the manner of ascertaining and declaring the result, should make this inquiry of exceptional value. It will be full, free and without bias in any respect—a true expression of the feeling of the banks in regard to the wisdom of branch banking.

Conceivably, Congress may act before the complete results of this referendum can be announced, although in view of the great importance of the branch bank proposal it might suitably delay action on the McFadden Bill until the voice of the bankers can be heard.

The arguments for and against branch banking have been fully presented in these pages and elsewhere in recent years. Unquestionably a situation has developed which renders the issue acute. It should prove most interesting to learn what the bankers of the United States think of branch banking. The 3000 votes received to date indicate that banking opinion on the subject is very evenly divided.

Foreign Indebtedness to the United States

THE reference to foreign debts to the United States made by President Coolidge in his annual message to Congress, will be found of special interest to those countries whose indebtedness to the American Government still remains unadjusted. The President said:

"About \$12,000,000,000 is due to our Government from abroad, mostly from European Governments. Great Britain, Finland, Hungary, Lithuania and Poland have negotiated settlements amounting close to \$5,000,000,000. This represents the funding of over 42 per cent. of the debt since the creation of the special Foreign Debt Commission. As the life of this commission is about to expire, its term should be extended.

"I am opposed to the cancellation of these debts, and believe it for the best welfare of the world that they should be liquidated and paid as fast as possible. I do not favor oppressive measures, but unless money that is borrowed is repaid, credit cannot be secured in time of necessity, and there exists besides a moral obligation which our country cannot ignore and no other country can evade. Terms and conditions may have to conform to differences in the financial abilities of the countries concerned, but the principle that each country should meet its obligation admits of no differences and is of universal application."

While the President merely restates the well-known American attitude respecting debt-cancellation, he goes beyond this by declaring that "terms and conditions may have to conform to differences in the financial abilities of the countries concerned." This would seem to be clearly the case, for obviously where a country can not pay in full, or in a moderate length of time, such adjustments must be made as are required to meet the situation.

But there are reports to the effect

that Great Britain, having already made terms of settlement of its debt due to this country, will object to more favorable terms being given to other countries indebted to the United States. In principle, of course, there ought to be no discrimination shown. But the real question is as to what constitutes favoritism. In deciding this question, the general economic condition of debtor countries will have to be considered; that is, their ability to pay under existing circumstances.

Many people seemed to imagine that with the settlement of the British debt to the United States and the going into operation of the Dawes Plan, the Allied debt problem and the reparations problem were fairly out of the way. But as time goes on it is seen that both these thorny problems remain with us.



Nature of the Reparations Problem

PURELY from the standpoint of history, a statement appearing in the President's recent message to Congress, referring to the part taken by the United States in the settlement of the reparations problem, will prove of exceptional interest. Mr. Coolidge said:

"The attitude which our Government took and maintained toward an adjustment of European reparations, by pointing out that it was not a political but a

business problem, has demonstrated its wisdom by its actual results."

To find out how much Germany could pay and how the payments were to be made was a business problem. But it is significant that no progress in its solution was made by Lloyd George and Briand nor by Curzon and Poincaire. It was only when a closer political accord was reached between the French and British Governments that the negotiations became fruitful. It was Ramsay MacDonald in England and M. Herriot in France who brought about this closer political accord. Prior to that time all attempts to reach an agreement on reparations failed. Very likely the continued success of the Dawes Plan will depend upon the preservation of this better political understanding between France and Great Britain. It is an interesting question as to whether or not this is endangered by the fall of Ramsay MacDonald and the triumph of Mr. Baldwin. Will Austen Chamberlain, the present British Foreign Minister, be as accommodating in his views toward France as was Mr. MacDonald? He can hardly be so unyielding as was Lord Curzon. The inflexible Poincaire has been replaced by M. Herriot, who is still in power.

The details to be worked out and applied to the settlement of the reparations problem were undoubtedly of a business character. But preceding an agreement on these details a political accord had to be reached between France and England. If this accord is not preserved, the successful working out of the details will be imperilled.



How 3,000 Banks Voted on Branch Banking

Results of Branch Bank Poll to the close of December 31, 1924

Total ballots received	2779
In favor of the bill:	
State banks	553
National banks	777
Unclassified	110
Total in favor	1440
Opposed to the bill:	
State banks	960
National banks	226
Unclassified	153
Total opposed	1339

THE results of a national referendum conducted by THE BANKERS MAGAZINE are given above, as received up to December 31, 1924. Returns show a majority of votes in favor of the branch banking provisions of the McFadden Bill.

On the following page will be found in detail the vote of the banks located in the respective states.

Ballots in the form of a post-card with an accompanying explanatory letter, were sent out to about 30,000 banks. As will be seen, to December 31, 2779 replies had been received, representing about 10 per cent. of the total number of banks in the country. There were 1440 votes for the bill and 1339 against it, the affirmative leading by 11 votes.

In favor of the measure there were 777 national banks, 553 state banks, and 110 votes that could not be classified.

Against the measure were 960 state banks, 226 national banks, and 153 unclassified.

BASIS OF THE VOTE

The referendum on the branch banking provision of the McFadden Bill (H. R. 8887) was taken on the basis of the bill itself, copy of which was received from Mr. McFadden, on request, and from a statement made by Mr. McFadden, chairman of the Banking and Currency Committee of the House, in his report to accompany the bill.

Substantial portions of the letter sent out to the banks, asking them to vote on the question, are given below:

A NATION-WIDE BALLOT ON BRANCH BANKING

December 10, 1924.

Dear Sir:

What do you think of branch banking?

Branches of national banks, within the corporate limits of the municipality where

	STATE BANKS		NATIONAL BANKS		UNCLASSIFIED	
	<i>For</i>	<i>Against</i>	<i>For</i>	<i>Against</i>	<i>For</i>	<i>Against</i>
Alabama	1	1	4	1	2	1
Arizona	4	4	3	1	2	1
Arkansas	16	19	13	3	0	0
California	67	8	67	2	9	1
Colorado	7	24	9	5	1	0
Connecticut	5	7	9	2	0	1
Delaware	1	0	0	0	1	0
District of Columbia.....	1	3	2	0	0	2
Florida	5	7	4	1	1	2
Georgia	13	6	2	2	3	2
Idaho	3	10	2	4	1	1
Illinois	46	65	38	15	4	7
Indiana	13	14	14	10	7	9
Iowa	22	64	21	12	6	15
Kansas	14	90	15	9	5	12
Kentucky	3	13	15	0	0	0
Louisiana	9	7	5	1	0	0
Maine	7	1	9	0	1	0
Maryland	4	4	9	1	0	0
Massachusetts	9	5	32	0	4	2
Michigan	18	14	47	3	3	2
Minnesota	32	100	37	19	4	12
Mississippi	8	5	6	0	0	0
Missouri	31	83	7	6	4	13
Montana	5	10	6	9	1	1
Nebraska	20	58	19	4	5	10
Nevada	1	1	1	0	0	1
New Hampshire	3	1	11	1	0	0
New Jersey	7	7	17	6	0	2
New Mexico	2	5	2	3	0	1
New York	12	19	79	3	10	4
North Carolina	16	14	8	0	0	1
North Dakota	10	33	8	6	1	7
Ohio	25	18	47	5	10	6
Oklahoma	3	20	20	17	0	2
Oregon	9	7	8	5	1	1
Pennsylvania	19	51	95	37	7	13
Rhode Island	1	1	1	0	0	0
South Carolina	2	4	5	0	0	0
South Dakota	11	28	11	6	5	2
Tennessee	13	4	11	0	3	2
Texas	9	18	18	8	2	4
Utah	2	7	0	1	0	0
Vermont	3	4	2	2	1	0
Virginia	5	7	3	1	1	2
Washington	5	21	8	8	1	1
West Virginia	9	18	10	4	0	3
Wisconsin	22	50	17	3	4	7
Wyoming	0	0	0	0	0	0

the head office is located and in those states which authorize state banks to have branches, are expressly authorized by Bill H. R. 8887, known as the McFadden Bill, now pending in Congress.

This bill also prohibits state banks from bringing into the Federal Reserve System any branches which they have in operation beyond the corporate limits of the municipality in which their head office 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.

The legalization of limited branch banking by the national banks, and the limitation of branch banking by state bank members of the Federal Reserve System, as proposed in the bill, constitute a departure of the greatest importance to the banks of the United States.

Do you favor these proposals or not?

An opportunity of answering this vital question is now given you through a nationwide referendum being conducted by THE BANKERS MAGAZINE and including all the banks in the country. To have your vote recorded and given its proper influence in determining this important matter of direct and immediate concern to your bank, please fill out the enclosed card and return without delay, as it is desired to publish the results of this vote during the present session of Congress, which comes to an end on March 4.

Please note that a tabulation of results only will be published. The name of your bank will not appear.

The first returns will be published in the January issue of THE BANKERS MAGAZINE, and further returns in succeeding issues.

SUMMARY OF THE BRANCH BANKING PROVISIONS OF THE MCFADDEN BILL

"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."

Record your opinion of these provisions by sending in the enclosed ballot to THE BANKERS MAGAZINE, 71 Murray street, New York. This referendum is thoroughly impartial, and is not designed to influence public opinion either for or against branch banking, but to find out whether the banks of the country want it or not.

Your bank and every other bank in the United States have been invited to vote on branch banking. The results will be carefully compiled and promptly published. Join your fellow bankers of the country by making your wishes known.

HULL AMENDMENTS NOT INCLUDED

The branch bank provisions of the bill were voted on as contained in the copy sent to THE BANKERS MAGAZINE by the Chairman of the Banking and Currency Committee and from the statements made by Mr. McFadden in his report accompanying the bill, as already stated. The Hull amendments, and the proposed addition to section 8 of the bill, made at the suggestion of Charles W. Collins, Deputy Comptroller of the Currency, were not included. These amendments are thus explained by Charles A. Hinsch, president of the Fifth-Third National Bank, Cincinnati:

"My interpretation of the Hull

amendment to section 8 is that it would be unlawful for any national bank to establish a branch in any state which prohibited branch banking to state banks at the time of the approval of the McFadden-Pepper Bill, if and when it becomes a law.

"The Hull amendment to section 9 makes it unlawful for any state bank upon becoming a member of the Federal Reserve System to retain any branches which it will have acquired after the enactment of the McFadden-Pepper Bill in any state which did not permit branch banking at the time of the passage of the McFadden-Pepper Bill. It also makes it unlawful for any state bank member of the Federal Reserve System to establish a branch in any state which did not permit branch banking at the time of the passage of the McFadden-Pepper Bill, but which subsequently permits the establishment of branches by state banks.

"These two amendments place national banks and state chartered member banks of the Federal Reserve Sys-

tem on an equality with respect to branch banking in the states which prohibit or which do not permit branch banking at the time the McFadden-Pepper Bill becomes a law; the only branch banking permissible after that date would be that of state banks that are not members of the Federal Reserve System."

At the suggestion of Charles W. Collins, Deputy Comptroller of the Currency, the following is to be added to section 8:

"Provided, however, that no state which by law prohibits the establishment or operation of branches by state banks, but which law permits the continuance in operation of such branches as may have been in existence at the date of the enactment of such law, shall be held, under the provisions of this section, to be a state which at the time of the approval of this act authorized banks created by or existing under the laws of such state, to own, establish, maintain, or operate any branch or branches."



Gates McGarrah Says German People Are Willing to Carry Out Program Planned

GATES W. McGarrah, chairman of The Mechanics & Metals National Bank, New York, who spent two months in Berlin organizing the new Reichsbank, says general business in Germany is making good progress and the outlook is encouraging. "It will be well to remember," he said, "there are several difficult situations to overcome; one being to reduce the cost of production. On the other hand we must not under-rate the energy and resourcefulness of the German people or their manifest willingness to carry out the program they have accepted.

"As trade expands foreign credits and loans will be required, but undue

haste to grant them is unwise. Furthermore, as I see it, German industry and business will not be helped by accepting large amounts of short time direct accommodations from institutions in the United States which are not fully informed on all the requirements, and which compete quite unnecessarily with German banks.

"There are no doubt important economic problems in Europe awaiting the settlement of the inter-governmental debts. The bearing of all these problems not only on Europe's peace and prosperity, but on our own foreign trade relations makes the terms of the settlements of secondary importance."

Politics and the Federal Reserve System

By H. Parker Willis

THIRTY years ago the question of what was then called "monetary reform" forced itself upon the attention of the business community in connection with the effort to bring about a scaling down of indebtedness through the adoption of a free silver policy. This issue became the chief element in the difficult campaign of 1896 which resulted in a vindication of so-called "sound money" principles and an agreement to reintroduce and confirm the gold standard of value. Thus it was supposed that a verdict on the part of the electorate had been rendered, and that the issue could be regarded as definitely out of politics.

Business men and bankers had educated themselves as never before, during the discussion which preceded the campaign of 1896, in some of the essential principles of money and exchange. They had begun to see that "sound money" was a rather inadequate and even pitiable goal—a state of things which ought to have figured as a starting point rather than as an ultimate end. Hence, after the campaign of 1896 was over, the question of remodelling our banking system was taken up for consideration, and received an increasing degree of study during the years immediately following the election of President McKinley.

The more the subject was analyzed, the more obvious did it become that most of our evils of money and banking in the past had grown out of the use of these questions as political make-weights—their employment as a mode of appeal to the prejudice and self interest of debtors or creditors. Accordingly it came to be regarded as axiomatic that the money and banking question should be "taken out of politics." To that end, discussion of the subject usually included a demand that the Government cease to issue the "greenbacks,"

It was perceived by politicians very early in the history of the Federal Reserve System that the authority to regulate rates of discount might be one of immense pecuniary value, and was always one which could be used with great effect as a matter of advertising and a means of conciliating some sections of the public.

which still survived as a reminiscence of the Civil War, and that it discontinued the Independent Treasury system which had always been employed as a means of pleasing special interests, soothing banks operated by good party men, and placating dissatisfied sections of the country where funds were needed.

THE TREND TOWARD NON-PARTISANSHIP

This view of the situation came to be generally accepted; and it is doubtful whether a single public man during the years from 1900 to 1914 ever referred at any length to the banking question without urging that it should be taken out of politics or, as it was fashionable to say then, recommending that it should be settled upon a "scientific" basis. The idea of treating banking, discount rates and the issue of currency simply on their economic merits, and in accordance with the business needs of the country, appeared to be so obvious as not to require any further demonstration whatever. Even those who inwardly regretted to see juicy "plums" taken out of the reach of political magnates, nevertheless did lip-service to the idea of non-partisanship.

It was in large measure on the strength of this impetus of non-partisanship and independence of political influence that the Federal Reserve Act was able to make its way through Congress. No object sought in

During the years 1917 to 1919 an example of successful political interference with banking was afforded upon a colossal scale. The whole current of the nation's economic life was diverted from its normal channels while fictitious prosperity appeared with a mushroom growth as a result of unwise and misdirected credit. Out of this and the continuation of the policy subsequent to the war came the terrible "silent panic" of 1920-1921, with the heaviest failures ever known in the United States.

that Act was more fundamental than the divorcing of banking from political control. That object was seen in the establishment of a board whose members were to be well paid (as Government salaries go), long term in tenure, and at least moderately skilled in the subject with which they were to deal. It was seen further in the fact that the Act made the board fully independent of Congress as far as appropriations were concerned, leaving them to levy upon the Reserve Banks such assessments as were needed to cover expenses. It was seen finally in the fact that although politicians forced the inclusion of the Secretary of the Treasury and Comptroller of the Currency as members of the board, *ex officio*, these political appointments were kept in the minority, the preponderating majority of the board consisting of men selected as nearly as might be without political bias.

THE EARLY STRUGGLE TO KEEP POLITICS OUT OF SYSTEM

Over and over again freedom from such bias was asserted by President Wilson in his discussions of the Reserve Board and its personnel. Repeatedly did his opponents complain that he was inclined to favor men of his own party, and inveigh against such conduct on his part. Constantly did those around President Wilson rebut such allegations and steadily did the friends of an independent money and banking

system endeavor to keep the politicians from prevailing upon the president to use such appointments as a means of conciliating party friendship or rewarding party service.

The Wilson régime was not perfect. Now and again a member of the President's family would urge the appointment of some kinsman or dependent to an important banking place, not because of any knowledge or skill but simply because it was desired to have them near the White House. Now and again was a deserving Democrat shoved forward, and indeed almost kicked into the System, by W. J. Bryan. Yet when account of stock is taken it remains a fact that during the first few years of the Federal Reserve System, the amount of political interference with it had been small.

The first Federal Reserve Board was acutely alive to the danger of political interference, and when once their own places had been thoroughly protected, were insistent that no further politics be allowed to figure in designations. As a matter of fact, a count of directors chosen for Reserve Banks by the board, and of other functionaries in whose selection the board had a hand, made within the first few months of the new organization's existence, showed if anything a slight preponderance of Republicans over Democrats, good evidence that political allegiance had not been considered in making choices.

A NEW DANGER BECOMES APPARENT

And yet during these first years it had become apparent that there was a much

The mythical adoption of a policy of deflation by the Federal Reserve Board, regarded as the source of untold miseries to the farming class and to others, is still believed by millions of people though its absurdity is patent, for it was not until after the reaction of 1921 had fully started that any real effort was made to bring about a positive reduction in the volume of credit extended.

more serious danger than that which was involved in the distribution of the loaves and fishes in our banking system—a danger much greater than any involved in local appointments made by Reserve bankers in order to curry favor with politicians in Washington, or refused by them for the same reason. The Federal Reserve System had provided a new agency through which harm could be done to the financial body politic. This was the power of fixing the discount rate, which although originally placed in the Reserve Banks themselves with only an authority to modify it at Washington, was soon largely usurped by the Federal Reserve Board and has since been almost exclusively exercised by that body.

It was perceived by politicians, very early in the history of the System, that the authority to regulate rates of discount might be one of immense pecuniary value, and was always one which could be used with great effect as a matter of advertising and a means of conciliating some sections of the public. True, during the first year or two of the System, there was relatively little interference of this kind, but that was largely because the Reserve Banks were still feeble, had not taken their place in the banking community, and could not by their mere *ipse dixit*, control rates in their respective communities.

The situation changed when Secretary McAdoo began to plan his Liberty Loan system, a policy in which he was aided by some inflationists who had gained access to his councils. These were determined that the power of the Reserve Banks should be used for the purpose of enabling the department to sell bonds at low rates of interest, and incidentally to insure resort to the loan market instead of to heavier taxation for the purpose of paying for the war.

AN EXPENSIVE POLITICAL COUP

Far better would it have been for all concerned had the members of the Federal Reserve Board then firmly declined to accept the orders of Secretary

As a result of interference on the part of politicians and public men with our banking system during the last four years there has been brought about a condition of affairs in which discount rates are controlled very largely by political considerations, and there have been installed in the offices of the Federal Reserve Board (and in sundry cases at Federal Reserve Banks) appointees who are ignorant of banking and whose sole anxiety is to catch a hint as to the wishes of their political lords and masters in order that they may hasten to carry out the intimations thus conveyed.

McAdoo and insisted upon fixing the discount rate as they saw fit, keeping it free of any except sound economic considerations. Secretary McAdoo or President Wilson might have insured their removal, but they would at least have focussed the attention of the country upon a policy which subsequently cost the nation billions of dollars. They did not see fit to do so, and consequently during the years 1917 to 1919 an example of successful political interference with banking upon a colossal scale was afforded, the whole current of the nation's economic life being diverted from its normal channel while fictitious prosperity appeared with a mushroom growth as the result of unwise and misdirected credit.

Out of this and the continuation of policy subsequent to the war came the terrible "silent panic" of 1920-21, with the heaviest failures ever known in the United States, the great crash of values in which price indexes fell from 273 to 135, a shrinkage unparalleled in economic history, and in which the economic disasters of the war were broadened and intensified in the case of many classes in the community. The mythical adoption of a policy of deflation by the Federal Reserve Board, regarded as the source of untold miseries to the farming class and to others, is still believed by millions of people though its absurdity is patent, for it was not until after the

The evil in the present situation in the Federal Reserve System is well known. The present writer, on the basis of long experience in and very general acquaintance with the personnel of Federal Reserve Banks, does not hesitate to say that there is a strong feeling of disappointment, discouragement and unrest all through the System, while he finds that among the member banks who are close enough to the situation to realize it there is intense anxiety, fear and doubt as to the future.

reaction of 1921 had fully started that any real effort was made to bring about a positive reduction in the volume of credit extended.

ATTITUDE TAKEN BY PRESIDENT HARDING

Nevertheless the collapse of values was not unnaturally ascribed to the same agencies (reversed) that had created them, and the result was to bring into being a new school of political inflationists who regarded the action of the Government as decisive in the making of discount rates. President Harding even before he took office in 1921 had affirmed his intention of reducing rates of discount. Members of his cabinet reiterated their views on the subject during the early months of the Harding régime. Officials of the Treasury did not hesitate to give out interviews affirming the necessity of reducing rates. Other members of the Administration not connected with the Treasury repeatedly expressed themselves in public and stated their views to the members of the Reserve Board. President Harding in various written utterances first expressed a desire for lower discount rates, and when they were actually cut, took credit for the reduction that had been effected.

The President countenanced changes in the Federal Reserve Act which eliminated the requirement that two at least of the members should possess expert knowledge of banking and finance. He approved, if he did not originate or

suggest, the addition of a member described as a "dirt farmer," who was to be selected quite confessedly for his knowledge of agriculture or of the wishes of agriculturists rather than of banking.

He declined to reappoint a Governor of the Board who was generally acceptable to the banking community of the country. He appointed a Governor of the Federal Reserve Board who was without experience, knowledge or training suited to the task, and whose chief claim upon the position was his acquaintance with the President himself.

He appointed members of the Federal Reserve Board with little or no reference to their knowledge or qualifications. He and his Secretary of the Treasury suffered underlings to write critical letters to the Federal Reserve Board and Banks, practically endeavoring to dictate to them phases of their policy. His Secretary of the Treasury wrote to one or more Reserve Banks inquiring why the latter did not appoint more Republicans in their staffs. The President himself sent to the Governor of the Reserve Board a local politician of a Western state to announce that he had been promised by the Executive the chairmanship of a Reserve Bank for political service which he had rendered

The fact that the Federal Reserve System in spite of its tremendous power has been declining in numbers, prestige and popularity as well as in efficiency and success, and worst of all in the good opinion of member banks, during the last few years is directly ascribable in large measure to the cancerous growth of political influence in the System and the belief that the central policies of the organization are primarily dictated with a view to expediency. This opinion is entertained by a large number of the most conspicuous and influential bankers of the country who, whether they are willing to state their opinions on the subject in public or not, do not hesitate to make them known in private.

during the campaign. The President did not hesitate to indicate to members of the Federal Reserve Board a list of names of men whom he desired to have appointed to directoral positions in Federal Reserve Banks, or to salaried places therein.

President Coolidge has followed in the footsteps of his predecessor in banking as he has in other matters. He, too, has insisted upon low discount rates. In his speech of October 22, 1924, he refers approvingly to this policy, saying, "This administration has favored lower discount rates," and continues in the same address to advocate inflationary policies and to promise their continuance. President Coolidge has moreover continued and renewed the appointments of his predecessor. He, too, has suffered the giving out of interviews by sub-officials purporting to tell the policy of the Administration with regard to discount rates. And he has allowed members of the cabinet to go on trenching on the work of the Federal Reserve System and expressing opinions as to what it should do, or otherwise interfering with its operations. Political platforms have been vague and the Progressive candidate in the recent contest openly proposed politicising the whole system.

WHAT THE LAST FOUR YEARS HAVE BROUGHT ABOUT

This is the record of the last four years with regard to interference on the part of politicians and public men with our banking system. The result has been to bring about a condition of affairs in which discount rates are controlled very largely by political considerations, and to install in the offices of the Federal Reserve Board (and in sundry cases at Federal Reserve Banks) appointees who are ignorant of banking and whose sole anxiety is to catch a hint as to the wishes of their political lords and masters in order that they may hasten to carry out the intimations thus conveyed.

The evil in the situation is well known. The present writer on the basis

The question is now definitely before the country what it will do as a result of thirty years of agitation of the question of political attacks upon, and tinkering with, our banking system. Economists, publicists, students of banking, are unanimous in taking the view that the personnel, both of the central bank or board and of the banking system, must be selected on a basis of efficiency—that it calls for a high degree of genuine knowledge, and that political service does not furnish a good basis for appointment.

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THE QUESTION NOW BEFORE THE COUNTRY

The question is now definitely before the country what it will do as a result of thirty years of agitation of the question of political attacks upon, and tinkering with, our banking system. There can be no question as to the character of the general or abstract opinion upon

To permit the political demands of any party desirous of promoting what is called prosperity or high prices to operate as a regulator of discount rates is an unthinkable offense against the solid foundations of business and the stability of the economic life of the people.

this subject. Economists, publicists, students of banking, in short all those who are willing to express themselves as the result of study of foreign banking conditions, are absolutely unanimous on the question. They take the view that the personnel, both of the central bank or board and of the banking system, must be selected on a basis of efficiency—that it calls for a high degree of genuine knowledge, and that political service does not furnish a good basis for appointment.

To put this in another way, they are of the opinion that banking is a sufficiently technical and specialized form of occupation to require the services of technically trained men, either theoretical or practical or both, while they hold to the view that it is out of the question for politicians, however adaptable or able, promptly to acquire that knowledge of banking principle or method which would make them even enduring members of a banking body during the time that they were getting their apprenticeship. They further agree that to permit the political demands of any party desirous of promoting what is called prosperity or high prices to operate as a regulator of discount rates is an unthinkable offense against the solid foundations of business and the stability of the economic life of the people. They believe that the regulation of the discount rate is a matter calling for the utmost good judgment and widest knowledge and scientific financial training, and that it can in no way be viewed as a question involving a "policy" on the part of an administration which might be changed or reversed as the result of action at the polls.

RANK AND FILE OF BANKERS FAIL TO MAKE OPINIONS KNOWN

How far does our own banking community entertain these same views? That is difficult to say. The more prominent and thoughtful bankers in almost any community are of course committed to these same ideas. Some are the leading exponents of them. But the rank and file, it is probable, have not devoted very much thought to the matter one way or the other. They are essentially engaged in their local occupation of lending funds, with which they often combine some other form of business such as farming or the selling of produce. They have not made their opinions positively known; if they had, it is probable that no such political interference with our banking system as has taken place of recent years would for a moment be tolerated.

Immediately, then, the first question to be settled relates to the attitude of bankers themselves upon this whole subject. Are they willing to express an opinion with regard to political interference with our banking machinery? Are they willing to adopt a positive at-

Are bankers willing to adopt a positive attitude against political appointments in the banking system and also against political control of discount rates? If they are willing to do so, will they definitely exact from their Senators and Congressmen a pledge to see to it that our central banking system is left absolutely alone by the White House as well as by the Treasury? This is the concrete question before the banks of the country, and it is not too much to say that upon their answer to it depends fundamentally the question whether our banking system in its present form shall or shall not be continued, or whether a lengthy struggle shall be necessary, similar to that which eventually led to the fall of the Second Bank of the United States, for the purpose of bringing about a settlement of the feud between different groups of politicians and interests.

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DOES BANKERS' ATTITUDE CARRY INFLUENCE?

It is frequently said that the attitude of bankers on the subject does not have very much weight or influence in the whole matter, and that the real question is whether the country as a whole wants these changes made or not. That is emphatically not true. The only reason why the farming community is interested or concerned with Federal Reserve rates at all is because it has been led to believe that changes in these rates affect rates for money lent to farmers.

How unfounded this view of the case is can be understood when it is remembered that in some Western states the legal rate on money is 10 per cent. and the prevailing rates on loans anywhere from 6 to 10 per cent., while Reserve Bank rates within the last few years have varied from 3 to 7 per cent., but without at any time bringing about the slightest alteration in the rates charged to the community for direct borrowers' loans. That is simply because the local bank always keeps its rates to customers as high as it reasonably can, and since Reserve Banks never cut under their members by direct customer competition the changes in the rate mere-

Politicians are training the people to view discount rate changes as a matter in which they have a direct political concern. It is high time that bankers should cease to regard this matter from the present indifferent point of view which has become common, and should begin to show some vigor and sincerity in enforcing a hands-off policy which shall place the general management of our banking system upon the same independent and unapproachable pedestal that our judicial mechanism is generally believed to occupy.

ly operate to broaden or narrow the margin of profit the member makes on its rediscounts. But, except in a few districts, Reserve Banks have never been fully "loaned up," although there was a time when the average reserve ratio for the System was a trifle below 40 per cent. for a short period. There has never been a time therefore when the Reserve Bank rate could or did control direct rates to ordinary commercial borrowers at member banks.

WHOLE QUESTION A MATTER FOR BANKERS TO SETTLE

The whole question, therefore, of politics in the Reserve Bank System is a matter for bankers to settle, and it should be an easy matter to make it plain to the rank and file of borrowers that they are not affected by the changes in discount rates as far as the actual rates which they pay are concerned. As for the broader economic effect of changes in the discount rates of the central banking system, it should surely be possible to demonstrate that these ought unquestionably to be a matter of scientific determination as far as practicable, the object in view being to attain that measure of justice which will bring about the maximum benefit to the community rather than a political policy to be settled on a vote-getting basis at conclaves of party leaders.

If these points cannot be demonstrated, there is no hope of taking our

banking system out of politics and of keeping it out; and if they can be, the sooner such action is taken and some result obtained, the better for all concerned. As things are now going, imminent danger looms not far ahead, and not the least feature of it is the fact that politicians are training the people to view discount rate changes as a matter in which they have a direct political concern. It is high time, therefore,

that bankers should cease to regard this matter from the present more or less indifferent and *laissez faire* point of view which has become common, and should begin to show some vigor and sincerity in enforcing a hands-off policy which shall place the general management of our banking system upon the same independent and unapproachable pedestal that our judicial mechanism is generally believed to occupy.



Equitable Trust Company of New York Announces Pension Plan for Employees

ARTHUR W. Loasby, president of The Equitable Trust Company of New York, announced to its officers and employees in December the adoption of a pension plan.

The features of the plan had been under consideration for some months by a committee of officers of the institution. The plan as adopted is believed by Mr. Loasby to constitute the fairest means of caring for employees who have grown old in the service of the company.

The Equitable has been following for some time a general policy of pensioning, but it is felt that this new, scientifically conceived plan will be far more effective in promoting the welfare of all employees.

Some of the principal features of the plan are: An old age retirement allowance; ordinary and accidental disability allowance; ordinary and accidental death benefit.

Employees leaving the service of the

company will have returned to them the entire total of their contribution under the plan, with interest.

The plan provides that employees deposit with the company a percentage of their salaries based on age at entrance of service. On this money, The Equitable will pay 4 per cent. compounded annually and will add to the total of each employee at retirement a sum equal to employee's total contributions with interest. Each employee will then receive an annuity purchaseable with the total amount thus obtained. The company will also contribute an amount estimated to be required to meet disability and death benefits under the provisions of this plan.

It is estimated that the pension plan will produce approximately 1½ per cent. of the average salary of an employee during his or her last ten years of service, multiplied by the total number of years of the employee's service.

Community Need of Bankers' Interest in Better Agriculture

Article I of a Series on the Agricultural Department of a Bank

By E. B. Harshaw

THE rapid increase in the establishment of agricultural departments in banks within the past few years has been brought about through the realization of the depressed condition of the farmer during the years that followed the World War, and of the farmers' need of financial guidance and property organization along conservative business lines.

These departments have also been established in many institutions through the vision and far-sightedness of the bankers, who have come to see the broad field of service they can render to their farmer clientele and the rural communities adjoining their towns.

Heretofore, the country over, agriculture as an industry has been neglected by the financial interests of the urban communities, and bankers have had a tendency to administer chiefly to the needs of the industrial and mercantile interests situated within the city limits, forgetting that a greater industry bordered and encircled their immediate vicinity.

Of course there has been a reason for the bankers devoting more time, thought and interest to the manufacturing and mercantile concerns and other interests than to agriculture, and that has been largely because the manufacturing interests, merchants, and other business

and professional men have made use of their banking facilities and have cultivated the habit of consulting their bankers in times of need, and have gone over their troubles with their bankers.

Usually when a business man or merchant finds himself in difficulty, his chief concern, as is also that of the farmer, is to get out as quickly and quietly as possible.

The natural thing for him to do is to go and consult his banker who has helped many a man out before, placing his whole problem before him. Sometimes a small loan will help him to his feet, and again, some difficulty has arisen which can easily be remedied by a little bit of good advice.

My experience has been that when a farmer finds himself in difficulty he does not

want anyone to know it. He keeps his troubles to himself and tries to work his own way out alone, while a little financial assistance and sound business advice from his banker would be all he would need.

During a period of hard times, a backward movement, or in financial trouble of any kind, the banking institutions of the country are the first to be called upon to assist trade and commerce, while the largest industry of all, agriculture in general, goes along with conditions and makes the best of the

THE author of this article, which comprises the first of a series to be written by him for **THE BANKERS MAGAZINE**, is cashier of the Grove City National Bank of Grove City, Pa., and president of the Pennsylvania Bankers Association. He has achieved national recognition among banks for the work done by his institution, under his direction, in co-operating with the farmers in the bank's community in the purchase of purebred cattle on a large scale. Mr. Harshaw's second article of his series on the Agricultural Department of a Bank will appear in the February number.
—THE EDITOR.



Community gathering in connection with the dairy interests in Grove City, Pa.

situation without seeking aid from anyone. This of course applies to the average farmer.

Just why the farmer has taken this attitude and is so timid about expressing his financial condition candidly to his banker, is rather puzzling. Sometimes it seems that it is because he has become so accustomed to working by himself that it becomes his nature to work and think alone. Very often for days at a time he will not come in contact with the world outside of his own farm, or even with his neighbors, so he forms the habit of relying upon his own judgment.

Again, it seems that the farmer thinks the banker has not time to be troubled about his affairs, that banks are not the place for farmers. Perhaps the farmers are like some townspeople—not accustomed to banks, rather afraid of them, feel that the atmosphere is stiff and overly dignified. Many people feel that way about banks. This condition naturally makes the farmer timid about bringing his problems to his banker and explaining the situation with candor.

FARMER'S TIMIDITY PARTLY BANK'S FAULT

If a bank has allowed itself to drift into this atmosphere and make this impression upon many of the townspeople

and farmers, then it is partly the bank's fault that such a condition exists, and it should be held responsible for the timidity of the farmer, but if a bank has endeavored to eliminate from its building, staff and general surroundings this over-stressed dignity, and has proved to its community that it is a friendly institution and anxious to help all in the community where it can be done with safety, then it is not the bank's fault entirely that the farmers do not take advantage of their banking opportunities, but there are other causes which need investigating.

In many localities advance among the farmers is very slow, and because they do not progress as rapidly as the bankers think they should, some bankers give way and the work is abandoned. As a rule it takes a long time to gain the absolute confidence of the farmer and to get him to see that some other method is better than the one he has been following. Each proposition and situation is to an extent different from every other, but if each one is properly handled, and with patience, it will be successful.

Practically all of the country banks and most of the city banks are getting away from their old conventional ideas and are extending to their communities unlimited services.

Many a banker seems to feel that the

average farmer's business is too small for his serious attention, and the reason has been that he looks at farming singly, he sees only one farmer here or there in his community instead of seeing farming as a whole.

There is twice as much capital invested in the farms of the United States as there is in all the manufacturing plants, transportation, and other industries, and one-fifth of our total income is from agriculture. Railroad and mill employees, as compared with farmers, furnish only a small proportion of productive labor. Farming is the stability of our country.

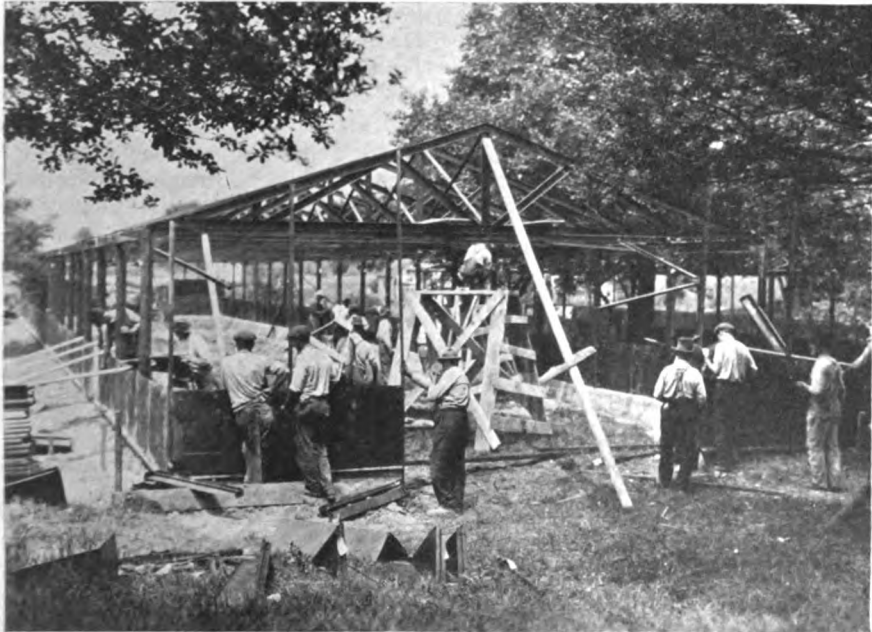
Without investigating we would naturally think that railroad employees would outnumber those in agriculture, but there are about seven times as many men employed on farms as on the railroads. The same is true of men employed in plants making iron and steel products. In fact more than one-third of the persons engaged in gainful occupations are on the farms.

FARMER'S ATTITUDE TOWARD BORROWING

In many instances the farmer has been timid about borrowing money for his needs for the purchase of farm machinery or for the purpose of producing and marketing his produce, probably because he has a fear of being in debt and hesitates about borrowing money to buy equipment needed in his business, while with modern equipment his business would be more successful.

Then the farmer may be a little hesitant about asking for a small loan if he has not been in the habit of borrowing, for fear he will be refused, but it is to the interest of every banker to loan money locally to trade and agriculture, for the money he loans to the farmer is used in his own community, being largely turned over to local trade, and finally it comes back to the local bank through deposits of the local tradesmen, and in all probability it has increased many-fold by the time it finally gets back to the bank.

Every dollar spent in the improve-



Community effort in building of Dairy Cattle Show barns in Grove City, Pa.

ment of farms makes the community wealthier and adds to the general appearance of the section, besides making the farmer more contented and happy. The prosperity and standing of the farmer, as with anyone else, is determined largely by the general appearance of his home and surroundings, and usually signs of prosperity are first seen in improvements on the premises.

The farmer's wealth is real wealth. It comes out of the ground, increased by the rain and sunshine, and no other wealth is lessened or destroyed in its process of increase and production.

VITAL NATURE OF FARMER'S PRODUCTION

Immense wealth lies immediately under the surface of the land owned by the farmer, and by his own labor and progressiveness, with the help of the rain and sunshine, he is able to produce the things upon which our very lives depend, and this is the source of his profit.

In some industries, through their processes, some one form of wealth is lessened or destroyed to produce another—lumbering for instance. Through the process of that industry vast destruction is borne by our forests and the other purposes for which they exist. When we throw a wooden box on the fire, or burn in our grates pieces of lumber left from the construction of a building, how little do we take into consideration the source of the box or the building material, the destruction of the tree and all it means, and the effort put forth by human labor together with the wealth or money consumed in the production of such material.

Take also the vast wealth in coal. Our national wealth in coal has been almost inestimable, but this has been lessened to produce the wealth of nearly all manufacturing industries. Of course we say that this is the purpose of coal, to make the wheels of industry turn, but the thought is that in most industries some wealth is lessened or destroyed to produce another, while in

farming everything is produced by the rain and sunshine, with an ever-increasing supply at source.

HOW CAN BANKER LOAN FARMER SAFELY?

The loaning of money to the farmer and the financing of his business is one of the most discussed subjects today, and the economic condition of agriculture is always one of the problems that confront the economist and politician. The problem confronting the banker is, how much can we safely loan to the farmer and how long will it take him to pay it?

The farmer has always borne a good reputation for honesty, and it is no less true when it comes to loaning him money. The men and women in the rural communities have always been known to be among the most substantial citizens of the country, and a large number of our prominent and successful men and women have been reared on a farm.

There is such a thing as a bank loaning a farmer too much money, thus permitting an over-extension of credit. A bank is careful about over-extension of credit to industrial concerns, and must be more so with the farmer, for as a rule his loans are for a longer period, and even in times of general prosperity there is an ever-present danger of loss to be sustained through crop failure in undiversified farming sections. However, bankers say that only a very small percentage of their losses is from loans to farmers in diversified farming districts. Much more could be said at this point on the financing of the farmer, but a later article will be devoted to that phase of the subject.

DEVELOPING CO-OPERATIVE SPIRIT

In my own community we found that the real foundation of our success lay in the development of a co-operative community spirit. The city dweller and the small townsman must realize that the farmer within the trade radius has the

same problems as the man in town and perhaps more difficult, and the farmer with the town or city as his center must be as vitally interested.

With this spirit properly developed, there will no longer be the separation of town and country. The farmers will be townspeople, but of a different industry, just as the banker is different from the dry goods merchant, but both of the same community and having the same interest in it.

The farmer needs to be part of the community for several reasons: economic, educational, social, religious, and for the communication and organization facilities it offers.

There are many economic reasons for his being a part of the community; probably the first one is that the town nearest to him is the trade center for that whole section, at least it should be, to be of much value to the farmer, and if it is not the trade center he should select a town, making it a trade center, endeavoring to develop his community from that center.

If the community nearest him is the trade center it will no doubt be valuable to him as a market center for the distribution of his produce, and as a convenient supply center of the things he needs. His associations with the tradespeople of his community will be of great value to him also. It is important, too, that the farmer take an interest in the advances made in his trade center, that is, the new enterprises and undertakings which will make the community more progressive, for whatever is for the good of the town is also good for the farmer, and he will derive from it his share of the benefits.

IMPORTANCE OF EDUCATIONAL ADVANTAGES

The educational advantages offered to the farming sections by the trade center are also important. Where it is at all convenient large numbers of the boys and girls are coming from the rural schools to the town schools because there are more advantages in attending the

public school in town. Where they are near enough to town they can attend lectures, entertainments, banquets, etc., which cannot help but have some educational advantages and a broadening effect upon the farmer. The social life of the community has a tendency to bring the country people and townspeople closer together. This is especially true of the young people since so many of the rural boys and girls are entering high schools and taking a part in school and social events.

With the closing of so many of the rural churches, caused by the increased number of motor cars and other causes, the country has been brought so near to the town that the people are able to attend church in town, which gives them the advantage of hearing better preachers, and having larger churches and more complete church organization.

The radio of recent years has been a great educational factor to the farmer as well as to the townspeople. The farmer can get in a very few minutes every day the market reports for which he used to have to wait for days. He gets lectures from the air by noted agriculturists pertaining to his farm work, and of course these same lectures and reports may be had by the man in the heart of the city as well as the man on the farm. This puts the man in town in direct touch with the agricultural industry and he gets some idea of the farmer's real problems.

The commercial organizations of the town and city are of especial interest to the farmer, and why not? Is he not a man of commerce, and is his industry not the basis of all industry? Then why should he not become a member of the commercial club or chamber of commerce or whatever it may be called, the same as any other business man?

This is an important matter, both for the farmer and for the people in town, for several reasons. It puts the farmer in touch with the men from whom he buys and to whom he sells, it gives him an opportunity to discuss his problems and to hear of the problems that are

confronting the other business men of his community. He gets a broader view of economic questions and it causes him to realize that his problems are not the only ones awaiting solution. The farmer sometimes thinks that he is the only person having difficulty and that his lot is the hardest lot of all.

THE BANKER'S OPPORTUNITY

Of course to create this co-operative spirit there must be a leader, and it is hardly likely that the farmer will be the leader in this project. Once it is started and the farmer understands what you are doing and that you mean business, he will go along, but he will not likely be the leader. Therefore the leader will have to come from among the business men of the town which is to be the trade center. Right here is the opportunity the banker has been looking for in many communities, and he can very easily be the leader, as he is in better position to be the leader in a project of this kind than any other business man.

With the banker as the leader and the co-operative spirit properly developed the problem is well on the way toward solution.

Then of course the farmers must work together among themselves to make the farming end of it a success, and the business men in town should work together for the town, and then to complete the organization the townspeople and farmers must co-operate for the upbuilding of the whole community. If there is dissatisfaction and lack of cooperation among the farmers it is difficult to do much with them, and if the business men do not work together the problem is going to be one of great difficulty.

When the Grove City National Bank of Grove City, Pa., undertook this work for better agriculture, its scope of influence did not cover a radius larger than five miles, while at the present time we are drawing the farmers' business from as great a distance as fifteen miles, and this influence is reflected in the business of the merchants, as well as in the increased deposits of the farmers.



Bank Resources Greatest Since 1920

A SUMMARY of the returns from 8074 reporting national banks October 10, 1924, shows greater resources than at the date of any report since November 15, 1920. The resources of these 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 were increased \$231,420,000, and the amount on October 10, 1924, \$12,210,148,000, shows a gain over September 14, 1923, of \$275,592,000.

United States Government securities amounting to \$2,579,190,000 on October 10, were \$97,412,000 greater than on

June 30, and \$23,572,000 less than a year ago. Other miscellaneous bonds and securities, amounting to \$2,897,040,000 October 10, show an increase since June 30 of \$236,490,000, and an increase in the year of \$498,736,000.

Debit balances in the accounts of correspondent banks and bankers, including lawful reserve with Federal Reserve Banks, items in process of collection, and cash in vault, show increases since June 30, of \$542,895,000 and \$14,882,000 respectively. The amount due from other banks and bankers October 10, was \$3,583,688,000, showing an increase in the year of \$697,144,000, and the amount of cash in vault October 10, \$360,101,000, shows a reduction in the year of \$1,384,000.

Two Views of the Business Cycle

By Carlton P. Fuller

DELUGED by facts and figures, theories and countertheories, the bankers and business men of today must stop frequently to clear their minds of all minor, distracting details, and map out a general program. For example, at the present time there is unanimous agreement that some degree of prosperity lies ahead of business after the disappointments of last summer. The length of this period of prosperity is, however, another matter, and here is an occasion for each manager to clear for action by lining up the general probabilities. A sound conception of the business cycle is the best backbone available on which to build up a skeleton outline of what is likely to occur.

CYCLES—AND CYCLES

After a decade of use, "business cycle" is as familiar a term as "profit and loss" has always been. It is so familiar that two dangerous tendencies have already cropped out: the one is prone to blame all losses, and to some extent profits, on the so-called cycle, without regard to efficiency of management; the other assumes that we know all about business cycles because we can demonstrate how they happened in the past. A wholesome caution against the latter has been thrown out by Professor Irving Fisher in stating that "cycle" may be a misnomer insofar as it implies a *regular* return of the same series of events.

The business cycle is noticeably irregular, and the men who have studied it most deeply (Professor Mitchell, for instance) are the first to disclaim exhaustiveness of knowledge. It is, of course, generally agreed that a period of prosperity followed by a period of depression constitutes a business cycle; its length may be measured either from one peak to the next, or from one depression to the next depression (usually

as shown on charts by typical production or price curves). But agreement soon ceases.

How long is the usual cycle? Extensive arguments are put forth to support anywhere from eighteen months to ten years, with some degree of concentration around forty months. Such arguments are certainly not academic, for it does the business man little good to know that prosperity will be followed by dull times unless he knows *when*. Everyone knew that the boom of 1919 could not last forever, but there were numerous contradictory ideas as to when the end would come.

Are minor spurts and declines, such as we had last spring, to be considered cycles? If not, how can we tell them *at the time* from real business cycles? The usual test is again *length*: how sustained was the preceding prosperity or depression, how far has this movement gone, etc. One prominent business service asserts that no major business cycle can end until there has been stringency in the money market; another says that the upward action must be followed by an exactly equal reaction; in short, the tests of length vary as much as those using them.

WHERE DO WE GO FROM HERE?

Discussion of the topic has become even more animated since post-war figures have been available; is the cycle becoming shorter or longer? Numerous minor movements in business have led many observers to conclude that the cycle is actually shorter. The most common argument for supporting this conclusion is the broadcasting of complete information on business conditions which enables men to act quickly when tendencies become apparent. On the other hand, the most scientific of the business services maintains that the cycle is lengthening because of the elas-

tic credit supplied by the Federal Reserve System. It will be some years before definite proof can be made of which is right. In such a dilemma, it might seem wisest for the business man to dispense altogether with professional prophets, as he did for many generations. But at the present juncture of affairs, he will find the opposite remedy advisable—following *both* schools of prophecy.

Although he can worry along without peering down the ages, the business man is always interested in what is coming *next*. He can take comfort, therefore, in learning that the two schools of forecasting at present offer the unusual advantage of affecting his policies in the same way, *for the next six months*.

THEORY NUMBER 1

The recovery last fall was the beginning of a major upswing in business. Last summer's depression ended a business cycle which began with the depression of 1921 and peaked in the spring of 1923. The forty months' period has been fulfilled.

According to this theory, we may expect good business for at least a year or two, with nothing more than minor interruptions. Probably most business prophets are inclined to support this view, basing their opinion on the combination of strong factors which exists after the really severe decline in production and employment last spring and summer.

1. Chief of the factors is a much sounder agricultural situation after years of distress.

2. Of just as great long time significance is the start toward rehabilitation of Europe.

3. Plentiful credit makes possible vigorous expansion.

4. Construction programs continue abnormally large.

5. Distribution of goods is active, and will continue so under the stimulus of high purchasing power.

IS A REAL BOOM COMING?

Despite warnings against proceeding too fast, many are expectantly awaiting a real boom, topped off with a genuine spurt of inflation and the hilarious hay-making of olden days. Such a vision has been conjured up by the fireworks on the Stock Exchange, and it is by no means an impossibility.

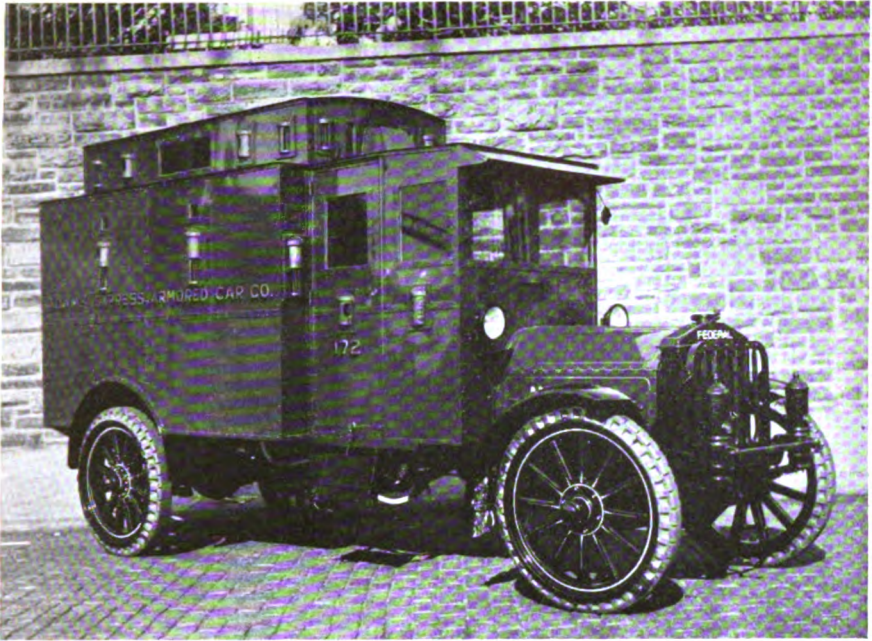
THEORY NUMBER 2

This recovery is a temporary interruption of a long down-trend. While it will last at least six months, it will be followed by a renewed decline which will reach the lowest depths since 1921. The business cycle is being stretched out by the efficient credit reservoir of the Federal Reserve System and the better control men have achieved over their businesses.

Aside from a theory, supporters of this view put forward the undeniable facts that post-war readjustment is incomplete in many industries, and that margins of profit are commonly thin. They point out that world-wide progress is by no means assured, and that even if such were the case, we have no way of knowing what the repercussion on American business would be.

Despite this contrast of opinion, the business man will count himself lucky to be assured by both that six months of prosperity lie ahead. He will draw his own conclusions as to what may eventuate beyond that limit, and will know that during the six months straws will become visible showing which way the current will run thereafter.





One of the fleet of armored cars used by the Adams Express Co.

The Armored Chariots of King Cash

By John Walker Harrington

(Photographs used with this article were supplied by courtesy of the Manhattan Vehicle Co.)

WHEN the millions of currency of the Federal Reserve Bank were transferred to its new and grim citadel in New York City, they were not accompanied by an army with banners. The shifting of the treasure was made by that most up-to-date method of transportation, the armored car. A fortress awheel, a cross between a war time tank and a van, gleaming with loopholes like a Colonial blockhouse—and bristling with firearms when the occasion demands—is the armored chariot in which King Cash moves his precious freight through city streets.

In all the large financial centers of the country fortified services are appearing. Some of them are operated by express companies with banks as their clients; and here and there a bank owns

its own small fleet, all duly manned with armed guards. The United States Post Office Department has contracted for several thousand of these armor-plated carriers; and many large industrial concerns have stopped the gentle practice of sending aged retainers or office boys or stenographers for their pay-rolls and are committing their wages accounts to the steel-walled pens which now are the despair of hold-up men.

Like all ingenious devices, the armored cars belong to the class of inventions of which it is said "Anybody could have thought of that." Given a stout truck chassis, either of standard or special make, and any large body-building works can erect a yegg-proof, fire-proof steel box upon it. There are probably half a dozen factories in the

country which specialize in outfitting these vehicles, designed for the undoing of bandits.

THE TYPICAL ARMORED CAR

The typical armored car consists of an oblong van of three-sixteenth inch nickel chrome steel plates. Some cars are eight feet long and five in width, with a clearance of about six feet; others are nine feet in length and have six feet



View of the interior of one of the Adams Express armored cars

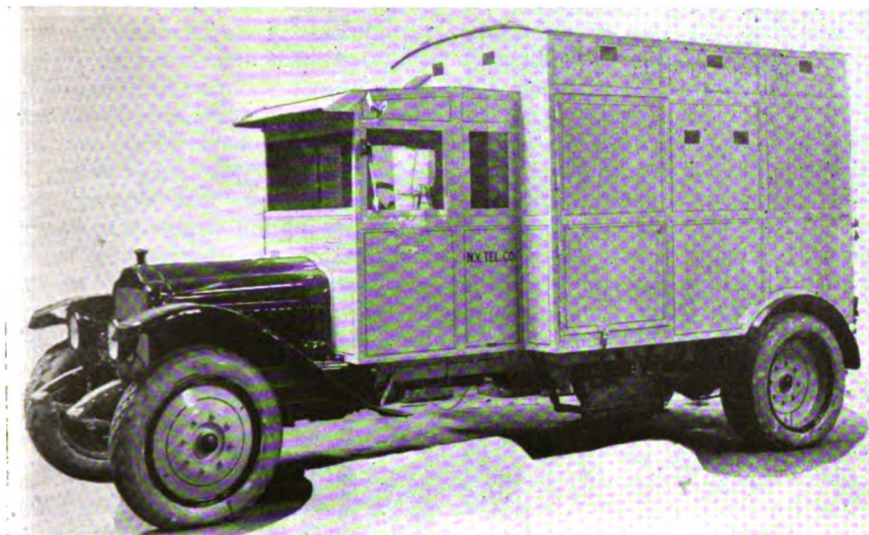
as their other dimensions. Although none of them appears to have much cubic contents, the armored cars are really roomy, for they are made to hold large packages and to accommodate crews of from three to six men each. What seems to be only a small green or gray cell on wheels is a moving strong room as well equipped in some ways as a land cruiser. It is a turreted tank, for within the terraced structure at the top, which resembles the roof of the railway coach, a guard can put his head very comfortably and survey the street in all directions.

The exterior of the armored car is dull and dun enough to look at, but the inside glows with aluminum paint, not unlike silver leaf, and is illuminated when necessary with electric lights fed with "juice" from a storage battery. On either side of the car is an upholstered leather seat on which the inmates can make themselves comfortable, or find a safe hold from which to take a shot at robbers. Within such a retreat, the crew could withstand a siege almost indefinitely.

Every loophole on the sides is covered by a light chrome steel shutter, with small holes in it for the admission of air. The writer has seen shutters like this, after they have come out of target practice, literally made into panels of *repoussé* work by a rain of steel-nosed bullets. With the exception of the shallow indentations the shutters were none the worse—perhaps an artist would think their looks had been improved. The loophole panels are reinforced with fingers resembling small Venetian blinds, which automatically drop in place behind them as soon as any shooting begins. To each of the panels is attached a counterweight on a slight steel arm, so that when it is pushed out quickly from the inside by the thrust of a revolver or the muzzle of a rifle, it will return instantly to its normal position. The least shove opens up the loophole from within; no assault from the outside can thrust it inboard. Thus a guard is able to take pot shots at the attacking party, and to withdraw his weapon instanter. All ports can be closed in the twinkling of an eye, and this car, like some turreted turtle, is on the defensive at the first sign of trouble.

HOW DRIVER IS PROTECTED

All around the cab or the inclosure where the driver sits are panels of bullet proof glass. Glass of the same composition is also employed at some of the loop holes and on the turret. It is most useful, however, as a protection for the driver. The panes are about seven-



An armored car of the New York Telephone Company

eighths or even an inch in thickness, and consist of one very heavy layer of glass, on either side of which are lighter layers, separated from the main layer by sheets of celluloid. Some banks have installed glass of this variety at the cashier cages, and as a general bulwark for the screen.

A few bullets against such a transparent shield are not of much consequence. The outer vitreous shell may crack or even be pierced, but the celluloid distributes the shock so evenly, that no harm is done. Laminated panels like these are not intended to stand continuous bombardment, however, but to safeguard the driver of the armed chariots against surprise. As soon as the bullets begin to rain against the glass, the man at the wheel trips a lever with his foot, and steel shutters close in behind his windows. He stops the car, takes his machine gun, which is always handy, and opens fire through loopholes, of which at least four remain. Small sections of bullet-proof glass enable him to take aim effectively. In case any accident should happen to the pilot, such as gassing, the conductor and his crew can stop the car by the stroke of a lever in the body of the vehicle, which

is entirely independent of the steering gear. Between the driver's compartment and the treasure van itself there is a door which can be quickly opened, and in this is a small glass covered peep hole. The driver can always be kept in view. In some of the armored services, the chauffeurs are former tank men, who are adepts not only in driving under fire, but are more than handy with machine guns.

USE OF TEAR GAS

Against ordinary hold-up men, the new defense is fully adequate. Recently a Brooklyn manufacturer built several cars for use in unsettled territory in South American countries, which had tanks filled with tear and sneeze gases. On the approach of bandits, therefore, these cars have unusual mephitic defenses. They contain a full complement of gas masks, also, which would protect the guards from fumes of their own making, as well as any which might be hurled against them by the marauders lying in wait for them.

It is possible with such cars to take the offensive, that is, step on a treadle, let loose a few cubic feet of poison gas, and then to send out the crew in gas

masks to overcome the asphyxiated bandits. This is a way of preparing against every contingency which may not be so far fetched as it seems, for recently the Government equipped the clerks on the fast mail cars with gas masks, after a band of yeggs had overcome a crew with a vapor bomb and then, masking themselves against the suffocating reek, helped themselves to the registered letters and packages. For use in the crowded city streets such a gas attack arrangement would hardly be indicated, although some services do have defensive masks for their guards.

The main reliance, in case of a hold up, is on the strength of the car. The crews have enough ammunition to stand off a small army, if necessary, with the revolvers, sawed off shot guns and magazine rifles. As far as has been learned, at least, only one bombardment in dead earnest has been delivered against a car of this type. That was in Pennsylvania, as a car so armored was hurrying over a lonely road. A few dents, hardly discernible, were all the traces of this attack. The guards replied with a volley or so, and the driver put the tank in high and away it sped at fifty miles an hour.

For ordinary traffic service, the armored cars trundle along at a ten or fifteen mile rate, and rarely more than twenty, although builders say that some models can attain a fifty mile gait, if they have to. Such cars have been tested at high speed under a rain of bullets, which flattened harmlessly against the sides and fell in the roadway, as though some market gardener, driving at a good clip, was loosing his mushrooms.

IMPORTANCE OF PICKED CREWS

Efficient as defenses as the armored cars cannot help but be, they would be of little use without a well-disciplined crew. A well known express company (Adams) which maintains a steel clad delivery service of this kind and now has about fifty banks and financial institutions as clients, has recruited picked

crews from former soldiers and sailors, ex-policemen, not retired ones; cowboys, militia sharp shooters, and war veterans of all grades. It gets as young men as possible, and prefers to start them into the service at twenty-five and thirty years, now that the war is over.

This service not only delivers money to the banks, but it also gets pay-rolls from them and delivers them to large employers. The green cars of this service, the black ones of a service which has headquarters in Brooklyn, and the fortified vans of several of the leading banks, are familiar sights in the Wall street district of New York, and the service is spreading to other cities. The personnel of the bank "tanks" however, is not so well known to the observer for their movements are as unobtrusive as rapid.

Here is a typical delivery of securities of specie. The armored car glides silently to the curb. Its door next to the building line swings open at the touch of a lever, and at the same time a pair of steps just beneath it are unfolded. The driver, one hand resting on the wheel, the other engaged with an automatic revolver, remains in his seat. Back of him a panel is pushed aside and through it comes one of the guards who has been in the body of the car. With his right hand on his revolver, he looks up and down the street, and in all directions swiftly, and then steps to the sidewalk. Next he walks across to the door of the building where the delivery is to be made. It is his duty to shoot at the first sign of trouble. After No. 1 has taken his station, the conductor himself emerges, carrying a heavy leather, metal meshed bag in his left hand, strapped to his wrist, and in his right a revolver. He is also much on the alert. Back of him is a third guard, equally prepared to shoot, whose task it is to cover the rear, and to look out for more trouble.

When the three are well out of the car, the driver closes the door and the automatic folding up of the steps goes with that operation. He is at atten-

tion, with magazine rifle quite handy, and hand on revolver to repel any boarders. Meanwhile, the three guardsmen are proceeding in open order. They always maintain about the same distance apart, that is about eight or ten feet, and they specialize on quick shooting at twenty-five feet, which is about the range of trouble when it does come.

ONE OF THE MISTAKES OF THE PAST

One of the mistakes of men who in the past have paid dearly for such experience, was the belief that safety lay in massed numbers. If seven or eleven men go out to deliver a bag of valuables they might all be covered by one determined bandit, while a confederate relieved them of their burden. When there are good distances between the guards, they cannot be made a common target, nor are they likely to be worried about a call of "Hands up!" A partner of any armored car guard so commanded is ready for prompt action.

There is rather a large force of guards kept by the armored services, so as to have always plenty of tireless and strong nerved men for duty. Half a day a week at least and often more is spent by each man in what is called target practice, although the bulls eyes at which they aim happen to be the third buttons of the waistcoats of lay figures. The mortality of dummies at the armory where the practice is held is very large. Armored car guards are trained to shoot quickly from the hip or holster, guided by a sense of balance. They do not aim, they feel. They point a gun as though it were an accusing finger which had a way of exploding. At a distance of twenty-five feet, which is that at which bandits are busiest, the armored service men are especially quick on the trigger. They are taught to run up and fire; they are instructed in wrestling and jiu jitsu, and to circumvent all the tricks of the hold-up man.

In a building in Hanover street, New York, where a large company of armored car guards is stationed, is a

complete arsenal where arms are stored while the guards are off duty. The commander enforces the strictest discipline. Each man is held responsible for the perfect condition of his weapons. When he goes out in the morning he is required to test them—and woe betide him if he fails to do that, for the captain may have put that man's gun and rifle out of commission, or have even taken away an important part of it. Every shooting implement is ready for an emergency when an armored car goes on tour.

Banks and armored services insist that these crews shall not only be physically fit and unusually skilled marksmen, but also of the best moral character. The records of all applicants for positions are carefully looked up—and that implies no perfunctory inquiries. The employees of one of the principal services are bonded in the sum of \$510,000 each. That means that a standard crew of four would be worth more than two million dollars on their own account, exclusive of the car contents. When an express company has the contract to handle funds for armored car delivery it also attends to the insurance, and moreover it may even engage to make good, thirty days after delivery, any loss of that money sustained. It goes without saying that the criminal classes do not relish going against a moving machine gun nest, which a well equipped armored car is, but they may lurk around a factory or a mill waiting for the car to go and then make a dash for the pay-roll. Such an attack took place in Brooklyn only a few weeks ago, and resulted in still greater vigilance being kept by the police and all concerned.

TRYING TO BEAT THE GAME

All managers of these new services impress upon their employees that the hold up men of this day are always working out ways to beat the game. When the guards are constantly alive to this there is slight danger of loss. The only startling failure of the system

to work properly took place last summer in a railroad yard in the Bronx where a small armored car had been sent to deliver a pay-roll for a sleeping car company. Two guards had come out of the car, one of them carrying a large bag of currency. There approached them two men clad in overalls, and apparently yard workers of some kind, who held above their heads a long board. Suddenly they dropped their burden, and without warning of any kind, opened fire on the guards. One of the messengers was instantly killed. The plan of the bandits had been for each one to shoot at a guard, but owing to their getting confused, only one was the target. A tragedy such as this might not have occurred had there been a larger crew on the car, but even safety in numbers is not regarded as an absolute fact in a calling where vigilance is always at par.

Even in the most crowded sections of the cities the crews are instructed to be just as watchful, if not more so, than in the outlying regions. It may seem almost an unnecessary precaution to load funds and securities into an armored van to be taken a block. It was no far cry, for instance, from the Equitable Building rear at Nassau and Pine streets, the old home of the Federal Reserve, to its new citadel at Nassau and Maiden Lane. And yet many things are likely to happen in a small space. A supposedly trusty messenger of that same institution disappeared several years ago while just going around the corner, but what he had was recovered without loss.

AN INCIDENT JUST OFF WALL STREET

At the Broadway front of the Equitable Building not long since a big limousine swung toward the curb. It was going at a snail pace, but the momentum of it was enough to knock over a young man who was trying to dart across the street. Dazed, he was lifted to his feet by Wall street Samaritans. His clothes were rumpled, but he was not hurt—only a bit wobbly in his wits.

"Quick, give me those bonds," called

a boy who came up. The young man reached into an inside pocket and brought out a bulky envelope, which without a word he passed over to the youngster. It might have been that he did not know that boy from Cain or Abel. Again, he might have been struck at an angle which would have hurled the bonds out of his pocket and given them to the winds or some dishonest finder, who would have negotiated them, if he could. Furthermore, his pocket might have been picked while he was being surrounded by the well meaning offering succor. Delivering securities in that way is taking a long chance. The youth was apparently a broker's clerk, not a bank employee, but even bankers, like Hötner, may nod sometimes, and the armored car method of delivery seems to be an excellent check.

The fort method of delivery also has the advantage of being fireproof, for should an explosion of gasoline or some such accident take place in the chassis part of the outfit, the steel pen mounted on it would prevent the contents from burning. Taking money and securities about in a wooden wagon, even when there are several guards to protect it, is a questionable method of delivery. Many is the time that a costly automobile has gone up in a blaze, even in city streets, before the firemen arrived. Money in large quantities is insured for transport in the streets, but such losses are always more than embarrassing.

SHOULD BANKS HAVE OWN ARMORED CAR SERVICE?

Whether or not a bank should maintain its own armored car service, or rely on one provided by an outside company such as a general or local express organization, is a question to which it is difficult to give an answer with a general application. The Corn Exchange Bank of New York City, which has forty-three branches, has a fleet of three armored cars of its own, built especially for it after its own design. The crews are kept very busy during the day trans-

porting currency and convenient change to the branches, and taking money away to be exchanged for bright, new bills. About forty New York banks which have only one head quarter, or only one or two branches at most, and one very large trust company with numerous offices throughout the city, charter such space as they require from an express company. The maintenance of cars and crews is certainly a large expense for one institution to handle.

In some states, however, banks are permitted to carry pay-rolls and even do what is akin to an express business. In that event, the banker can keep his armored cars always on the go, and may

even make a profit on their operation.

The armored car is certainly a boon in the delivery of pay-rolls, and the time has passed, almost, when large sums of currency will be sent about without proper guardianship. The large corporations such as the New York Telephone Company which has recently bought two armored cars, have enough business of their own to keep their twin cash chariots in commission.

Taken all in all, the chrome steel forts which circulate in the streets of American cities these days will do much to cut down the casualty list of carriers of currency and reduce the incomes of the lawless.



“ Bubbles ”—Past and Present

By Richard W. Saunders

AMONG a number of autograph letters purchased from a little Vermont bookstore was the following:

August 28th, 1714.

Mr. Grigsby:

Pray pay my Dividend on £8479:10:1 Stock in the South Sea Company to Mr. Wm. Mead and this shall be a discharge for the same (due at Mid-summer last).

BUCKINGHAM P.

It is a far cry from the year 1714 to 1924, and yet the South Sea Bubble might have happened last week or last month.

The signer of the above order was probably the Duke of Buckingham and Normanby who was at the time Lord President of the Council. All classes were involved, noblemen lending their names to most of the ventures. It is related that just as the bubble burst, Sir Isaac Newton was stopped by a friend as he was about to invest, proving again that scientific absorption has its values. And terrible was the crash that fol-

lowed, bringing an appalling amount of financial loss to thousands. Among them were many annuitants who had exchanged their government annuities for stock in the company.

Under the lure of “easy money” the credulity of mankind seems ever the same; and in different guises, adapting themselves to the new conditions, the predatory tribe spreads its nets and baits its hooks to gather in the unwary.

Whether there is a “radio mentality” through which, once started, the fire of enthusiasm is spread from mind to mind, or whether the sight of others becoming wealthy through speculation is the cause, there is a mob psychology which spreads like a prairie fire and effects even the most cautious investors. A land boom, an oil discovery, a gold strike bring their thousands of money-hungry investors and speculators. And with them go the members of the shark tribe, hopeful that something easy will come their way.

The lure is greatest when the project is really based upon a sound foundation. At the time the above order was written, in 1714, the South Sea Company was prosperous, and its value increasing. It was not until 1720 when it practically took over the whole national debt of England, that it started toward the rocks. Even then it lasted many years, and its final annuities were not closed until 1853.

One of its chief dangers was that a host of imitators sprang into being. Projects were started on almost every conceivable subject, mostly of a wildly speculative kind. The limit was certainly reached when one group of speculators invited subscriptions for a "design which will hereafter be promulgated."

It has been stated recently that the loss to investors in this country, through fake speculation, is about two billions annually.

The desire to invest and thereby hasten the day of independence is an innate and worthy one. But when even the most astute financiers are deceived, as they frequently are, how is the average man, not in a position to know and study such matters, to know just what is a good investment. He can reason

that the good oil stocks, for example, are in the hands of capitalists, and that therefore, those offered him must be of doubtful value, and the same with other projects. The three following rules are suggested as a result of long observation and experience on this subject:

1. That opportunities for investment that come through personal friends or acquaintances are invariably worthless.

2. That the man with the smallest amount of money must keep it in the safest place. After he gets more he may be inclined to take chances, but until he has a safe balance he must not take any risk whatsoever, and when he does, he generally regrets it.

3. That ultimate independence is achieved by slow growth rather than by a quick turn of the cards. Those who win by speculation are the exceptions and when they try it again, as they generally do, they lose what they gained.

When an investor puts a dollar in the bank, or with a strong insurance company, or pays it on some select bond, let him say to some imaginary speculator at his elbow "There! Get that if you can!" In that path lies independence.

TOTAL savings deposits in the United States increased in the last twelve years from \$8,425,275,000 to \$20,873,562,000, a rise of \$12,448,287,000 or nearly 148 per cent. This is brought out in an exhaustive statistical study made by the Savings Bank Division of the American Bankers Association showing the "progress of the great savings movement so evident in the United States in the last ten years." The data made public show that in the twelve year period since 1912 per capita savings in the United States expanded from \$89 to \$186, an increase of \$97, or 109 per cent. The total number of savings depositors in this period grew from 12,584,316 to 38,867,994, indicating that savings depositors today are more than threefold what they were twelve years ago.

Banking and Commercial Law

SPECIAL

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MAGAZINE**

SECTION

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Banking and Commercial Law

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

Stopping Payment of a Certified Check

Sutter v. Security Trust Co., Court of Errors and Appeals of New Jersey, 126 Atl. Rep. 435.

THE drawer of a check had it certified by the drawee bank. Thereafter and before the check was presented for payment, the drawer, claiming that the check had been obtained from him by fraud, directed the bank to stop payment. The payee indorsed the check to her brother. The bank subsequently paid the indorsed check to the brother upon his signing a statement that he was a holder in due course.

The drawer sued the bank for the amount of the check, and it was held that the bank was not liable. The court found that the brother was not a holder in due course and held that the bank would have been liable if the plaintiff had shown that the payee had obtained the check from him by fraud. The plaintiff's evidence was insufficient to establish this fact and the bank was, therefore, not liable.

The following general rules with reference to stopping payment of a certified check are established by this decision:

Where the payee or other holder of a check has it certified, the drawer cannot stop payment. If the bank pays the check after being directed not to, it will not be liable to the drawer even though the check was obtained from him by fraud or he had some other good defense against the check.

Where the drawer of a check has it certified, prior to delivery, the drawer can stop payment as against the payee if the latter is not a bona fide holder; and he can stop payment as against a subsequent holder if the latter is not a holder in due course and the check was

obtained from the drawer by fraud or the drawer has some other defense good as against the payee.

But, where the drawer has a check certified prior to delivery, he cannot stop payment against a bona fide payee, or against a subsequent holder in due course, or against any subsequent holder where the drawer has no defense good as against the payee.

It is frequently stated in broad terms that payment of a certified check cannot be stopped. This decision indicates that this statement is too broad. Obviously, the safest course for a bank to follow in a case of this kind, is to hold up payment of the check until the rights of the contesting claimants can be determined.

Suit by Daniel Sutter, Jr., against the Security Trust Company. From a decree for defendant. (122 A. 381), plaintiff appeals. Affirmed.

OPINION

CAMPBELL, J. Appellant had a checking account with respondent, and on March 25, 1922, having a balance therein to his credit of \$1,034.41, drew a check thereon to the order of his wife for \$1000, and on the same date procured the certification thereof by respondent. On the afternoon of the same day appellant delivered the certified check to his wife in consideration of a certain agreement between them concerning a separation. In such agreement the wife agreed, amongst other things, not to remove certain furniture from appellant's home. March 25 was Saturday, and that night after delivery of the check the wife, in violation of her agreement, removed the furniture. On Monday morning, March 27, appellant acquainted the treasurer of respondent with the circumstances, and requested that payment be stopped upon the check, and claims to have had such

treasurer's promise so to do, although this is denied by that officer. Subsequently, on the same day, appellant, accompanied by his attorney, went to the banking house of respondent, there discussed the matter with its president and treasurer, and signed and delivered to the respondent a request in writing to stop payment on the check.

Appellant insists that on March 27, subsequently to his signing the stop payment request, his wife presented the check to respondent for payment, and payment was refused by it because payment had been stopped. Respondent's treasurer asserts that such presentation was made by appellant's wife on March 27, but before the giving of the stop payment request, and that Mr. Sutter was told that her husband had informed the treasurer that there was some trouble existing between himself and his wife respecting the check, and that payment of the check should be deferred for a few days, and that Mrs. Sutter was therefore requested to postpone presentation of the check until Mr. Sutter could be seen.

Whatever the truth concerning the presentation of the check for payment by Mrs. Sutter may be, she did on the same day, March 27, go to her brother in Philadelphia, indorse the check over to him, and he deposited it in his bank in that city.

On March 30 the check was presented to respondent for payment through the Federal Reserve Bank of Philadelphia, and payment refused and check protested on the ground of "payment stopped."

On March 31 the Union National Bank of Philadelphia, where the check had been deposited, inquired of respondent why it had refused to make payment, and it was advised that it was a deferred payment and that it would be a matter of only a few days when it was expected the check would be paid.

Upon request, appellant called at respondent's bank, was told that the check was in the hands of an innocent third person, for value, and that re-

spondent proposed to pay the same, and that, unless he indemnified respondent, the check would be paid. Appellant declined to indemnify respondent, and on April 6 the check was again presented for payment and was paid. Demand was then made by appellant upon respondent for the payment to him of his al-legal balance of \$1,034.41 without deduction for the payment of the certified check of \$1000. Such demand was refused except as to the balance of \$34.41. Suit was then instituted by appellant against the respondent for \$1,034.41 in the Supreme Court.

The respondent answered and the cause was, by order, removed to the Court of Chancery, where, after hearing, a decree denying relief was advised by Vice-Chancellor Leaming. It is from such decree that the present appeal is taken.

A check may be certified by the bank, upon which it is drawn, at the request of the payee or holder, and when such is the case the situation is as we held in *Times Square Auto Co. v. Rutherford National Bank*, 77 N. J. Law, 649, 73 A. 479, 134 Am. St. Rep. 811, and the maker cannot thereafter legally require the certifying bank not to pay and in a suit by the holder against the bank for the amount of the check the bank cannot have the benefit of any defenses which the maker might have against such payee or holder, because the instrument, by such method of certification, has then been discharged to the same extent as if it had been paid by the certifying bank.

There is another method of certification, such as was employed in the case now before us, and that is at the request of the drawer or maker of the check before it reaches the hands of the payee therein named. When such a certification takes place, and there is a delivery to the payee, under circumstances and conditions making him a bona fide holder for value, without notice of defect therein, then also the instrument is thereafter beyond recall by the maker as against such a payee. Upon this all

the authorities are in agreement. 5 Cyc. 540, par. (b); 7 Corpus Juris, 705, § 432, and cases thereunder cited; Daniel, Neg. Ins. (6th Ed.) § 1603, and cases cited; 20 L. R. A. (N. S.) notes page 290.

When the certification is made at the request of the maker, the obligation of the certifying bank is to make payment to the payee named therein, if such payee is a bona fide holder for value, or to a holder in due course, and such is the contract which the bank, in certifying, undertakes to perform for the maker, and toward and in favor of such a payee, or a holder in due course.

Every contract on a negotiable instrument is incomplete and revocable until delivery of the instrument for the purpose of giving effect thereto. * * * Neg. Ins. Act, § 16 (3 Comp. St. 1910, p. 3787); 8 Corpus Juris, 203, § 333.

There can be no valid delivery where it was obtained by fraud, duress, or mistake. 8 Corpus Juris, 203, 204 § 334; Neg. Ins. Act, § 55 (3 Comp. St. 1910, p. 3741).

There must also be a valid, valuable consideration. 8 Corpus Juris, 210, § 342.

There must be a legal consideration. It is well established that a contract founded on an illegal consideration cannot be enforced, and bills and notes are not excepted from the operation of this rule, but, when founded on such considerations, these instruments, as between the immediate parties and their privies, are always void. 8 Corpus Juris, 241, §§ 380 to 384.

A bill of exchange may be revoked by the drawer before its acceptance or transfer to a bona fide holder for value. 8 Corpus Juris, 64, § 89.

The provisions of the Negotiable Instruments Act, fixing the ways in which a person originally liable may be discharged, do not imply that the ordinary defenses, which go to the original liability of the party, such as fraud, duress, or illegality in respect to the consideration, may not be resorted to as before, since the term discharge implies an original obligation, whereas, if fraud, duress, or illegality intervened at the inception of the instrument, the maker never was liable. 8 Corpus Juris, 611, § 849.

We hold, therefore, that a drawer of a check, which has been certified at his request before delivery, may recall the same and require the certifying bank to refuse payment to the payee named therein if such payee is not a bona fide

holder, for value, but has obtained the check by fraud perpetrated by him upon the maker. And, further, that, upon suit by the payee named in the check against the certifying bank upon its refusal to pay, after notice from the drawer to stop payment, for reasons showing the payee not to be a bona fide holder thereof for value, the bank can urge and have the benefit of any defense that the drawer could have against such payee, establishing that such payee obtained the instrument, or any signature thereto, by fraud, duress, or force and fear, or other unlawful means, or for an illegal consideration; and also that the right of the maker of a check, certified at his request before delivery, is the same against an indorser holder, who is not a holder in due course, as is his right to stop payment against the payee who is not a bona fide holder for value. Such rule, however, has no application to a certified check held by a payee who is a bona fide holder for value, nor to a holder in due course, although certified at the request of the drawer before delivery, nor where the check, after delivery, is certified at the request of the payee or holder.

In the case now before us it was insisted and urged that Edwin R. Mack, the brother of Mrs. Sutter, the payee named in the check, and who was the holder thereof as the indorsee of the payee, was a holder in due course, and for that reason the respondent was justified in paying the amount of the check to him. That is so if he was a holder in due course, as contemplated and provided by the Negotiable Instruments Act, but, upon the facts, the court below found that he was not a holder in due course, and with that finding we agree. It becomes necessary, therefore, to consider whether the facts disclose such a situation that the bank, by reason of its certification, would have been justified in making payment to Mrs. Sutter, the payee, upon proper presentation of the check by her, notwithstanding the service of the notice to stop payment by her husband, the maker, and a disclosure

by him to the officers of the bank of the condition upon which the check was obtained by Mrs. Sutter.

The facts in the case cause us to reach the conclusion, as did the court below, that there is nothing to justify us in holding that Mrs. Sutter, the payee, procured the check by any fraud perpetrated by her upon her husband. For this reason we conclude that the bank would have been justified in making payment of the check to Mrs. Sutter upon presentation thereof by her. If the bank was not justified in making payment to Mrs. Sutter, the payee named in the check, then it was not justified in making payment to Mr. Mack, the indorsee, who, we have found under the facts here presented, was not a holder in due course, and the stop payment notice of the maker under such conditions would operate in favor of the maker against him as such a holder, and would place the bank in a position where it was not justified in making payment to such an indorsee holder.

As the bank was, under the facts presented, justified and legally called upon to make payment to Mrs. Sutter upon presentation and demand as against the notice of the maker of the check to stop payment, its obligation, under the facts, was likewise to make payment to the indorsee holder, Mr. Mack.

The decree below is affirmed, with costs.



Bank Upheld in Refusing to Pay Draft Against Letter of Credit

Maurice O'Meara Co. v. National Park Bank of New York, New York
Supreme Court, Appellate
Division, 205 N. Y.
Supp. 199.

Where a letter of credit refers to goods of a certain kind or quality, the documents presented with drafts drawn against the letter must show that the goods for which the draft was given

correspond to the goods mentioned in the letter of credit.

The defendant bank issued an irrevocable letter of credit covering shipments of news print paper which was to test "11-12, 82 lbs." It was held that the bank was justified in refusing payment of drafts issued against the letter of credit where the documents presented with the drafts did not show that the paper in payment for which the drafts were issued met the required test.

Action by the Maurice O'Meara Company against the National Park Bank of New York. From an order denying a motion for a summary judgment, plaintiff appeals. Order affirmed.

OPINION

SMITH J.—The plaintiff is suing upon a letter of credit which reads as follows:

The National Park Bank of New York.

October 28, 1920.

Our Credit No. 14956.

Messrs. Ronconi & Millar, 49 Chambers street, New York City, N. Y.—Dear Sirs: In accordance with instructions received from the Sun-Herald Corporation, of this city, we open a confirmed or irrevocable credit in your favor for account of themselves, in amount of \$224,853.30, covering the shipment of 1322 2/3 tons of news print paper in 72½-inch and 36½-inch rolls to test 11-12, 82 lbs., at 8½ cents per pound net weight—delivery to be made in December, 1920, and January, 1921.

Drafts under this credit are to be drawn at sight on this bank, and are to be accompanied by the following documents, of a character which must meet with our approval:

Commercial invoice in triplicate.

Weight returns.

Negotiable dock delivery order, actually carrying with it control of the goods.

This is a confirmed or irrevocable credit, and will remain in force to and including February 15, 1921, subject to the conditions mentioned herein.

When drawing drafts under this credit, or referring to it, please quote our number as above.

Very truly yours,

R. Stuart, assistant cashier. (R. C.)

The plaintiff is the assignee of the party for whom the above letter of

credit was procured, and is also the party who furnished the paper in question. The plaintiff's assignor presented drafts for a certain quantity of paper, accompanied by documents which it is claimed complied with the requirements of the letter of credit. The defendant refused to pay the drafts, on the ground that the documents presented were not satisfactory; that is, did not meet with its approval. The separate defenses of the defendant set up these reasons for declining to pay the drafts and are substantially as follows: First, that the letter of credit in so many words provides that the paper should test 11-12, which it claims means that evidence of such a test should be furnished; second, that the documents which must be presented must show that the paper was of such a test, in order to meet with its approval. An examination of the documents claimed by the plaintiff to have been presented to the defendant nowhere shows that the paper proposed to be delivered met the test required by the letter of credit. The first "commercial invoice" presented by the plaintiff's assignor has, among other things, the words "in test 11/12-32." With this commercial invoice was presented an affidavit of the

assistant treasurer of the plaintiff, who swore that he had tested a sample of the paper covered by the invoice and that it tested 12 pounds to 32 pounds. The defendant, having received information that the paper tendered was not of the required test, declined to accept the documents tendered, on the ground that they did not meet with its approval.

It would seem, not only that the letter of credit was against documents to be presented, but that there should be reasonable proof that the paper tendered met the required test, and, further, that the wording of the letter of credit would permit the defendant to decline to accept the drafts, if the documents presented were not satisfactory to it. It further appears, as justifying the attitude of the defendant in declaring that the documents were not satisfactory, that the plaintiff and defendant agreed that tests of samples of the paper tendered should be made by a testing company, and that the result of that test was that the paper did not meet the requirements of the letter of credit.

The order appealed from should be affirmed, with \$100 costs and disbursements.

Order filed. All concur.

MEEET your fellow-men with confidence, unless you have reason to suspect. Deceitful intent does not find it easy to stand up before frankness, fairness and faith. Don't think that you have got to go through business life, or any other phase of life, armed to the teeth. As a rule, you will find shield, breastplate, helmet and so forth, needless and hampering weights. Skepticism and mistrust, in the case of men, are like great standing armies in the case of nations. They beget aggression. Confidence begets good will and reciprocal disarmament. It is neither weakness nor credulity. It is a self-respecting consciousness of one's own motives and a sane belief in the innate rightness of human nature.—*Otto H. Kahn.*

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and E. P. Mellon, Architects*

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GRANITE

Banking Publicity

Special Section of The Bankers Magazine

JANUARY 1925

How Massachusetts Savings Banks Co-operate To Get New Deposits

By ALLAN F. WRIGHT

SAVINGS banks, like every other form of banking institution, are brought into contrast with each other in that some bear semblance of having discovered the secret of a state of everlasting youth and activity while others drag along in the same way year in and year out, swimming with the stream as it were, and making little or no apparent progress. Guided perhaps by the principle of what was good enough for the father is good enough for the son, banker after banker has held himself aloof and dis-socialized from the rest of the world, satisfied that his bank has business enough.

If you want to see a bunch of wide-awake, enthusiastic savings bankers that are men of action, full of ginger and go, working with life and spirit, always abreast of the times, take Massachusetts, that New England state that is the stronghold of the mutual savings bank. The savings bank experience of the Commonwealth of Massachusetts has covered a period of more than 107 years and there are at present under its administration of justice, 196 mutual savings banks, the largest group of its kind in any of the states in the Union. They have no capital, no stockholders, and as a group they are working with honest zeal entirely for the interests of the people. On June 30, 1923, 2,728,776 depositors had deposits in these savings banks amounting to \$1,409,661,206.43,

or an average amount per depositor of about \$517. In the eight months from October 31, 1922 to June 30, 1923 these figures show gain of \$93,566,959.91

in deposits and 83,729 in the number of accounts.

A chart has been prepared which shows the average savings deposits of seven of the largest cities in Massachusetts, the state as a whole and the United States as a whole. It is interesting to note that the average savings account in the United



The Covered Wagon

IN MINNEAPOLIS the covered wagon is the symbol of *The Northwestern*, a bank organized in the days when the prairie-schooner was the means of western travel.

It was in 1872 and transportation facilities were very limited. Much of what is now considered as the Northwest, in fact, was inaccessible, and it was not until 11 years later, in 1883, that The Northern Pacific Railway first connected Minnesota with the Pacific.

The covered wagons came west to St. Anthony. Here they could cross over to the town of Minneapolis on the old suspension bridge. This structure, located at what is now the foot of Hennepin Avenue, had been constructed only 17 years before as the first bridge to span the Mississippi from its mouth to its source.

In the half century that has elapsed, a network of steel rails has spread over the entire Northwest. The railway mileage of the Twin City trade territory now comprises one-tenth of that of the United States. Entering Minneapolis are nine trunk railroads whose length of operation is 62,254 miles.

The Northwestern is proud of its territory and its development, and the fact that it has had a share in its growth.

This bank is also proud of its covered wagon—of the symbol which points to a long experience from the time nearly 52 years ago, when the prairie-schooner's driver referred to it as "that little new bank in the Northwest."

NORTHWESTERN NATIONAL BANK

This "Covered Wagon" advertisement of a Minneapolis bank appeared in newspapers at a time when popular interest was running high in a motion picture of the same name. This ad gives a good example of the possibilities offered by an appropriate tie up with something that a great many people are interested in at a given time.

Declaring her
independence



I NEVER knew
What it really was
To feel independent
Until I had
My little book
With the name
Of a Mutual bank
On its cover—
My little bankbook—
Oh, what a friend!

2

Many business women know the feeling of security offered through having their funds cared for by a Mutual Savings Bank. Their funds are protected by rigid State laws governing the conduct of all such banks.

Any one of the 106 Mutual Savings Banks is a safe profitable place for your savings. Identify it by this seal.



© Savings Bank Association of Mass.

One of a series of co-operative advertisements run in forty-eight Massachusetts newspapers during the course of a state-wide advertising campaign prepared and conducted by the Association of Mutual Savings Banks of Massachusetts.

States is less than \$50, as compared with the average account in Massachusetts of about \$370. In the cities of Lynn and New Bedford the average savings

account runs between \$350 and \$400. Fall River is just over the \$400 mark. Lowell and Lawrence are just under \$550, Springfield is up to \$575, while Worcester heads the list with something over \$600. These amounts, of course, all refer to savings per capita.

It would be difficult indeed to see where even the most exacting could find reason to believe that the Massachusetts mutual savings banks are falling behind in the race for deposits, inasmuch as they have completely outstripped their closest rivals, and yet, the Massachusetts savings banks themselves were at one time pervaded with that sort of mental inertness which is now the dragweight of so many other savings banks—that self-contained, self-sufficient attitude which is the belief that the bank has business enough, and which tends to turn aside rather than attract a larger volume of deposits.

But a number of far-sighted savings bank men realized that this was breaking down the very ideals upon which the mutual savings bank was founded, for it dismissed from one's mind the thought that there are many citizens in the community who need the services which a savings bank offers but who never would be reached if initiative was supplanted by inertia. Accordingly they decided that vigorous action was necessary.

In finding a remedy for the unsatisfactory conditions which were in existence among her savings banks, Massachusetts has set an example for other states to pattern after. She organized a Mutual Savings Bank Association, which, while concorporate with the National Association, is absolutely un-governed or uninfluenced by any other organization in the state of Massachusetts, and as a consequence now has the most

dependable and unseparated group of savings bank men in the country, who pride themselves in showing the world that Massachusetts savings bank men are up and doing and keenly alive to their opportunities.

Forty years ago, as the first step toward an association, a number of prominent savings bankers formed a committee of themselves to keep in touch with legislation concerning the savings banks. This committee was self-perpetuating and merely told the rest of the savings bankers what the committee thought should be done. There was no representation of any sort of the majority of savings banks.

On June 5, 1918, as a result of agitation for a more complete representation of the savings banks, an association was formed with regularly elected officers, the first president being Henry Parkman of the Provident Institution for Savings of Boston, and the first vice-president William L. Adam of the Berkshire County Savings Bank of Pittsfield, Mass. Mr. Adam retained his position every year until he was recently elected president of the association, succeeding the late George E. Brock of the Home Savings Bank of Boston.

During the first three or four years of existence the association operated chiefly along legislative lines. As time went on, however, it became apparent that it would not be possible to obtain the full benefit of the association service until a full-time secretary had been chosen and an office opened to serve as a clearing house through which the members might keep in touch with savings bank developments.

The organizers of the association were aware of the fact that all this would entail considerable expense, but they se-

cured the services of a competent executive, gave him offices worthy of a business man, placed at his disposal sufficient help and equipment and told him to assume command. On January 1, 1922, the association office was opened at 78 Tremont street, Boston, in charge of Dana S. Sylvester, executive manager of the Savings Banks Association of Massachusetts.

Mr. Sylvester lost no time in beginning to push the association forward. One of the first things he did was to have an association seal designed, showing the pyramid with the word "stability" across its face, and



The emblem of the Association of Mutual Savings Banks of Massachusetts.

which is here reproduced. This appears on all the stationery and the printed matter of the association. Black and gold decalcomanias of this trademark have been made, measuring about eighteen inches in length, which are at present on the windows of practically every savings bank in Massachusetts.

In April, 1922, the first issue of *The Hand Clasp*, the official organ of the association, made its appearance. Mr. Sylvester was impressed with the thought that a monthly paper, published by his office and circulated among the member banks, would be of great assistance in building up the morale of the association, and the growth of this publication has indicated that his confidence was not out of place. From an original issue of 300 its circulation has grown to over 1400, the mailing list including savings bank execu-

tives, members of boards of trustees and other students of savings bank problems located not only in Massachusetts but in many other states. At the time of its issue it was a four-page house organ, but within a few months it increased to eight pages, and such a large volume of news is now coming in that it is expected there will soon be an additional four pages.

Shortly after *The Hand Clasp* made its first appearance an extensive state-wide advertising campaign was prepared and conducted by the association, some samples of the advertisements being shown in the accompanying pages. One of the series of advertisements carries the signature of the association and for the past twelve months these have been running twice a month in the Boston daily newspapers and once a month in the Massachusetts daily papers, and also in a few of the more prominent weekly papers in cases where the daily papers were not available. The association used six Boston dailies, thirty-two Massachusetts dailies and eight foreign language papers, published in different parts of the state of Massachusetts.

The series of advertisements which show a space left for the name of the individual bank were used by many of the banks throughout the state in their local daily or weekly newspapers. Complete electrotypes of these advertisements were sent to the various banks and these advertisements were run in conjunction with the main advertising campaign which was paid for by the association, all of the member banks contributing to the cost of the yearly campaign.

In these advertisements the association endeavors by plain and simple statements without any flowers of speech to set forth the advantages of a sav-

ings bank account over any other form of investment. They pointed out to the people that the savings bank depositor can get his money without notice when he wants it; that there is no depreciation in principal;

[Continued on page 60]

A real test
of character

Am I saving
A little something
Every week?
My dad says
It's easy enough
To make money
But the real test
Of my character is—
Am I saving money!

There's quite a bit of swagger
to the youngsters as they walk
up to the teller's window in
any Mutual Savings Bank. Depend
on it, these coming business
men know a mutual bank
operates under State laws solely
for the protection and profit
of its depositors—there are no
shareholders.

Identify a Mutual Savings
Bank by this seal.

© Savings Banks Association of Mass.

Another of the advertisements of the co-operative state-wide advertising campaign conducted by the Association of Mutual Savings Banks of Massachusetts.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JANUARY 1925

THE editorial column of the November number of **BANKING PUBLICITY** was devoted to a discussion between Osborn F. Hevener and the editor as to the proper attitude for banks to take toward their depositors. Mr. Hevener, who is advertising manager of the Bank of America, New York, contended that the banker who loses the reverence of his customers will lose business, while the editor held that too much "dignity" is responsible for much inefficiency in the conduct of bank public relations activities.

Now comes G. Prather Knapp, a pioneer in the field of banking publicity, whose name needs no introduction among bank advertisers. Mr. Knapp has written a letter to the editor in which it appears that he thinks the editor and Mr. Hevener are unconsciously in accord in their views. Further, Mr. Knapp says he believes that to the superficial reader both disputants seem altogether wrong. Whereupon he proceeds to agree with them both with an adroitness worthy of Lloyd George. We can't help feeling that Mr. Knapp has missed his calling. He should have en-

tered the diplomatic service. But to get down to his letter: "A vigorous controversy," says Mr. Knapp, "is always entertaining, but especially so when the disputants are unconsciously on the same side of the question.

"Your editorial page in the November issue is an example of what I mean. To the superficial reader, you both seem altogether wrong.

"Mr. Hevener seems to be an advocate of a return to the method described by Dickens in his 'Tale of Two Cities' as set forth in 'Tellson's Bank by Temple Bar.' Dickens says:

Tellson's Bank was an old-fashioned place. It was very small, very dark, very ugly, very incommodious. It was an old-fashioned place, moreover, in the moral attribute that the partners in the house were proud of its smallness, proud of its darkness, proud of its ugliness, proud of its incommodiousness. They were even boastful of its eminence in those particulars, and were fired by an express conviction that if it were less objectionable, it would be less respectable.

This was no passive belief, but an active weapon which they flashed at more convenient places of business. Tellson's (they said) wanted no elbow-room, Tellson's wanted no light, Tellson's wanted no embellishment. Noakes and Co.'s might, or Snooks Brothers' might; but Tellson's, thank Heaven!—

Cramped in all kinds of dim cupboards and hutches at Tellson's the oldest of men carried on the business gravely. When they took a young man into Tellson's London House, they hid him somewhere until he was

old. They kept him in a dark place like a cheese, until he had the full Tellson flavour and blue-mould upon him. Then only was he permitted to be seen, spectacularly poring over large books, and casting his breeches and gaiters into the general weight of the establishment.

"However, I don't believe that Mr. Hevener has any blue-mould on him, and I know from experience that his bank does not keep him in a dark place. He is one of the most human, accessible and cordial bankers with whom I come in contact.

"By the same token, a superficial reader of *your* side of the question would conclude that you were an advocate of the F. S. S., a new organization which I see advocated by the columnist in the November first issue of the *Buenos Aires Herald*, sent me from the Argentine Republic.

"This columnist, whose initials are H. G., describes his new society as follows:

And here let me make my own pet suggestion to any bank. Let it start a "Forcible Savings Society" and great results would eventuate. A corps of skilled, athletic accountants, each furnished with a repeating rifle and a hundred rounds of ammunition—licensed by the Government, of course—could tour the offices on each pay day, hold up the willing but weak-willed savers, allow them enough of their pay to cover expenses, and cart the rest off."

It has always struck me that when I go into a bank nobody bows me out, nobody appears in the least interested. The spending operation is really a series

of spasms, each of which leaves the patient a little weaker, a little more inclined to give up the ghost on the slightest provocation. There are many places where you spend your money which say, "Come again—but earlier."

No, the system is all wrong. The manager of the bank should be on hand to greet you as you enter. "Ah," he should say, "and how do you do this morning, Mr. Bush? Come to increase that account to ten pesos? Well, well, that is nice of you. On the blue slip, please, the other is for withdrawals. Thank you so much! Very fine weather after the rain."

"But I don't believe, Mr. Editor, from my personal knowledge of you, that I would ever hire you as a floor-walker in my department store, a head waiter in my restaurant, or an entertainer in my speak-easy. Frankly, however much it may hurt your feelings, I would prefer Mr. Hevener to you, in any one of these three capacities.

"I believe that when you and Mr. Hevener become presidents of large banks, he will be rather more the kind of banker that you describe as ideal, and you will approach a good deal closer to his ideal, than either of you at present imagines.

"As a matter of fact, and before you two gentlemen snatch your coats off and go across the table at each other, haven't you both precisely the same ideals as to banking contact with the public? Don't you both

agree that banking is not, and can never be, a menial service like barbering or waiting on table, or even a huckstering proposition like dealing in 'shoes and ships and sealing-wax, and cabbages,' etc.?

"The depositor will always insist on dealing with a banker that does not need his money, whereas that same depositor will gladly buy goods from a merchant on the verge of bankruptcy, who must sell at a sacrifice or go out of business.

"On the other hand, don't you both agree that banking is the most human of all the human services?—That the depositor who is treated like a letter in a post-office or a pig in a slaughter house will develop a certain inferiority complex that will have a tendency to keep him out of banks unless and until he has large wads of dough to bolster up his self-respect?

"Suppose we agree with Mr. Hevener that we want our bankers near the stars. Doesn't that double our satisfaction when they bend down from their Olympian heights to say a cordial word to us ordinary mortals?"



C. H. HANDERSON, publicity manager of the Union Trust Company of Cleveland lost his B. V. D.'s aboard ship en route to London last summer. He advertised for them on the

bulletin board at the purser's bureau and got them back—also several other pairs. His advertisement was published in the December number of **BANKING PUBLICITY**. For the benefit of those who missed seeing it here it is again:

"NEXT TO MYSELF"

Next to myself I love my B. 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 tonight and look under your berths for a strange black suitcase bearing initials "C. H. H."

A permanent season pass to the bar to the finder reporting with said suitcase to Room 85, Deck C.

Mr. Handerson having duly noted the republication of his advertisement in these columns has written in to this office to the following effect:

Certainly I had no idea when I lost my B. V. D.'s aboard ship that such a dignified publication as yours would assist me in seeking them out.

A number of my friends have had many a good laugh by mailing B. V. D.'s to me with suitable notes. Never was an advertisement more successful, because it not only produced my original pair but several in addition.

If I get more from your republication of this advertisement I will split them with you 50-50.

We wonder if what Mr. Handerson says in his last paragraph is a promise, and will hope for the best. They say it's going to be a cold winter.

"Ours"—with a "Y" in front

¶

All of the varied services of the Manufacturers Trust Company are for the use of the public—commercial banking, trust, investments, thrift, foreign. The statement does not wait for the public to come in, but goes to the public. The services of this institution are rendered in that personal way which places a "Y" in front of "ours" and makes it "yours."

Markus J. Jones, President

Manufacturers Trust Company

BANK OF AMSTERDAM BANK OF CALIFORNIA BANK OF ITALY

An original and striking headline introducing sixty-two words of very good copy. Published by a New York trust company.

How Massachusetts Savings Banks Co-operate To Get New Deposits

(Continued from page 46)

that the bank pays the tax on the deposit; that the town gets the benefit of that tax; that the dividends on a savings account automatically save themselves; that the savings banks of Massachusetts are under rigid state supervision and that their investments are regulated and restricted by state laws; that more than seventy-five persons out of each hundred of population in Massachusetts have savings accounts and that as a medium of providing for future independence, for the

proverbial rainy day or for the education of one's children, the savings account is unparalleled.

Several blotters and folders showing thrift messages were also produced and purchased in varying amounts by the individual banks. These blotters and folders were used in very large numbers by banks throughout the state, each having its own name on its blotters and folders. One folder in particular entitled "Your Future," had a very wide circulation.

The results from this advertising have been so gratifying that the Savings Banks Association at its annual meeting voted to continue the work for another year.

All of the member banks in the association are on Mr. Sylvester's visiting list and he keeps in close touch with them by making personal visits at fairly frequent intervals, exchanging ideas and fraternizing with the savings bankers whenever possible. He has in

his offices all the machinery necessary for the proper conduct of the business of the association and it is exceptionally well lubricated so that it functions smoothly and without friction of any kind. In the event of a difference of opinion among the members the whole affair is reviewed in all its phases right in the association and outsiders are presented with a lucid explanation of it all.

The activities of the association have broadened considerably and the enthusiasm of the members for the association has increased one hundred fold since the opening of the office. The regular meetings are two and three times as large as they used to be and the interest which the members have shown in the activities of the association has been a great source of satisfaction. At the present time 192 of the 196 mutual savings banks in the state belong to the association.

How Banks Are Advertising

THE Norfolk (Virginia) National Bank issued a folder statement which combines in very attractive form a simplified analysis of the bank's condition that any layman can

understand, with a brief history of Norfolk accompanied by some unusually interesting illustrations set in an appropriate and effective layout. The folder was gotten out under

To husbands

Read the column at the left. Then talk it over with your husband.



To wives

Read the column at the left. Then talk it over with your husband.

THE EQUITABLE TRUST COMPANY
OF NEW YORK
37 WALL STREET

FACTS

Why?



Why will a man stand in line for an hour waiting to get an automobile license, when he won't spend a half-hour making his will?

Read the column at the left. Make your will today against the Republic's uncertain fate.

THE EQUITABLE TRUST COMPANY
OF NEW YORK
37 WALL STREET

That's where we used to live!



He left a home and overtook much of his property that he didn't want.

Read the column at the left. Make your will today against the Republic's uncertain fate.

THE EQUITABLE TRUST COMPANY
OF NEW YORK
37 WALL STREET

A group of excellently prepared advertisements of a New York trust company, in which effective layout and skillful arrangement of copy play an important part.

the supervision of J. B. Dey, Jr., vice-president of the Norfolk National, who directs the advertising of the bank.



AMONG pamphlets and folders recently distributed by the Plainfield Trust Company, Plainfield, New Jersey, are the following:

"Who Will Inherit Your Estate if You Leave No Will?" is a pamphlet telling how much it will cost to name a trust company as executor of an estate, answering important questions regarding Federal estate tax and New Jersey inheritance tax laws, and showing how property passes under present state laws if no will is left. This pamphlet has been prepared in a very capable manner and is copyrighted by the bank.

"Do You Know What a Voluntary Living Trust Is?" is a folder explaining how such a trust is created and outlining its benefits.

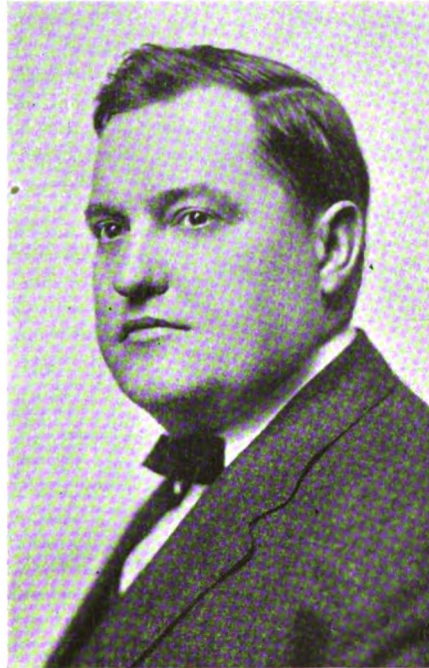
"The Door Which Only You Can Open," and, "What Is It Worth To You?" are two very effective little folders, the former on savings and the latter on custodianship of securities.

The advertising of the Plainfield Trust Company is under the direction of Marjorie E. Schoeffel, assistant secretary. Miss Schoeffel is also a director of the Financial Advertisers' Association.



THE Sussex County Trust Company of Franklin, New Jersey, publishes an excellent little monthly house organ in the form of a four page folder entitled *Independence*. This folder is printed in two colors, with an unusually attractive typographical arrangement, and has, according to F. C. Devore,

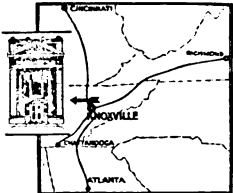
Who's Who in Bank Advertising



CHARLES R. WIERS

Assistant vice-president National Shawmut Bank
of Boston, Mass.

MR. WIERS was for sixteen years sales promotion manager of the Larkin Company, Buffalo, N. Y., and for five years was vice-president in charge of sales at the DeLong Company, Philadelphia, Pa. During the World War period he organized and conducted the Bureau of Communication, American Red Cross, Washington, D. C. In August, 1924, he went with the National Shawmut Bank of Boston as development manager. Mr. Wiers is president of the Direct Mail Advertising Association of the United States and Canada, and is former president of the Buffalo, N. Y., Advertising Club and the Affiliated Advertising Clubs of Buffalo, Rochester, Cleveland and Detroit. He is in considerable demand as a speaker before chambers of commerce, advertising clubs, and business organizations of various kinds, and is the author of "How to Write a Business Letter," "What Two Million Customers Have Taught Me About Service," "Cutting the Bunk out of Business Letters," and "The Human Touch in our Daily Contacts."



A Trading Center For 500,000 People

KNOXVILLE industries have played an important part in the development of the great Appalachian region which includes the territory between Cincinnati and Atlanta and from Knoxville to Chattanooga. This entire country is richly endowed with great natural resources as well as fine human resources and intelligent labor. A great percentage of the valuable output of matter, man, power and coal is annually exported from this territory.

TENNESSEE with the largest total resources of any financial institution in the Appalachian region, the City National Bank is carrying out a program of service and expansion that will greatly benefit our customers and which is reflected in our own continuous growth.

THE City National Bank is the exact center of the region and for years has enjoyed the confidence of the vast of town bankers and at this time has the pleasure of serving more than eighty per cent of banks located in East Tennessee.

EVERY demand for increased banking facilities has been anticipated in our new building and we are now daily rendering our customers all the special kind of service in keeping with the spirit and needs of a rich and growing territory with an honored past and an assured future.

CAPITAL AND SURPLUS \$1,000,000.00

CITY NATIONAL BANK
ESTABLISHED 1868
"A Commercial Bank, a Bank for Savings and a Bank for Banks"
1934

A Knoxville bank calls attention to its strategical position in relation to the Industrial region which centers around it.

treasurer, proved an excellent medium for the bank to use.

The Sussex County Trust Company is located in a town of about 5000 people, and was started five years ago. The bank now has 3000 depositors and total resources of close to \$2,000,000. Mr. Devore says that the bank's unusual growth during the last year can be largely traced to the sending

out of the monthly house organ, *Independence*. Most of the reading matter contained in the folder is of a local nature, which makes it of particular interest to the people of the community in which the bank is located.

You will have more money for next year's Christmas Gifts, if you—
JOIN A CHRISTMAS THRIFT CLUB
at your bank
Distributed co-operatively by
Cleveland's Leading Banks
through the courtesy of
the Retail Merchants

“CHRISTMAS in Other Lands and Times” is the title of a folder which was distributed during the holiday season by the Coal and Iron National Bank of New York. The bank has kept its name very much in the background and has told, in a setting and with typography which are both pleasing to the eye, a most interesting story of former customs that became established in connection with the celebration of Christmas.

Letters were sent to the Cleveland Advertising Club urging members in their advertising to tie up with the Christmas Club idea and several merchants used it by suggesting that their articles be purchased with “part of your Christmas Club money.” This co-operation between banks and merchants is a tribute to enterprising business men who are not unwilling to look up from the business at hand and give a thought to the business ahead.

A VERY constructive effort in thrift advertising has been made by the bank group of the Cleveland Financial Advertisers' Association, acting upon the suggestion of its secretary, Virgil D. Allen, Jr., of the Central National Bank Savings & Trust Company.

“BANK at Your Door,” a booklet on banking by mail, and “Bringing the Bank to You” and “Employees' Banking Club,” booklets on a plan by which employees organize to save part of their income each pay day, are three excellent pieces of direct mail material published by the Bowery Savings' Bank, New York, as a part of its intensive and well organized campaign for new business. The bank is also sending out a monthly magazine *Getting On*, which contains inspirational thrift articles and practical and helpful plans and suggestions for saving and budgeting.

Through Mr. Allen's efforts, virtually every leading downtown store and a number of other business houses co-operated with Cleveland's leading banks which furnished small inserts to be placed in every article of goods sold during the holiday season. These inserts read:

Bank Advertising Exchange

The Bank Advertising Exchange which was formerly printed each month as a part of **BANKING PUBLICITY** is now printed separately. A copy of the Bank Advertising Exchange will be sent to any subscriber upon request.



IN CLEVELAND
The **UNION TRUST Co.**
Resources over 300 Millions



The Labor Banks on Over-capitalization

IN a recent issue of *The Labor Banker*, published by the Brotherhood Investment Company and its affiliated institutions, Warren S. Stone explains in an interesting way the attitude of the labor banks on over-capitalization. Mr. Stone writes:

One of the things that labor knows—a knowledge born of long experience—is that it is extremely foolish to send two dollars to do a job which could be done by one dollar more effectively. A dollar employed in industry is simply one of the hired hands. There is nothing sacred about it.

The dollar is not entitled to any special consideration not accruing to other employees. The dollar which works in industry is entitled to an adequate wage. It is entitled to sufficient protection to insure its safety. And like other employees, the dollar invested in business should never be called upon or permitted to work against the public interest. Nor can it claim for itself special privileges or defy economic law.

For a great many years, labor has protested against the far too prevalent practice of using two dollars on a job where one dollar would turn the trick. No prudent business man would employ 2000 workmen if only 1000 were needed. Padding is economic waste for which someone would be required to make payment. Those who pay for economic waste are generally the consumers. Under the present system, economic waste is seldom charged up against the people responsible for it.

Now it so happens that many an employer who watches his payroll like a hawk, keeping the number of workmen always down to a minimum, is not always so careful about the dollars he employs. Many a business which could get along very well with \$5,000,000 has \$10,000,000 working for it. That means that the dollar payroll has been padded—quite as wasteful an operation as padding the payroll of human workers. We call that sort of thing over-capitalization, and the groups which manage to over-capitalize and get away with it are popularly termed "clever."

Of course, in the long run, they are not clever at all. They are in effect filching from the public by making industry unnecessarily costly.

The general welfare cannot, of course, be promoted through the encouragement of any sort of economic waste. And that is exactly what over-capitalization represents. Labor has common sense enough to see that.

Labor knows another thing, too. It knows that a business organization is not an end

in itself, but is simply the means employed in order to get the work of the world done in an efficient manner. Therefore, the labor banks, representing the spirit of labor as they do, maintain an attitude toward business which sets them apart. It is the duty of the labor bank to provide the means whereby the safety of labor's savings can be assured. Next, it is the duty of labor banks to help open the way whereby the savings can be so invested that the welfare of both the individual and of the state will be served. The first thing the labor bank wants to know when asked to put a dollar into any business is this:

How many dollars are working in that shop now?

Is the dollar payroll padded?

Is the concern over-capitalized?

If it is, the labor bank is not interested and labor is not interested, because labor bankers and labor generally have sense enough to know that the place to put a dollar is not in some industry in which dollars are already loafing. They are needed in industries in which the dollars are over-worked.

The professors of political economy and our financiers have talked a great deal about the evils of over-capitalization. But they have never done very much about it. Meanwhile, the present generation suffers by reason of the economic sins due to over-capitalization which have been committed in the past.

For twenty years every painstaking survey has made it quite clear that billions of dollars have been unnecessarily invested in railway transportation and in various forms of public utility service. Railroad and public utility stock issues, we say, have been watered. In other words, dollar payrolls have been padded. If we had all the dollars thus unproductively employed, we would have funds with which to improve our rivers and harbors; funds with which to reclaim our desert areas; funds with which to help meet the problems of the agriculturist. Dollars so invested would promote the general prosperity and would in the end bring larger profits to the public as a whole than have been secured from their uneconomic investment in over-capitalized industries.

The labor banks are in the days of their beginning. Labor is just becoming conscious of its financial power. But it is starting out right. It is taking the common sense view. It realizes that dollars are workmen and it is determined that as far as it is concerned it will take every precaution possible to see to it that the dollars it has to invest are not tied up in the padded payrolls of concerns which have chosen deliberately to be wasteful by unnecessarily over-capitalizing their industrial activities.

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



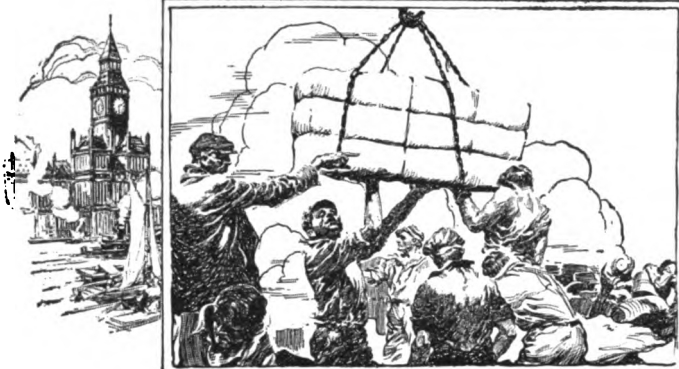
A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
London, E. C.

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



Three reasons for having a New York account with The Equitable

BY keeping a New York account with The Equitable, you can complement your own facilities by placing the following services at the disposal of your customers:

1. We offer exceptional facilities for financing foreign purchases through import letters of credit, and can be of assistance to you by paying duties on imports and arranging the clearance of goods.

2. New York is now the primary market for the purchase of foreign currencies. It is becoming

a recognized practice that payment of drafts drawn under import letters of credit shall be made in New York funds.

3. Through our offices in London and Paris, and our foreign correspondents, we can promptly furnish valuable trade and credit information, and can arrange funds to meet emergency demands when you are buying abroad.

Write for particulars of the many ways in which we can serve correspondent banks and their customers.

THE EQUITABLE TRUST COMPANY OF NEW YORK 37 WALL STREET

UPTOWN OFFICE
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Further Banking Opinion on Dawes Plan

IN the December number of **THE BANKERS MAGAZINE** were printed views of a number of leading American bankers on the Dawes Plan. These views were specially furnished to the Magazine on request. Some of the expressions of opinion on this important subject were received too late for inclusion in the December number, and so are published herewith:

Charles S. Calwell, president Corn Exchange National Bank, Philadelphia:

It seems to me that the sooner Central Europe is on a productive basis, the sooner will world stability be more nearly approached, and conditions of trade and business in general greatly improved. Any diminishing in the producing power of any large industrial center is bound to react, not merely on its own purchasing power, but also on the purchasing power of all the other leading industrial countries.

I do not see any difference between the re-establishment of Germany and the problems that are constantly confronting bankers in this country in the reorganization of corporations of various kinds. What has been already accomplished by the League of Nations in Austria and Hungary, with results that thus far seem satisfactory, can doubtless be repeated in Germany. Before the war Germany was a very large buyer of both raw materials and manufactured articles from the United States. German merchants in Russia, Turkey, and elsewhere in many cases served as distributors for American manufactured goods, and created a considerable market for them.

We cannot afford to lose any customers at this present stage of international trade. We should never forget that in 1864, when the United States was in a very serious financial condition, a large number of German financiers in Frankfurt and elsewhere showed their faith in the United States by investing large sums of money in American bonds and securities. We also received during the Civil War great assistance on the part of many Germans which was of material aid in winning that great struggle.

The purchasing power of the working population and of the rural communities in Germany will undoubtedly increase under the Dawes Plan. This will mean not merely a greater market for our own foodstuffs, but also for those of countries bordering on Germany. I have been very much surprised to find the amount of raw materials imported by Germany from Russia and the Scan-

dinavian countries before the war. The renewal of this trade movement will undoubtedly also increase their purchasing power.

It seems to me it is too early to venture to make any prediction, except in the most general terms, of any specific results that may be achieved under the Dawes Plan. Much will depend on the co-operation of the Germans themselves, and on the tact and ability of those who are supposed to carry the plan out. There have been so many instances in financial history, such as France in 1799 and 1800, under Napoleon and Gaudin, where a country supposedly bankrupt has been restored by careful management, that it seems only reasonable to expect that any stabilization of Germany will be accompanied by far-reaching results.

Benjamin M. Anderson, Jr., economist
Chase National Bank, New York:

The Dawes Plan is a very great stroke of constructive statesmanship. For several years there has been a progressive clarification of the problem of how to straighten out Europe, as expert economists and financiers have discussed the matter and written about it, but the matter remained academic. Despite the better understanding of the problem, the actual state of facts grew worse. The Dawes Plan has applied the academic wisdom to the actual remedying of the facts. Europe seems pretty definitely to have turned the corner with the last conference in London in which the Dawes Plan was concretely accepted.

The Plan ties together for Germany, in a most interesting and impressive way, the problems of currency reform, fiscal reform, a carefully safeguarded outside loan and assurance that the loan will be used for definitely necessary purposes. It settles the vexatious reparations question by providing that Germany shall pay all that she can pay without involving the danger of overstraining German resources. It is a flexible plan, but the flexibility depends not on caprice but on a careful adjustment along lines clearly defined of future payment to future facts. It rests on the notion that if Germany must pay she must be able to produce and sell, and it recognizes that the free play of private enterprise is the safest foundation for future productivity. It frees private enterprise from unnecessary restrictions and it gives private enterprise sound money to work with. The most demoralizing difficulty with which industry and commerce have contended in recent years has been irredeemable fluctuating paper money. Under the Dawes Plan, properly



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administered, Germany will have sound money.

It is essential that the new bank provided by the Dawes Plan should from the beginning be a true gold bank, redeeming its notes, in gold or gold exchange, unhesitatingly. It is eminently desirable that the bank should redeem its notes in gold, and that actual gold should circulate in Germany once more. There need be no fear that Germany will lose gold if this is done, or that the bank will be denuded of its gold. Rather, gold flows to those countries and to those banking institutions which unhesitatingly pay it out again, and flows away from those countries and from those banking institutions which are reluctant to part with it in meeting their demand obligations.

Part of the reserves of the new German bank are to be held in balances abroad. The balances held in New York are true gold reserves because gold may be had from New York on demand. Balances held in countries which do not pay gold on demand, can be transformed into gold reserves only if they are "hedged" in the exchange markets, and it is important that the new German bank should protect its balances held in francs, lire, or sterling either by forward purchases of dollars in London, Paris and Rome, or by short sales of francs, lire and sterling in New York. Otherwise it will expose its reserves to the risks of the foreign exchange markets.

Fiscal reform is proceeding also in France and in Italy. The Italian budget seems already to be approximately balanced, and the French budget position has been definitely improved. More progress in the direction of fiscal reform is needed in much of Europe, and the problem of getting Europe as a whole back on a gold basis remains to be solved. For France and Italy, it will be best solved by the frank acceptance of the facts of depreciation, and by resumption of gold payments at new and much lower pars. Great Britain can restore sterling to the old gold power very quickly, if she will.

The restoration of Europe to the gold standard will involve substantially higher interest and discount rates than now obtain in much of Europe, though Germany may expect to see interest and discount rates much lower than in the present acute shortage of working capital. But discount rates should be decidedly steeper in London with restoration of the gold standard than they now are, and this should be true in a number of European countries. It is well, however, to get away from artificial money markets and well to let the facts of the money markets reveal the underlying shortage of real capital after ten years of war and reorganization after war. Steeper interest and discount rates in Europe will draw to Europe a great deal of the free capital in

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the world, will encourage saving in Europe itself, and will make sure that such capital as is employed in Europe will be economically rather than wastefully employed.

The operation of the Dawes Plan, and the general restoration of Europe, should tend to sustain the better prices of agricultural products in the United States which have come unexpectedly in recent weeks as a result of the disaster to Canadian harvests. The position of our fertilizer and farm machinery companies should be improved by this. Copper, hides and leather, and other raw material interests in the United States should gain decidedly with the revival of manufacturing in Europe. Our manufacturers in many lines will face keener competition, but on the other hand, with the world revival both in Europe and in the raw material and agricultural regions of the world outside of Europe, there should come a great increase in consumption throughout the world. The net result should be better business in the aggregate for most of our major industries. And it should be a very much more trustworthy business than the world has known for over ten years. The improvement in the condition of the masses



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of men throughout the world, and very especially in Europe, should be enormous.

Waldo Newcomer, chairman Atlantic Exchange Bank and Trust Company, Baltimore:

Any discussion of the Dawes Plan in detail by one who is not an expert in international finance is largely a waste of time. The problems involved are so intricate and so technical that the question as to the definite effect and practicability of various items in it can only be passed upon by a close student of international banking. The comments of a layman, therefore, are bound to be of a somewhat general nature.

In the first place, Mr. Dawes is to be heartily congratulated by bankers, business men and the citizens of this country in that he has succeeded in evolving a plan meeting with the approval of those who are parties to it. Any one who has had any experience in trying to bring together into agreement a body of men whose individual interests are seriously at variance with each other and each of whom is trying to have put into the agreement the things most favorable to himself, will have some conception of the difficulty under which Mr. Dawes labored if they will remember that instead of dealing with individuals he was dealing with nations who were not only at variance in their respective interests but in some cases were actually antagonistic to each other. The fact, then, that any plan has been evolved and signed by the various countries is in itself a wonderful achievement.

In the second place it is remarkable that comments on the plan by writers who have studied it from various points of view have been almost unanimously favorable. We all

know how easy it is to criticise and it was to be expected that a plan as comprehensive and of such vital importance as this would be widely discussed and become the subject of bitter controversy, as was the case in the plan for a League of Nations. But the criticisms have been almost entirely confined to questions of its acceptability to the signatory powers and as to whether the bonds to be issued would find a market. The first was soon disposed of and there now appears to be little question that the bonds will be readily sold. The question as to whether it can be carried out in all details can only be answered by experience as time goes on. The actual results, its effects on international commerce and on the steadying of the situation are also so much in the theoretical realm that only practical experiment can prove anything, but it is safe to say that it is a big step in the right direction, and the further fact of its having been signed shows a disposition on the part of the nations to get together, and the placing of the \$200,000,000 loan by Germany and the starting up of European industries cannot help having a splendid influence on that country and on international commerce as a whole.

There is naturally in some quarters a feeling that in planning for the restoration of Germany we are carrying the principle of forgiveness of our enemies to an unreasonable extent, and may even be opening the door to a disastrous foreign commercial competition. But, regardless of any feeling of enmity, we must realize that we cannot have a normal output of the products of this country and find a market for them without a restoration of normal exports, we cannot hope to export unless we import, and we must face the fact that we cannot have satisfactory and normal world commerce so

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long as a nation of Germany's importance is in a bankrupt condition. It is a tremendous relief to the export and import industries in this country, and, therefore, through them to the banking industry to have a foundation laid which will tend toward the restoration of normal commerce.

I hope it will be clearly understood that the saving clauses in these comments are not for one moment intended to indicate any veiled distrust of the Plan; the writer believes it to be absolutely sound and a great big step in the right direction, and the clauses referred to are merely what they purport to be, namely: an unwillingness to take the responsibility of passing in a didactic manner on something which he knows is beyond his capacity.

Lucius Teter, president Chicago Trust Company:

When I left Europe the London conference had come to a close and the general situation was more hopeful than it had been for some time past. Although fundamentally the European problem remains an

economic one the factors which chiefly determined sentiment while I was in Europe were political, and therefore, it is not easy to make predictions regarding the future. It seemed, however, to be a fact that England, France and Germany, were nearer a real understanding than at any time since the Armistice.

The importance of this to us cannot easily be overestimated, for it must be clear to everyone that no real prosperity is possible in our country when other leading nations are unsettled. The events of the summer do not mean that all problems are done away with but they do mean, it seems to me, that all important countries have taken steps quite definitely along a road of common interest and confidence, which should mean that the future is brighter for all of us.

While rejoicing in the important part taken by General Dawes and other Americans in bringing about the present fortunate situation, all of us at home should realize more seriously our duty in respect to international affairs, and in this connection I believe that a continuation of the conserva-

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tive government in the United States is most desirable at this time.

While abroad I spent some time in Germany and the chief impression I received there was that the present governmental régime in Germany could and would continue. The spirit seemed to be that Germany was willing to make a sincere effort to carry out whatever conditions might be imposed if those conditions were clearly defined.

In regard to France it seems to me that the Prime Minister, M. Herriot, has recognized that the question of the Ruhr has become an international problem rather than a matter that concerns France and Germany alone.

The French are supporting an enormous tax, amounting to nearly 25,000,000,000 francs yearly. Business men in France with whom I have talked expressed the opinion that with political agreement between European countries there would be a very great renewal of business and a feeling of security which would properly attract money from the United States to Europe. It is generally recognized that in the absence of political complications there will be a quick revival of international trade which in itself will do much toward stabilizing exchange.

Willis H. Booth, vice-president Guaranty Trust Company of New York, and president International Chamber of Commerce:

It is expected that the Dawes Plan will open the way for new conditions in Europe; that production and the life of the people in Germany may be carried on in an orderly fashion, comparatively free from the panicky uncertainties of the last few years; that exchange will be stabilized; that industry and trade will be based on stable and sound economic and fiscal conditions, and that German labor will receive payment in real wages that will more nearly represent adequacy in supplying the necessities of life. If this is achieved, it will be a relief not only to Germany but to the rest of the world; Germany's competitors as well as Germany's suppliers have suffered from the artificial and rapidly fluctuating condition in that country.

Payment of reparations by Germany contemplates considerable export of German goods. The American business men like the business men of other countries are naturally interested in what this portends for them. Does it mean ruinous competition in the home and foreign markets? I should say the answer to that question is, no. We

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encountered German competition before the war and in general it did not worry us much. In the last few years, when German production costs were artificially low, we encountered some of the most distressing forms of that competition, without suffering greatly. We have not stood still in this country in either our equipment or our processes these past ten years. I am confi-

dent the competitive strength of our industries is greater today than it was before the war. There are undoubtedly lines in which Germany has certain advantages over us, just as there are lines in which England, France, Italy, Belgium, Japan, etc., have certain advantages over us. I have faith in our ability to hold our own.

German trade will undoubtedly cultivate closely its nearby markets, particularly the markets to the east, where it has advantages and to which it looks for future development. Markets are a vital thing for German trade. The various countries in which industries have been established will naturally have an eye open for the maintenance of the welfare of those industries. Yet every country offers some market for some German goods, and many of those markets can be developed without arousing antagonism, and without upsetting conditions in the foreign countries. Germany is a land of diversified production, and some skill in merchandising. Yet I doubt if many American manufacturers who successfully met German competition before the war are in fear of being pushed aside by prospective competition from that quarter. In some lines we may feel intensified competition, but in a world of expanding business I believe we can look forward to getting a fair share.

These things are in part subject to influences in future conditions that we can not foresee or attempt to foretell. My opinion of German competition is based on past and present conditions as they are known to me. Germany recently has been a sore spot in the world, and I believe I reflect the opinion of business men of this and other countries represented in the International Chamber of Commerce in expressing the feeling that to heal this sore spot in the international organism is going to react favorably on business conditions generally, and that we as well as the other countries will benefit from the improvement.

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Dawes Plan Declared Unworkable

Noted British Economist Says Plan Embodies Two Fatal Faults

By J. M. Keynes

[From "The Nation and The Athenæum," London]

THE phrase "Dawes Plan" has become an incantation inscribed on a closed sphere. The diplomatic solution has depended on a tacit agreement not to look inside or to ask irrelevant questions. Almost everyone has connived at this, because no one could propose any alternative next step for the diplomatists. But those who believe that the Dawes Plan is workable or settles the problem are certainly deceived.

The arguments in favor of accepting the Dawes Plan as the next step were, and are, two: first, that under cover of it the French may leave the Ruhr; second, that an attempt has been made by its authors so to contrive that, as

time goes on, it will itself furnish the demonstration of its own impracticability. But this is far from ridding us of the disease of reparations. It gives us a short breathing-space; that is all. For, as a concession to diplomatic difficulties, the Dawes Committee have embodied in their Plan two fatal faults.

PLAN DOES NOT ALLOW GERMANY
NEEDED RESPITE

In the first place, they do not, in spite of the loan, allow Germany the respite which she needs. Germany's economic weakness is now attributable almost wholly to one single cause—the exhaustion of her liquid and circulating

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capital. The course of events during and since the war has reduced this factor of production to a level below what is necessary for efficiency by—at a guess—something like £500,000,000. It is impossible that this shortage should be made good mainly by foreign credits. The outside world might furnish up to (say) a quarter of it, over a period of time, at usurious rates of interest—that is to say, with an expectation of from 10 to 20 per cent. per annum, the payment of which would be a heavy burden.

Foreigners will not invest large sums in Germany at normal rates of interest so long as the Dawes Plan hangs over her. For the most part, therefore, the shortage cannot be made good in any other way than by Germany's own annual savings being allowed to accumulate at compound interest for a certain period. But this is not compatible with arrangements for skinning her annual-

ly. The Dawes experts might have given more attention to making provision for the replenishment of Germany's working capital.

Many Englishmen fear that the Dawes Plan will injure British industry, because, under it, Germany, subjected to the compulsion of foreign taskmasters in effective charge of the economic system of the country, will deluge our markets with the fruits of sweated and semi-slave labor. In short, they assume that the Plan will work. Let them have no such fears. The Plan will not work, in its entirety; and that part of it which will be operative for a time may actually hinder the recovery by Germany of her full competitive strength. In saying this I do not dissent from the view that a Germany overstimulated by force to produce exports competitive with ours, in conditions which our working classes would not tolerate, is injurious to our interests. On the other hand, I do not believe that the restoration of normal prosperity to Germany will be to our disadvantage.

PLAN NOT COMPATIBLE WITH HUMAN NATURE

In the second place, the Dawes Plan pretends to erect a system which is not compatible with civilization or with human nature. It sets up foreign control over the banking, the transport, and the fiscal systems of Germany, the object of which will be to extract from the German people the last drop of sweat. In such circumstances every patriotic

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and public-spirited German will feel it to be his duty and preoccupation, henceforward, to do everything he can to bring this system to confusion and to an end. And if, by a miracle, the system were to work, it would not be long before most Englishmen, for various reasons, would desire the same thing.

No reparations will ever be obtained from Germany except such moderate sums, well within her powers, as she will voluntarily pay. The Dawes Plan

pretends to attempt more than this. Therefore it will fail. But I venture to think that the foreign controls and the elaborate machinery of the Plan have not been contrived by its authors in a spirit of oppression, but for the purpose of perfecting the demonstration, when the breakdown comes, that every possible precaution had been taken, and that the breakdown was, therefore, due to nothing else but the inherent impossibility of the task which had been set.

Foreign Banking Business in America

By H. G. P. Deans

Vice-president Illinois Merchants Trust Company

MY intention is to try to give briefly the history of the foreign banking business, and the growth of it in this country during the past forty or fifty years.

Before that time very little foreign exchange business was done in America. Most of it was transacted in London. About forty years ago, however, perhaps a little more, a few private banks in New York, Philadelphia, Boston, and Baltimore, suspecting a profit in it, began to engage in the foreign banking business. Before that time very little, if any, effort had been made by American bankers to finance our foreign trade, and American business had been compelled to look almost entirely to London for the financial machinery necessary to handle its overseas business.

The three principal money markets to which America was accustomed to turn in those days were London, Paris, and Hamburg. Thirty or forty years ago most of the foreign banking business was in the hands of a half-dozen private bankers in New York. These houses were among the leaders in private banking, and were the first in this country to realize that substantial profits were to be made through financing the foreign trade of this country.

EARLY PROFITS WERE LARGE

During the early years of their experience in the foreign banking business most of the banks engaged in it made a great deal of money, for there was very little competition and the profits were large. In those good old days there was nothing like the anxiety or risk connected with the foreign banking business that there is today. The world had been growing richer for some time, and business and banking had achieved considerable stability. It was believed, and generally rightly so, that if exchange was bought in the autumn when it was low, and sold during the spring and early summer when it was high, one could not fail to make money. That was the basis on which the foreign exchange business of the old Merchants' Loan & Trust Company was conducted for many years.

COMPETITION IS NOW KEEN

The large profits which these private bankers were making could not long be concealed from the incorporated banks, and as soon as these banks found out what could be done along that line they, too, began to compete, with of course, the usual result, that their competition

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mensurate with the benefits to be derived. For there is no reason whatever for any customer of any first class bank fearing that the bank will take any greater advantage of them on a foreign exchange rate than on a domestic transaction.

While the profits in the foreign exchange business formerly were often very large, they were chiefly so because of the lack of competition. As soon as you get competition in any business, then profits diminish. The banking business when carried on along proper and conservative lines, is not a business of large profits. Just as certainly as a foreign department or a bond department or any other department of a bank shows unusual profits for a year or so, it may be assumed that they have been made either because of abnormal circumstances or as a result of unconservative and unsafe banking practice. The commercial banking business, and that, of course, includes the foreign banking business when conducted in a normal way, should show regular and consistent, if moderate, profits, and comparatively few losses.

DEVELOPING THE PERSONNEL

soon caused a sharp reduction in profits.

I doubt if there is any other branch of the banking business where competition has grown so keen as in foreign exchange, or where rate-cutting and profit sacrificing have been carried to such an incredible degree. Some customers, who never question the rate of discount when they call up the loaning department of the bank to ask on what terms they can borrow \$500,000, will shop all over New York as well as Chicago, before they will conclude a deal of £10,000. Whether it is that they think their sources of information enable them to keep better posted on domestic loaning rates than on foreign exchange rates I do not know, but the fact remains that their zeal in shopping for the best rate on a small foreign exchange transaction, while perhaps commendable enough in its way, involves a labor and expense quite incom-

One of the chief difficulties, and it has been a serious one, which all banks have experienced, in the past, is in finding the right men for the management of the foreign banking departments. There has been a steady dearth of experienced men, as well as of men with any aptitude or liking for the work. The United States has so long afforded such a wonderful field for development and growth that of her young men few have emigrated. So serious a problem had this become that in 1914 over 75 per cent. of the officers in charge of foreign exchange operations of our banks were of foreign birth, if not of foreign citizenship.

The foreign exchange business in this country up to 1914, that is, before the war, was almost entirely in the hands of persons of foreign birth, chiefly Germans. This condition has changed very



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W. M. GEHMANN, JR.
Assistant Cashier

M. D. REINHOLD
Assistant Cashier

E. M. MANN
Assistant Cashier

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EVERY CUSTOMER of the Bank is entitled to the services of a world-wide organization. Its vast resources, its connexions in every banking town in the world, its accumulated experience and its constant touch with current affairs contribute to that maximum degree of service which it is the bank's pleasure to place at its clients' disposal.

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considerably since then, and for two reasons; first is was not thought wise or safe to put men of that type, men often of doubtful American sympathies, in charge of an important department of a bank's business; and secondly, because a large number of American banks, doing a foreign banking business, have awakened to the importance as well as the necessity of educating and training men for that branch of their business.

In the Illinois Merchants Trust Company, for example, we are keenly alive to that weakness, and hold departmental meetings every week. These meetings are for the purpose of developing every man and woman in the department. They are designed to give every employee, male or female, an insight into and at least a superficial knowledge of what is going on. Each division head is invited to address these gatherings from time to time, and to explain the nature of his particular work, as well as to answer any questions which may be put to him. Anyone

present at these meetings is free at the conclusion of the talks not only to ask questions, but to make suggestions, and I believe that by this means we are developing the timber and the resources of the department, so that when it becomes necessary to promote, we shall be able to do so from within rather than from without. It is a very necessary work, and these meetings have disclosed, I am glad to say, that we have some very good timber growing up.

In the old days so absurdly jealous were some foreign exchange managers of their technical knowledge and prerogatives, and so unwilling were they that any clerk or other member of the department should get an insight into their way of running things, that they refused for years and years to take a vacation.

ENGLISH FOREIGN EXCHANGE BUSINESS

The foreign exchange business in England, like that of America, was until about thirty-five years ago almost en-

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PRINCIPAL NEW YORK CORRESPONDENTS

The National City Bank

Chase National Bank

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tirely controlled and in the hands of a few private bankers in the city of London. Included among them might be mentioned the London agencies of a number of Continental banks. These banks practically carried on all the foreign exchange business of London, and of course that meant of England. Owing to London's geographical position it is much more necessary that bankers and business men over there should understand at least two foreign languages. The people of the Continent understood that better than the English, and were able to put their knowledge of languages and Continental banking practice to good and effective use in London.

Since the war the English have realized some of their own shortcomings in that direction, and a much greater number of employees, clerks, and commercial people generally, are today able to speak French, German, and in many cases Spanish.

I remember, about ten years ago,

talking with a friend who had just returned from Europe. He had bought some trifle in Switzerland, and, having forgotten to pay the bill before leaving the country, wished to remit for it on arrival in England. On going to one of our correspondents there to get a draft on Switzerland, he was informed that the bank did not sell drafts on Switzerland, and therefore could not give him a draft in Swiss francs, but recommended him to send a check on London in pounds. On his declining to take that, they suggested that perhaps he might be able to get what he needed through Thos. Cook & Son (tourist agents) or perhaps from the American Express Company.

I mention this merely to illustrate the unresponsiveness, if not the short-sighted independence of some British banks before the war. England then took the view that the pound was good enough for the English hence it ought to be good enough for everyone else. Conditions are very much changed now,

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Resources more than . . . Dr. 1.250.000.000

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LONDON OFFICE: 22, Fenchurch Street

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Amphissa	Cavalla	Jannina	Potamos	Zante
Argos	Chalcis	Kiato	Preveza	<u>EGYPT</u>
Argostoli	Chio	Kozani	Pyrgos	Alexandria
Calamata	Corfu	Kyparissia	Rethymo	Cairo
Candia	Corinth	Lamia	Salonica	Port Said
Canea	Cozani	Larissa	Samos Vathy	<u>CYPRUS</u>
Carlovassi	Dedeagatch	Levadia	Sparta	Limassol
Carpenissi	Dimitšana	Limni	Syra	Nicosia
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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.

however. and there is scarcely a bank in London from which one cannot obtain a foreign draft in the currency of the country to which one wishes to remit. They have profited by the American example, if, indeed, they have not outrun us in some directions.

While I am a believer up to a certain point in reciprocity, and feel it is a good thing where it can be done to have one hand wash the other, I do not regard reciprocal accounts as an unqualified advantage or an actual necessity. But we do find, particularly in our overseas operations, that business from us begets reciprocal business, and so it has come about that most of our correspondent banks abroad keep at least some part of their American balances with our bank.

As we have a great many bills to send abroad for collection all the time, we naturally feel more comfortable if we are able to send them to banks which, in addition to being as good as we can

get, maintain substantial dollar balances on our books.

FOREIGN BANKING DEPARTMENT'S FUNCTIONS

The functions of the foreign department are very numerous and include practically all of the functions which the general or domestic banking department affords to the clients of the bank. In addition, however, the foreign department renders some other services which the banking department does not furnish and which it is not expected to supply.

The functions briefly, of the foreign banking department include the sale and purchase of cables and telegraphic transfers, procuring of credit information, issuing of letters of credit for travelers, as well as commercial letters of credit for the importation of merchandise. We also sell travelers' cheques, deal on both sides of the market in future exchange, discount or receive for

Christiania Bank og Kreditkasse

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Founded 1848. Telegraphic address: Kreditkassen

First established
private bank in
Norway.

BANKING BUSINESS OF EVERY
DESCRIPTION TRANSACTED

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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

collection bills of exchange on foreign countries, etc., etc.

Here let me remark that the Illinois Merchants Trust Company does not issue its own travelers' cheques, but prefers to issue those of the American Bankers Association, for which the Bankers Trust Company of New York are chief paymasters, or the cheques of the American Express Company, whichever one clients prefer. We have had the question of issuing our own travelers' cheques brought up at various times during the past fifteen years, but have always decided against it.

It is an expensive thing to undertake in the first place, and a very costly service to maintain, and no matter how well we might do it or how hard we might push the sale of our cheques, we deceive ourselves if we believe that they could ever achieve the currency or availability of the cheques of the American Bankers Association or the American Express Company. It stands to reason that no single bank, be it ever so large, can sell its own cheques in sufficient volume to give them the world-wide availability of the cheques of the American Bankers Association or American Express Company, which are issued by thousands of banks and agencies everywhere, and are now almost as negotiable as currency.

LETTERS OF INTRODUCTION

Another function, and an important one, is the writing of letters of introduction, a valuable thing to have, nowadays particularly. An ordinary letter

of introduction addressed to a foreign bank implies something more than a similar letter does in this country, for foreign banks are not accustomed to, or in the habit of, giving letters of introduction to all and sundry, and are particularly careful about the type of client or person for whom they write any letter. We, therefore, make it a point when writing letters of introduction for use abroad to be very discriminating and always to write a covering letter direct to the correspondent addressed, to make it clear to that correspondent, if such be the case, that our letter of introduction is not to be regarded in any other light than as an introduction, and that it does not establish credit (if it does not do so) in favor of the bearer.

FUTURE EXCHANGE

A well organized and experienced foreign banking department plays a very important part in both the export and import business of the country, and among other things, it deals in what is known technically as futures. They form a substantial part of the business, and through dealings in them, exporters and importers are enabled to sell to or buy from the bank foreign exchange of almost every description for delivery at future dates. This service makes it possible for a Chicago exporter to sell a bill of goods against payment in some foreign currency ninety or 120 days hence, and to assure himself against loss through possible decline in the value of that foreign currency by the time that it

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

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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.

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2 Rector St., New York Telephone Whitehall 5293-5294

would ordinarily, and without the intervention of the bank, be received by him. In other words, we take the future exchange off his hands, fix the rate at the time that he sells his goods, and enable him to close the transaction with an ascertained profit, thereby freeing him to embark on other similar operations.

We have been able, frequently under great difficulties, however, to maintain this very necessary service to the clients of the bank, as well as to the public in general, who in Chicago, at any rate, have learned to know that there has never been a day when they were unable to buy from or sell exchange to the Illinois Merchants Trust Company at a price, and that price has usually been a very equitable one.

GROWTH OF ACCEPTANCE BUSINESS

With the advent of the Federal Reserve Banks came the introduction of the bank acceptance as an instrument of credit in this country. The acceptance had been almost unknown in the United States before that time, but foreign bankers in the old world, as well as in South America, China, and other parts of the globe, had used them for

nearly a century. The only occasions on which American bankers ever came in contact with bankers' acceptances prior to the establishment of the Federal Reserve System was when they bought bills drawn by foreign houses, usually South American, or Australian, or British, German, or French banks in Europe.

It may be of interest to know that the first bills ever accepted in the City of Chicago were accepted by the old Merchants' Loan & Trust Company. That bank was a pioneer in the acceptance business in Chicago, if not in this country, and for many years past ranked among the first accepting banks of the United States.

A banker's acceptance is first of all a loan and it results from a bank having given authority or having agreed with certain good customers to have them draw a draft on it at 30, 60, 90 or even 180 days, which draft is accepted for the customers by writing the banker's name across the face of it. Such bills or loans, to be eligible for rediscount or purchase by the Federal Reserve Bank, must be based on export, import, or domestic shipment of merchandise, and

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it is to facilitate one or all three of these operations that acceptance credits are granted to customers of a bank from time to time.

There is, in addition, perhaps it should be mentioned, a certain amount of acceptance business done against goods in warehouse awaiting sale. That also is a very desirable class of business, provided, of course, as in every other case where a bank makes a loan, the drawers of the bills are good and the merchandise warehoused is kept continually well margined. The cost, to the borrower, of money borrowed by acceptances, is usually a little lower than money obtained on straight note, for there is gradually developing in this country a bill market or a place in which prime bankers' acceptances can readily be sold.

GOOD INQUIRY FOR BILLS

A good inquiry for such bills has sprung up, and they are being more or less readily bought by persons, firms and corporations having short-time money to invest, funds which they could not well place in securities for fear of depreciation, but for which they require a maximum of safety.

Those working in a foreign banking department are always hoping for a return to normal conditions. No doubt everybody longs for a return of those happy pre-war days, but none can feel more strongly on the subject than those who have to do with foreign banking and with the investment of money

abroad. When better days will dawn, none of us can say. Whether it will take a decade or a generation for things to work back again it is idle to prophesy, but no doubt when the Reparations and the Allied Debt questions are satisfactorily disposed of, world business will improve and an opportunity will be afforded the foreign banking departments for investing money in a safe way.

EACH DEPARTMENT SHOULD PAY

Some banks in New York, and for that matter in Chicago, have long maintained their foreign banking departments more as a service or advertising department than as an earning proposition. My own belief is that that is a mistake and that it is better from the bank's point of view, as well as from the foreign banking department's point of view, to have each department capable of doing so, pay its own passage or earn its own way. The department in the Illinois Merchants Trust Company is like a bank within a bank, endeavoring at all times to justify its continuance as a remunerative unit of the whole bank, and to conduct it on any other basis would, in my opinion, undermine, if it would not destroy, the feeling of responsibility which is inseparable from any self-supporting business.

AMERICAN BANKS ABROAD

With one exception, America, prior to the war, had no banks of her own



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San Juan Ponce Caguas
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abroad for foreign trade. Up to 1914, nearly every remittance from this country on a foreign land had to be collected through the agency of a foreign bank, usually British or German. On the other hand, Americans abroad engaged in business (and there are more of them than we suppose) were compelled in nearly every case, when in search of banking accommodation, to resort to foreign banks for it. It is not my intention to assert that these foreign banks did not accord all their clients the same treatment, for so far as I know they may have done so, but numerous complaints began to reach this country shortly after the outbreak of the war, the burden of which was that American interests were not being properly taken care of and that Americans were not receiving the same treatment or having their business facilitated in the same manner as some other people were.

For this situation we have, of course, ourselves to blame. Our banks should have kept pace with our foreign trade, and if foreign banks did not do as much for our nationals as they did for their own nationals, we have only ourselves to thank for it.

Unfortunately, when America did decide to embark on a policy of foreign bank expansion, she could not have chosen a more inopportune or more un-

propitious time for doing so. The story of the losses incurred in connection with the mismanagement of American banks abroad during the war and for a few years thereafter makes sorry reading, but by those who knew, they were not unexpected. Lack of experienced Americans to operate the banks placed these institutions very much in the same position as Mark Twain's "Innocents Abroad." Some of those banks capitalized, organized, and equipped for foreign trade have since had to be liquidated. Others have been reconstructed, while one or two are still limping along with sadly impaired credit.

Time alone will show whether they can work out of their difficulties. The situation is better now. Some deflation in the price of commodities has taken place, and their new business, if they are in position to acquire it, should be taken on a much better basis than their old.

The supervision of credits, foreign and domestic, in the foreign banking department, has been one of the writer's duties for many years. To decide at home what is a good risk is not always an easy thing to do, even though the avenues of information and the opportunities for informing ourselves as to the standing and character of the subject are very much greater than is the case with a foreign credit. Foreign credit

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risks before the war were quite as good as domestic risks. Many foreign credit risks may be as good as many domestic credit risks today, but the difficulty is to assure ourselves of the fact. Owing to the depreciation in the currencies, fabulous if not ruinous taxation, interference with old trade routes and commercial channels, diversion of business from its natural routes to unnatural ones, all of these things have had their effect in influencing credits and making it exceedingly difficult to pass independent judgment on many foreign commercial risks.

Time will no doubt help to bring order out of chaos; at any rate, as time wears on only the fit can survive, so that an elimination of the weak names is gradually taking place. The difficulty is not so much with the standing reputation or willingness to pay as it is with the inability of many Continental European debtors to overcome the handicap of the high premium on the United States dollar.

Even governments—Belgium, for example—are confronted with this difficulty, and the probabilities are that much refunding of foreign loans made by this country to Continental Europe a few years ago will have to be undertaken and payment of the obligations deferred until such time as the exchange on America declines, or, which is the same thing, the franc, lire, etc., advance.

Domestic credit men, I grant, have their troubles, but the troubles of for-

eign credit men are tenfold greater than they ever were before.

DIVISIONS OF A DEPARTMENT

In conclusion, let me say a few words about the divisions of the foreign department in the Illinois Merchants Trust Company. This department is so organized and the work so arranged that any man can step up and relieve another. The department consists of a number of divisions, each in charge of the most capable man we have been able to find. These divisions, briefly described, are as follows:

- Division A—Officers
- B—Counter
- C—Chief clerk
- D—Auditor
- E—General
- F—Cables and telegraphic transfers
- G—Commercial letters of credit and acceptances
- H—Travelers' letters of credit and travelers' checks
- J—Contracts
- K—Tellers and register clerks
- L—Bookkeepers and mail checkers
- M—Bills of exchange
- N—Stenographers and typists
- O—Mail and filing

The department is in reality a miniature bank.

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This Bank will be Pleased to Serve You in All Business Relations
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CORRESPONDENCE IN ALL LANGUAGES INVITED

Review of Countries

GREAT BRITAIN'S FINANCIAL MOOD

THE miscarriage of the post-election stock market boom in London is symptomatic of the general financial mood of the British people. Although there was very real relief over the return of the Conservative government the investing public, while taking more interest in speculative securities, has not rushed in with the idea that all troubles are over.

The London correspondent of the *New York Times* analyzes this mood in this way:

The years of depression and disappointment seem to have made investors ultra-cautious. They want to see actual progress before committing themselves to any extent in securities. The majority of investors have had to meet serious losses in recent years and they are still nursing their industrial failures.

Consequently, it was left to professional Stock Exchange men to "keep the ball roll-

ing," but without outside assistance in the shape of sustained public demand, market operators were quickly reduced to living on each other, hence the rapid drifting back into comparative idleness. At the carryover, just arranged, facilities for continuing speculative bargains were severely restricted, and this shaking out of weak bulls contributed to the market's heaviness.

There is, nevertheless, a good deal of quiet optimism concerning the long outlook, and the steady but unostentatious absorption of promising industrial securities is going on. This, in the opinion of financial observers, is much better than the excited markets and heavy overloading of the bull position. Otherwise, all grades of securities are either halting or reactionary.

BRITISH BUSINESS AND THE GERMAN LOAN

From the time that the international loan to Germany was first suggested there were opinions voiced in England as to the possible detrimental effect such a loan might have on British trade. The monthly bulletin of Barclay's Bank

TRADE WITH FINLAND

KANSALLIS-OSAKE-PANKKI

(The National Joint Stock Bank)

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133 Branches in Finland

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

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Telegraphic Address:
"Kansallispankki"

recently recognized this school of thought by an editorial discussion of the matter. While stating that the unfavorable attitude to the German loan is comprehensible, since "any increase in competition may react unfavorably upon British exporters," the text of the discussion is that "prosperity of one industrial nation is dependent upon prosperity in other countries" and also that "pronounced disorganization in one important producing center reacts unfavorably upon others."

This fact of the interdependent and correlated nature of world prosperity is discussed at some length in the bank's bulletin, and the article concludes with this endorsement of the economic philosophy of the Dawes Plan:

It is from this wider point of view that the German loan must be considered. Its purpose is to remedy conditions which have been limiting production not only in Germany but in all other countries, and for this reason it is specifically a reconstruction loan. The proceeds are to be used to main-

tain currency stability in Germany; they will become part of the foreign assets held by the new bank of issue and against those assets credit can be provided within Germany to bridge over the period which must elapse before the scheme is tested in experience and the external credit of the country finally restored.

• • • • •

The capital requirements of the world must for some time to come be in excess of the available supply and for this reason, until the losses entailed by the war have been made good, the greatest care is needed to ensure that resources are used to best advantage. The first justification for a foreign loan is that it is calculated to facilitate genuine reconstruction of old markets or specific development of new ones. The re-opening of important channels of trade is of far greater, because of more permanent, value than the merely temporary stimulus to our industries which may result from the immediate expenditure in this country of a loan, the effects of which would be limited to this first operation.

GOLD STANDARD CONTROVERSY AGAIN

The coming into power of the Churchill Ministry of the Exchequer

BANCO DE CALDAS

Manizales, Colombia, South America



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Resources \$3,864,020.57

NEPOMUCENO MEJIA M. - President

has led to speculation as to whether or not restoration of sterling to parity will form part of the new government's financial program. This gold standard controversy, which was the most notable feature of British financial circles a few months ago, has again become active not only because of interest in the attitude of the new government toward the question but also because of two widely divergent views recently expressed by eminent financial authorities.

In the *National Review* there recently appeared an article by J. F. Darling of the Midland Bank which strenuously advocated an early and rapid repayment of Britain's debt to the United States and which argued against the necessity for an early return to the gold standard. On the other hand, Sir Felix Schuster, in presenting evidence before the Government Committee on Industrial Problems, advocated an early return to the gold standard as the best means calculated to bring lower costs of production

and to increase real wages because of lower prices.

France

THE "MORGAN" LOAN TO FRANCE

THE French Parliament on November 21 last passed a bill containing these three clauses:

First—The Minister of Finance is authorized to issue in the United States for the betterment of the interests of the Treasury and to the limit of \$100,000,000 7 per cent. amortisable bonds.

Second—These bonds, the interest and the repayment premium are exempt from all taxation or duty which are or will be established by the French State departments and communes.

Third—The product of the loan will be turned over to the Bank of France in reimbursement of its advances at the rate of five francs eighteen centimes for a dollar.

This technical legislative sanction was the final step for the consummation of the new "Morgan" loan of \$100,000,-

BANQUE NATIONALE DE CREDIT

Head Office: 16, Boulevard des Italiens, Paris

Capital Paid-up	. . . . .	Fr. 250,000,000
Reserve Fund	. . . . .	" 97,147,000
Deposits	. . . . .	" 2,705,271,000

490 Branches in France

GENERAL BANKING BUSINESS

000 to France—an achievement which was regarded by the financial world as a foregone event.

This loan is not new in the sense that it is a substitute for the same amount credited to France by the Morgan and allied banks last March when the condition of the franc called for immediate action. That credit was for three months, and before the end of the three months a statement was circulated that it had been repaid. On the contrary, it has been renewed at the end of each three months since that date, and the present operation simply converts the short-term credit, to which many conditions were attached, into a twenty-five-year loan at 7 per cent.

Four days after the loan was authorized by Parliament it was floated in the United States most successfully. In spite of the fact that the syndicate in charge of the loan made no aggressive selling campaign the loan was oversold as soon as offered. In considering the reasons for this easy financial success the following factors were mentioned: (1) a relatively good income yield, (2) the steady improvement in France's financial position, (3) sentiment.

FRANCE'S FINANCIAL CONDITION

The second factor just named is given greater point by the analysis of France's financial condition as described by Minister of Finance M. Clementel. In a statement issued in connection with the \$100,000,000 loan the improved posi-

tion of France is seen in the following excerpts:

Great progress has been made in diminishing the excess of budget expenditures over budget revenues, and the proposed budget for 1925, as presented to, and now under consideration by the Chamber of Deputies and Senate, indicates that the Government's program of accomplishing complete budget equilibrium will be realized in 1925.

* * * * *

The plan of the First Committee of Experts (Dawes Plan), now in operation, provides for periodical payments to be made by Germany to the Agent General for Reparation Payments. The receipt by France of her share of these payments will enable the Government to accelerate the execution of its program of full financial rehabilitation and to proceed to the more rapid amortization of the public debt.

* * * * *

To meet her requirements for foreign currencies, France has turned to the intensive development of her foreign trade. This effort has been most successful. During the years before the war, the foreign trade of France normally resulted in an excess of merchandise imports over exports, which was offset chiefly by the expenditures of tourists in France and by the income from French foreign investments. Since 1920 the excess of merchandise imports has greatly declined and in the first ten months of the current year has changed into a surplus of exports totaling approximately \$73,000,000 at the current rate of exchange. This is exclusive of the important favorable balance resulting from such sources as tourists' expenditures and income from foreign investments.

The recent development of France's export trade is in large measure due to the return to productivity of the great industrial centers devastated during the war. For example, the average monthly production of

coal, exclusive of Alsace-Lorraine, which in 1919 had declined to 48.5 per cent. of the 1913 production, has reached during the first nine months of the current year 96 per cent. of the 1913 monthly average. The output of iron ore, excluding the important production of Alsace-Lorraine, has more than doubled since the conclusion of peace. Similar progress has been made in the finished steel, textile and chemical industries.

* * * * *

It will be noted from the above that the foreign debt of France, excluding interallied debt, has been materially reduced since the conclusion of peace, while great progress has been made in reconstruction, industrial productivity and foreign trade.

Italy

RAILROAD DEFICIT WIPED OUT

THE steady, consistent improvement in national finances which Italy has made is still continuing. Economies of over 2,000,000,000 lire in the Ministry of Communications alone are regarded with keen satisfaction as another evidence of the great work of restoration of Italy's public finances. This result has been obtained by completely wiping out the railroad deficit which, previously, had reached the disturbing figure of almost 1,500,000,000 lire. Minister Ciano cites increased prosperity of the nation as one of the factors making for this happy result.

Railroad traffic is now 30 per cent. greater than it was before the war. Part of this increase, however, is due to expanding of the railroad net, but even allowing for this last year's traffic for each mile of railroad showed an increase of 10 per cent. over pre-war, while the first four months of this year mark another increase of 18 per cent. over last year. Passenger traffic has also expanded to such an extent as to render it necessary to run 11 per cent. more trains than last year. He also announced that 400 miles of new electrified railroads will be completed within the next three years.

As for the merchant marine, Minister Ciano announced that new steamship lines are everywhere in operation, but

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Capital (Issued)	Rs. 1,00,00,000
Capital (subscribed)	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

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

the government by the new contracts has saved almost 200,000,000 lire in subventions. Traffic is continually on the increase, while 80,000 tons of new shipping are being built, which places Italy in the third place among European nations in this field.

Germany

GERMAN FINANCES LOOKING UP

IN December there was issued by the Berlin representative of the Department of Commerce an illuminating report of German finances which showed an optimistic picture of the results which may be expected under the Dawes Plan. This report, giving the latest compilation of German finances, shows that at the end of the first six months of the German fiscal year there was a sur-

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plus of 150,000,000 gold marks over expenditures, and shows also that business revival was already evident.

"It is significant of Germany's return to stability," states the report, "that the tax receipts for the last six months considerably exceed those for the entire preceding fiscal year, which included the acute inflation period and about four months of the rentenmark. Previous figures for the fiscal year ended March 31, 1924, show tax receipts of 1,879,429,336 gold marks, or about 28½ per cent. of the receipts that can now be expected for this year."

This report was considered extremely significant as showing the turning point in German reconstruction, and the following excerpt from an editorial in the *New York Times* is but one of many such press comments:

The outstanding factor is that during this six-month period, which includes an era of artificial stabilization followed by deflation, the net surplus of revenues over and above all expenditures, including reparations payments and repurchase of old obligations, is nearly 150,000,000 gold marks. Revenues have exceeded estimates by 26 per cent. in a period during which German business was only beginning to recover from the long period of stagnation, and German incomes were only beginning to be figurative on a stabilized basis.

When it is recalled that the evasion of taxes was looked upon almost as a patriotic duty during the period preceding the framing of the Dawes Plan, and when, furthermore it is realized that neither was the Dawes Plan machinery completely established by the close of the period in question nor had the German loan been floated, it is clear that these figures are not a complete

indication of the actual improvements which have taken place in Germany as a result of the final acceptance and operation of the Dawes Plan. There is every reason to believe that the receipts for the second half of the current fiscal year, which ends on March 31 next, will exceed by a generous margin the receipts for the past half year. Even if they continue only at the present rate, they will amply provide for the 1,000,000,000 gold marks which Germany is obliged to pay into the reparations account during this first year of operation of the Dawes Plan.

* * * * *

Other countries—notably Britain, in paying the United States—have effected large-scale international payments without bringing about disastrous consequences. So long as Germany continues to "play the game" there is little cause for pessimism about the financial reconstruction of Europe.

REGULATION OF FOREIGN LOANS

The Federal Government in Germany by a decree now requires that all state and municipal borrowings from abroad be first sanctioned by the Federal Finance Ministry. This state action followed similar action by the Prussian ministry.

There has been considerable discussion as to the use which German industrialists would make of their foreign borrowings. There was speculation as to whether or not the loans secured would be used in part in paying off reparations bonds, but this was regarded as improbable as the rate of interest paid on the private credits is much higher than on the reparation bonds.

It is, therefore, considered more likely that the industrialists will use

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Correspondents in all parts of the World

Special attention given Collections

the foreign credits to extinguish their private domestic liabilities on which some of them are still paying as high as 20 per cent.

The most interesting recent German negotiation in this country is the activity last month of the Krupps in seeking a loan from a group of banks. It was rumored that \$15,000,000 was sought. The Krupps, having turned from swords to ploughshares or, more literally, from making heavy artillery to manufacturing industrial machinery, are regarded as having a standing in Germany similar to that of the U. S. Steel Corporation in America.

The effort of the Krupps to get new money gave color to a recent report that finances for the proposed merger of thirty-one large French and German steel and iron companies were being sought in New York. The name of Herr Thyssen was mentioned in connection with reports of new loans being negotiated for part of Germany's steel

industries, but nothing tangible was said to have been placed before bankers to show whether the Krupps and the Thyssens were working together in a loan plan. Each group, according to Wall Street bankers who thus far have been approached for money, is operating separately, the Krupps after one loan and the Thyssens after another.

Austria

BOERSE UNAFFECTED BY POLITICS

THE Vienna Boerse has been unaffected by the political crisis precipitated by the short railway strike and by the resultant resignation of Chancellor Seipel. "In financial circles," says a despatch to the *New York Times* "this indifference toward the conflicts among and within the Austrian political parties is considered fresh evidence of the general belief that the present Austrian economic policy, under the super-

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

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vision of Geneva, is absolutely compulsory, and that no new government or combination of parties (which in fact has not yet been proposed at all) can alter the lines of action incorporated in Dr. Seipel's policy.

Besides this, the exceedingly favorable situation of the National Bank, with its 50 per cent. cover of the note circulation, is considered to make any attack on the crown currency improbable. The money shortage, with a note circulation amounting to only \$18 per head of population, is thought to be another hindrance to speculative aggression.

What financial circles most fear is the effect of the cabinet change on the attitude of foreign markets. There is a feeling that foreign capital will probably adopt a position of reserve, at least until the new government gives proofs of its intentions and capacity. On the other hand, since Ahrer is not only a politician but a bank president, he will certainly make no effort to oppose capital.

Japan

PROMINENT JAPANESE FORESEES ACCORD
WITH UNITED STATES

JIRO MASUDA, vice-president of the Daido Electric Power Company of Tokyo, Japan, accompanied by

Seiichi Anasawa, the assistant secretary of the same company, has recently arrived in New York from Japan. Mr. Masuda has come here for the purpose of signing the bonds issued by his company last August. At that time the Daido Electric Power Company floated a bond issue for \$15,000,000 through Dillon, Read and Company, New York, the issue being oversubscribed.

Mr. Masuda, who is a former member of the Imperial Diet, will make a careful survey of business conditions here and of the sentiment of the general public toward further financial transactions on the part of his company in this market. The Daido Electric Power Company is the largest hydroelectric development in the Far East, and one of the largest in the world. It is capitalized at Yen 112,963,000, or approximately \$56,000,000.

Mr. Masuda states that Japan is gradually recovering from the effects of the disastrous earthquake, and that as an indication there has been an increase of 20 per cent. in the demand for electric power in the City of Tokyo alone.

The Yen has been stabilized at 88 and will not be allowed to go below that figure, but in Mr. Masuda's opinion, will probably start on the road to parity in the late spring.

Mr. Masuda states that the educated

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classes and business men of Japan are constantly striving for closer co-operation between the United States and Japan. The humiliation and surprise aroused in Japan by the passage of the Japanese exclusion act has subsided, and the government and business interests are working toward a closer cooperation with the United States in the future.

Mr. Masuda considers the appointment of Mr. Matsudaira as Japanese Ambassador to Washington an excellent one, as he is one of the ablest statesmen of Japan and has a full understanding of American conditions. No misunderstandings are likely to arise with a man like Mr. Matsudaira to interpret Japan's views correctly.

According to Mr. Masuda there is no serious concern in business circles over the forthcoming American naval maneuvers in the Pacific, the discussions in Japan being limited to naval and military circles.

Mr. Masuda states that it is the de-

sire of the Japanese people to work closer with the Western nations with a view to solving any problems that may arise on the Asiatic mainland, and that it is unthinkable that there should ever be any conflict between Japan and the United States.



International Banking Notes

The balance sheet of the Commonwealth Bank of Australia shows net profits for the half-year ended June 30, 1924, of £680,161. The banking business transacted during that period is responsible for £127,339 of this amount, and the note issue department for £552,821. The latter amount goes into the Commonwealth treasury. Of the former figure one-half is allotted to the National Debt Sinking Fund, and one-half to the reserve fund.



The annual report of the English, Scottish and Australian Bank, Ltd. for the year ending June 30, 1924, shows profits of £502,502 after deduction for general expendi-

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President

tures. From this the following deductions have been made: An interim dividend of 5 per cent. free of income tax, £75,000; reserve fund, £15,000.

It is proposed to make further appropriations as follows: To reserve fund, additional, making £200,000 for the year, (when the fund will stand at £1,820,000), £185,000; to E. S. & A. bank officers' provident fund, £10,000; to payment of a further 7½ per cent., making a dividend of 12½ per cent. for the year, free of income tax, £112,500; to purchase and cancellation of deferred inscribed deposit stock in accordance with the articles of association, £62,500; to reduction in bank premises account, £25,000. There is unappropriated from the profits of the year, £17,502, and brought forward from June 30, 1923, £112,599, leaving a balance to be carried forward of £130,102.

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The British Overseas Bank, Ltd. has submitted its annual report for the year ending October 31, 1924. Net profits for the bank after necessary reductions and with the balance from the previous year added, are £174,330. After payment of an interim

dividend on "A" ordinary shares at the rate of 6 per cent. per annum for the half-year ended April 30, 1924, of £30,000, the balance has been appropriated as follows: Another dividend payment on the above-named shares for the half-year ended October 31, 1924, of £30,000; to reduction of premises account, £5000; to general reserve, £55,000; leaving a net balance to be carried forward to next year of £54,330.

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The statement of the Banque Belge Pour L'Etranger has been received and gives a report of the condition of the bank for the year ending June 30, 1924. It shows gross profits of the business year, including the balance from the previous year, amounting to Fr. 32,475,791.81. After deducting Fr. 20,085,734.51 for general expenses, and Fr. 151,251.30 for the staff pension fund, a net profit is left of Fr. 12,238,806 which is appropriated as follows: Reserves, Fr. 4,000,000; provisions for taxes and license, Fr. 600,000; directors' fees, Fr. 548,891.79; dividend at the rate of 8 per cent., Fr. 6,000,020; balance being left of Fr. 1,089,894.21. The balance to be carried forward to

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the next year is Fr. 104,323 more than was carried over the previous year. The capital of the bank is Fr. 100,000,000.

The head office of this bank is in Brussels, and a New York agency is at 67 Wall street.

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The net profit for the half-year ending June 30, 1924, of the Colonial Bank, London, is £46,209, against £42,615 the previous year. Adding the amount carried forward from the previous half-year there was a disposable balance of £74,683. A dividend of 8 per cent. per annum for the half-year absorbed £27,900, and £15,000 was transferred for provision for bad and doubtful debts. Relief to shareholders in respect of repayment of Dominion Income Tax for the year ended March 31, 1924, absorbed £4650. The sum of £27,133 will be carried forward.

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The statement of condition of the Royal Bank of Scotland for the year ending October 11, 1924, showed net profits for the year, after providing for all bad and doubtful debts, amounting to £452,369. A mid-summer dividend at the rate of 14 per cent.

per annum required £135,625, and a Christmas dividend at the rate of 15 per cent. per annum required £145,312. To bank buildings and heritable property £20,000 was allotted, to pension reserve fund £30,000, and added to the rest account £121,432. The capital of the bank is now £2,500,000 fully paid, and the rest account now stands at £2,347,393.

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In the November International Notes there was printed a review of the statement of the Incasso-Bank, Amsterdam, Holland, which made the incorrect statement that the annual report reviewed was for the year ended December 31, 1924. This should have read December 31, 1923. The reserve fund of this bank, which stood at Fl. 5,611,700 in 1923, has been brought up to Fl. 5,861,700 during the year 1924.

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The report and balance-sheet of the Royal Bank of Australia, Ltd., for the half-year ended September 30, 1924, showed that the net profits amount to £62,533, which it is proposed to deal with as follows, viz.: To

pay a dividend at the rate of 10 per cent. per annum, £37,500; transfer to the reserve fund, £20,000—£57,500, leaving a balance of £5033 to be added to the amount previously carried forward, £41,001 12s. 3d.—£46,034 12s. 3d., and from this sum it is proposed to transfer to the reserve fund a further sum of £20,000, leaving a balance to be carried forward to next half-year of £26,034 12s. 3d. The reserve fund will then stand at £600,000.

◎

The Dai-Ichi Ginko, Limited, Japan (the First National Bank) has submitted its half-yearly report ending June 30, 1924. The net profits of the bank after deducting for general expenditures and adding the profit of the previous year amount to Yen 6,965,413.35. This sum has been disposed of as follows: To bonus, Yen 294,640; to pension fund, Yen 117,850; to be added to reserve fund (thus raising that account to Yen 42,500,000) Yen 2,500,000; to dividends at the rate of 13 per cent. per annum, Yen 2,806,375. The balance carried forward is Yen 1,246,548.35.

◎

The report of the National Bank of Scotland, Ltd. for the year ending November 1, 1924, showed net profits of £357,541 after general expenditures had been deducted and the balance of profit from the previous year

had been added. This amount has been applied as follows: To the payment of a dividend at the rate of 16 per cent. per annum, £136,400; to reserve fund, £50,000; to trustees for the officers' pension scheme, £75,000; to annuity fund, £5000; to heritable property account, £25,000; and to carry forward to next year, £66,141.

◎

The statement of condition of the Jugo Ginko Limited (The Fifteenth Bank, Ltd.) head office Tokio, covering the six months ending June 30, 1924, shows net profits for the half year of Yen 3,823,825,170, which when added to Yen 1,217,270,120, the balance brought forward from the preceding six months, made the sum of Yen 5,041,095,290 available for distribution. From this amount the following appropriations were made: Yen 2,487,500,000 to pay dividends at the rate of 10 per cent. per annum; Yen 1,100,000,000 transferred to reserve fund and Yen 200,000,000 to pay officers' bonus, leaving a balance of Yen 1,253,595,290 to be carried forward to the next account. Total assets of the Jugo Ginko Limited as of June 30 were Yen 531,881,376,952, of which Yen 33,981,608,512 was cash. Deposits were given as Yen 352,013,905,932. The bank's paid-up capital is Yen 49,750,000,000 and its reserve funds amount to Yen 29,902,740,000.



Bethlehem Steel Corporation's Twentieth Birthday

TWENTY years ago, on December 10, 1904, the existing Bethlehem Steel Corporation was incorporated under the laws of the State of New Jersey. At that time Bethlehem was a small producer of a limited number of steel products, employing less than 9500 men.

Today, Bethlehem is the second largest producer of commercial steel in the world, with an almost universal line of products.

The *Bethlehem Review*, the bulletin of news for the employees of the companies of the Bethlehem Steel Corpora-

tion, has published an interesting account of the twenty years of progress of the corporation, which is given here in part:

"Bethlehem's geographical position, at the door step of the great eastern consuming market, provided the opportunity for a great steel company manufacturing a widely diversified line of steel products. To develop this opportunity successfully meant the rebuilding of the entire structure of the corporation and the building, purchasing and remodeling of plants to manufacture commercial steel.

"Bethlehem has added, by acquisition, commercial steel plants of long standing. The Cambria plant, originally The Cambria Iron Company and latterly a part of the Midvale interests, had been a leader in the manufacture of iron and steel products since 1852. The Coatesville plant, formerly owned by Midvale, had been in operation since 1896. The Lackawanna plant started operation in 1884. By its acquisition the company was enabled to take advantage of manufacturing and distributing possibilities to a great and growing industrial region throughout the Great Lakes. Acquisition of the Pennsylvania Steel Company brought in the Steelton plant, which commenced operation in 1866, and Maryland plant, which was started in 1891. In the absorption of the American Iron and Steel Company the Lebanon plant added to the corporation's commercial development a complete line of bolts, nuts, rivets and spikes, the manufacture of which had been a specialty dating back to 1882.

COMMERCIAL STEEL PRODUCTS MAINLY

While the consummation of the commercial development was delayed in some of the plants during the war, Bethlehem has now reached the point where practically its entire operations are devoted to the making of commercial steel products. Slightly more than 1 per cent. of the company's property is now devoted to ordnance production or war materials of any kind, and less than 8 per cent. of the property is devoted to shipbuilding, while from another standpoint less than 150 of the corporations' 70,000 employees are working on ordnance or munitions manufacture.

GROWTH OF PLANTS

"In 1904 Bethlehem's entire ingot capacity, all of which was in one plant, amounted to 120,000 tons a year. The other units of the corporation were shipbuilding yards, foundries and machine shops.

"Today, Bethlehem's ingot capacity amounts to 7,600,000 tons, distributed among seven steel plants with good business locations.

"The mere increase in physical capacity, however, does not tell the full story of Bethlehem's growth. There has been a corresponding increase in efficiency of operations due to the adoption of modern methods and the advantages resulting from specialized manufacture.

"Consolidation offered many opportunities for economies in organization. Plans for accident prevention, pension, sickness relief, adequate housing, employee representation, and saving and stock ownership, have been developed.

"As a result of Bethlehem's plan of distributing work, the men in the various plants become trained to produce specialized products, with resulting improvements in quality, cost and production.

CAPACITY INCREASED 60 TIMES

"Immediately following the formation of the corporation in 1904, building, purchasing and remodeling of plants for the manufacture of commercial steel products started, the first of these units being the new steel rail and structural mills which were completed in 1907, and Bethlehem has been building constantly ever since.

"An important part of the growth in capacity has been the modernizing of the purchased properties in accordance with the advance of science and the art of steel making.

"Coincident with changing from ordnance to commercial steel manufacture, and as a result of the careful arrangement of work in every Bethlehem plant, today the corporation has an ingot capacity sixty times greater than it had in 1904, with only eight times as many employees.

"On its twentieth birthday Bethlehem has approached the completion of the plans of 1904 for the establishment of a great commercial steel business in the eastern section of the United States."

Survey of the Present Situation of Roumania and Prospective Program Within the Scope of the New Economic Laws

Economic and Financial Situation

INTRODUCTION.

The political, economic and consequently financial conditions of Roumania were completely changed on the morrow of the Great War and the constitutional amendments since introduced—the agrarian reform and universal suffrage in particular—have put the economic and social life of the New Kingdom on a fresh basis.

The history of the Roumanian people goes back for many centuries. Modern Roumania, however, had only—at the outbreak of the Great War—had an existence of 60 years, during which its progress was thwarted by the economic competition and political rivalries of the three great absolute monarchies which surrounded her.

Having achieved her national unity, New Roumania, freed from the shackles which had hindered her, saw her territory enlarged from 130,000 km² to about 300,000 km², consequent upon the adjunction of Transylvania, the Banat, Bukowina and Bessarabia, and her population increased from 7½ million to approximately 17 million inhabitants.

This territory and this people lived under four different Governments, Transylvania and its dependencies under Hungarian rule; Bukowina under that of Austria; Bessarabia under the Russian sceptre. Therefore, the first handicap met with by the new State—apart from the restoration of the country ravaged by the war—was to bring these systems into harmony with that of the Old Kingdom, which itself likewise required thoroughgoing modifications.

We cannot dwell on the situation in which Roumania found herself at the end of the war, nor on the efforts she has put forth.

The few figures which we have compiled below will sufficiently show the point at which she started and the progress since made.

The comparison of exports and imports of cereals and their products in 1913 and 1919 is particularly startling for Roumania, an agricultural country with great exports and one of the principal purveyors of Europe. It shows the exhausted state in which war had left the country.

	Exports		Imports	
	Tons	% of total	Tons	% of total
1913	2,964,947	64.89	28,725	2.09
1919	2,744	2.51	229,175	55.36

Since 1920 the situation improves:

1920	983,041	67.06	22,060	7.24
1921	1,527,115	57.26	12,767	2.03

II.

Production

CEREALES.

(millions hectolitres)

	1920	1921	1922	1923
Wheat	22.0	27.6	32.7	35.7
Rye	3.4	3.2	3.3	3.3
Barley	23.0	15.5	32.3	21.4
Oats	19.2	20.5	29.3	21.7
Maize	61.5	37.5	39.3	57.4
Total	129.1	104.3	136.9	139.5

PETROLEUM.

(Tons)

1913	1,885,225	1921	1,165,765
1917	517,491	1922	1,368,929
1919	920,437	1923	1,509,804
1920	1,037,048	1924*	1,700,000

* Estimate.

I.

Foreign Trade

	Quantities		Value		Difference
	Import (thousands of tons)	Export	Import	Export (millions of Lei)	
1913	1,374	4,569	590	670	+ 80
1919	414	109	3,762	104	— 3,658
1920	305	1,466	6,902	3,447	— 3,455
1921	614	2,667	11,707	8,130	— 3,577
1922	551	3,881	11,799	12,163	+ 364
1923*	560	4,300	13,700	16,000	+ 2,300

* Estimate based on the figures for the first quarter.

ECONOMIC SURVEY OF ROUMANIA

III.

Public Finance

A.—PAPER CURRENCY AND THE STATE'S REQUIREMENTS.

The needs of war, the obligation to satisfy the most urgent wants of the country and the setting again into working order of the public services, disorganized on the morrow of the Armistice, have naturally brought about a disturbance of the budget and the necessity of issuing paper money.

The national debt to the National Bank, which only amounted in 1914 to 11,3 million Lei, reached 1,600 millions on December 31st, 1918, and 5,281 millions on December 31st, 1921.

But this is not all.

After their Belgian experience, the Germans had understood that it was preferable for them to depreciate not their own money, but that of the occupied country. More than two milliards of Lei issued by the *Banque Générale* for the account of the Reich, in the invaded Roumanian territories, were the result of this conception.

Anxious to guarantee her monetary unity, Roumania proceeded to redeem these bank-notes as well as the crowns and roubles circulating in the provinces added to the Kingdom.

She contracted therefore a new debt with the National Bank of Roumania, which amounted on December 31st, 1921, to 7,074 million Lei.

On a total currency of 13,722 million Lei the advances of the National Bank to the State thus show on December 31st, 1921, 12,365 millions, of which 5281 were for the requirements of Exchequer, and 7074 for unifying the currency.

Part of this debt has been refunded. Indeed, the public debt at the National Bank on June 30th, 1924, only amounted to 11,077 millions—on a total circulation of 17,729 millions—that is a diminution of 1278 million Lei.

B.—BUDGET.

The financial history of Roumania before the war was characterized by a series of surplus budgets. The cost of the war and the need of reorganizing the country on the morrow of the Armistice have seriously affected Roumanian finance.

From 1916 to 1922, Roumanian budgets showed deficits amounting to milliards. More than half the country had been under German occupation. The remainder bore the whole brunt of the military operations and of the Russian collapse, and, far away from the Allies, being unable to have a fiscal program, Roumania lived, up to 1919, almost exclusively on paper money.

Some sort of readjustment took place from 1919 to 1922. The fiscal system underwent some changes, the collection of revenues improved, the deficit decreased, the issue of inland consolidated stocks and exchequer bills on foreign markets covered the deficiencies of the budgets and ensured the revivification of the exhausted country without, however, stopping the issue of notes for State requirements, which on December 31st, 1921, amounted to 5,281 million Lei.

The total figures of the Roumanian budget show a constant progression, due to inflation no doubt, but also to a steady increase in the sums assigned to the public services.

The following are the figures for estimates and receipts:

Financial Year	Budgetary estimates	Effective receipts Millions Lei	Excess of receipts
1921/22	7,708	8,052	344
1922/23	10,498	16,415	5,917
1923	20,542	24,846	4,304
1924	24,000	—	—

The figures for receipts are still outstanding for 1924, but the results of the first half-year allow us to anticipate a fairly large surplus.

As to expenditure, it was also in excess of the budgetary credits. The surplus of receipts mentioned above was just sufficient to cover the supplementary credits opened during the financial year and has thus ensured since 1922 an effective balance of the Roumanian budget. The refunding of certain extraordinary expenditure—especially for railroads—and the partial settlement of some of the charges left by the war, have likewise been rendered possible.

The present budget does not yet answer to all the needs of New Roumania, but it allows the State to carry on the public services and settle arrears of debt without having recourse to the issue of bank-notes.

It does not include the indemnities due by the State to war victims, the arrears on inter-allied debts and the other charges imposed by the treaties. Roumania has received next to nothing so far out of the sums due to her by way of reparations, and her ordinary resources merely suffice to meet her current needs.

The growth of the country's wealth and the development of its economic activity seem to be inevitable by all those who knew its resources,—the adjustment in the application of the new direct tax system which has been in force since 1923—schedular taxes on income and supplementary progressive taxes on the total income—the revision of the indirect tax system which will soon be brought before Parliament and, finally, a more economic exploitation of the State demerits the importance of which has been increased by recent economic laws—all these items will produce additional revenue which will make it possible, not only to provide for all the requirements of the public services, but also to ensure the service of new loans which Roumania may negotiate to provide the country with industrial equipment and to develop its natural resources.

C.—NATIONAL DEBT.

1. Internal Debt.

Consolidated Debt.

	Millions Lei	
Pre-war	617	
Post-war	4,675	
Stock issued in payment for expropriated estates	11,600	16,892
Report.....		16,892

Flouting Debt.

To the National Bank	11,077	
Unpaid bonds, Exchequer bills, requisition bonds	3,000	14,077
		39,969

The internal debt thus amounts to 31 milliards of Lei, or about £30 millions at the present rate of exchange.

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The floating debt of 3 milliards is to be liquidated during the present and the next financial year out of the proceeds of the sale of the State's tax or royalty on petroliferous products and out of the surplus of budgetary receipts.

On account of the peculiar nature of the debt owed to the National Bank, in Roumania as elsewhere it will have to be the object of a special arrangement, necessarily spread over a fairly long period.

2. Foreign Debt.

The foreign debt was composed in pre-war times exclusively of consols which at present amount to 550,000,000 francs.*

In order to revictual the country and to put its public services, particularly its railroads, once more into working order, Roumania has issued from 1919 to 1922 short-term Exchequer bills, bearing interest.

These bills falling due during the year 1922 amounted to about 1,400,000,000 francs, at legal parity.

A consolidated loan of £30 millions at 4% was issued in 1922 and was used for the conversion—at par and without any reduction of capital—of the Exchequer bills.

More than 4/5ths of the Exchequer bills have already been consolidated; negotiations now taking place will allow of an early consolidation of the entire foreign floating debt.

A second consolidated loan at 4% amounting to £2,500,000 (of which only £2,373,000 has been employed) was simultaneously issued in order to cover the expenses of the conversion and the service of the foreign debt, partially suspended since the war.

To sum up, Roumania's foreign debt may today be considered as being entirely consolidated; it consists of 550,000,000 francs and £32,373,000.

3. Service of the Debt.

The figures show a constant increase:

1922/23	1923	1924
	Millions Lei	
929	2,660	3,366

In 1924, for the first time since the war, the budget includes not only interest, but also the amortization of a part of the consolidated debt.

The following are particulars of the sums appropriated for national debt:

	Interest	Amortization	Total
	Millions Lei		
Internal debt	921.2	77.8	999.0
Foreign debt†	1,245.9	210.8	1,456.7
	2,167.1	238.6	2,465.7
Special debentures‡		910.1	910.1
	Total		3,365.8

*Not including the stocks retained by the Germans and subject to the compensations provided for in the Treaty of Peace.

†Not including interallied debts and the charges resulting from the Treaty of Peace.

‡Partial payment in cash in virtue of special agreements concluded on the occasion of the consolidation of the Exchequer bills.

It is interesting to note the comparatively modest place occupied in Roumania's budget by the service of the National debt, viz:

3,336 millions out of 24,000 millions, or something more than 1/7th whereas this service absorbs more than 2/3ds of the French budget resources and more than 1/3d of the English budget.

D.—PRIVATE DEBTS.

Being anxious to remove all the difficulties which might impede the return to normal economical relations, the Roumanian Government, in agreement with the foreign creditors, has supported to the best of its ability the efforts of Roumanian business men to secure the consolidation of private debts and easy terms of settlement. Their immediate settlement had become very onerous by reason of the depreciation of the Roumanian exchange, and the uncertainty which existed regarding this settlement, was not of a nature to enhance national credit abroad.

The Manchester and London agreement between English creditors and Roumanian debtors opened the way for arrangements of this kind. Most of the other creditors followed suit; it may well be surmised that within a short time the complete consolidation of private debts will also be an accomplished fact.

Conclusion

At the point where Roumania actually stands, it may be stated:

1. That economic production and activity, aided by the improvement of transport, is returning to normal conditions—notwithstanding the difficulties inherent in every transitional period.

2. That the commercial balance has again found its equilibrium and will henceforth show a more and more important surplus, which must have a favorable effect on the position of the balance of accounts.

3. That the budget covers, out of normal revenue and without having recourse to the issue of notes, the present requirements of the State and possesses an elasticity large enough henceforth to allow of a more liberal provision for the public services and the additional charges which ultimately may result from loans concluded to ensure the development and equipment of the country.

4. That the public foreign debt is well nigh consolidated and that private debts will be consolidated in the near future.

5. That the internal debt—less the debt owed to the National Bank—is entirely consolidated and that the resource derived from the surplus of receipts and the sale of the royalty on petroleum belonging to the State, will allow a settlement of the floating debt at an early date.

6. That the debt owed to the National Bank—the liquidation of which will in due course be the object of special proceedings in Roumania as well as elsewhere—has decreased between 1922 and 1924 by more than one milliard Lei.

7. That the service of internal and foreign debt is guaranteed.

Besides, it is desirable to mention that for Roumania, compelled to defend herself against Bolshevik attacks from Bela Kun, the war ended only in 1919. These results have been obtained within a fairly short space of time, mostly without any help from abroad and with-

out having received the reparation due to the country, for the devastation suffered during the war.

Neither must it be forgotten that to all the changes due to the war in Roumania, the internal reforms she has undertaken have to be added—agrarian reform and universal suffrage—which by themselves and even in normal times

might have brought about very violent perturbations.

All these considerations have induced the Roumanian Government to regard the economic and financial situation as being strong enough to warrant it in proceeding to the second stage of the country's evolution: That of investments and equipment to utilize its wealth.

The New Constitution and the Economic Laws

However, an economic undertaking of such magnitude and requiring combined action and co-ordinated efforts could not take place in a system comprising different legislations, such as were in force in the various provinces now united to New Roumania.

First of all, the legislative unification of the country had to be undertaken; this was done by the new constitution dated March 28th, 1923, which was supplemented by fundamental laws regulating the country's economical, social, political and cultural life.

The Necessity and Object of the New Legislation

The economic laws intended to define and develop the general principles embodied in the constitution, were voted during the last session of Parliament.

Whilst the Old Kingdom was characterised by a very intensive agricultural production and by manufactures based—the petroleum industry excepted—on the utilization of the products of the soil—food industry, timber, etc.—New Roumania possesses within her new boundaries the necessary elements to ensure the development of a nearly complete industrial activity, able to satisfy to a great extent the needs of the land.

In possession of very vast forests, of copious agricultural products, having great wealth of petroleum, of coal, of the most varied mineral deposits, of natural gas springs and of water falls, Roumania has both the raw materials and the power required, and may become a land of great industrial activity.

Of course, mining was the first problem which the legislator had to attack, because it equally concerns the resources in raw material—different ores—and power generators: petroleum, coal, methane gas.

The importance of the waterfalls in a fairly well provided country such as Roumania likewise necessitated regulations to ensure a judicious use of the same. This was all the easier because hydraulic power having been heretofore employed to a rather limited extent, the legislator had not to trouble about an existing state of facts and a complexity of vested rights, which handicap legislative work in more advanced countries. But, recent experience in Switzerland and Italy, which day after day use more water power, show that it was necessary to combine this utilization with that of heat power, by reason of the exchange which might be produced between these two sources at different moments. Therefore, the whole problem of power generators had to be taken into consideration in order to assure a judicious

co-ordination, so as to obtain the most economical utilization.

Finally, the Roumanian State is owner of the mines, forests, methane gas springs, fisheries, fluvial and maritime transport enterprises, etc. The result of this exploitation and the experience of all States have proved the insufficiency and the defects inherent in direct administration. In order not to deprive the community any longer of the profits arising from the good working of the private demesne of the State, to increase the revenues of the latter, and finally to enable the State to exercise the control which devolves on it without interfering with the normal progress of its enterprises it was needful to organize the exploitation of State property on a business footing.

Such are, in their main outlines, the reasons for the four recent economic laws constituting the very framework of the future order in New Roumania:

These laws are:

The mining law.

The law concerning waterfalls.

The law regarding power generators.

The law regarding the commercialization of State property.

I.

The Mining Law

The mining system in force up to now in Roumania was characterized by a very great diversity. More than 15 special laws, decrees and statutes were in force in different parts of the territory and examples could be found of the application of all systems admitted in regard to mining property: grant, accession, domainality, nationalization, etc.

It is useless to insist upon the technical and juridical disadvantages of such a situation, and on the necessity of proceeding without delay to the unification of a legal mining system. This was the work effected by article 19 of the new constitution, which attributes to the State the ownership of sub-soil treasures of every kind—excepting common rock, quarries for building material, and turf. The legislator of 1923 therefore adopted the system of nationalizing the mines.

No one with even the slightest knowledge of the discussions which this principle has raised in modern doctrine, could be astonished at the resistance which this constitutional provision has stirred up. However, we cannot admit that the Roumanian State, called upon to place on a new foundation the mining system of the enlarged land, could be blamed for having adopted the solution which corresponds not

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only to the social requirements and democratic ideas of our epoch, but also to the juridical conception which at present prevails as to the right of ownership and its purport.

The system admitted by the Constituent Assembly of 1923 is that which best answers the conception of the modern State. Besides, it has been adopted by French legislation in 1919, at least for new workings, and the nationalization of mines also figures on the program of the democratic English parties.

Moreover, the State's ownership on the sub-stratum already existed for some ores and beds in certain regions and for the whole sub-stratum on the entire territory expropriated in connection with the agrarian reform scheme.

On dividing this territory among the peasants, the State formally reserved to himself the entire ownership of the sub-soil. On more than half of the territory the sub-soil belonged to the State, even before the principle of nationalization had been embodied in the constitution. The Roumanian State, while having the right to adopt the mining system which it thought most suitable, was also bound to respect the rights acquired under the existing legislation and to regulate the relations between the State, the owner of the sub-soil, and the owners of the surface. This is definitely stated in paragraphs 2 and 3 of article 19 which runs thus: A special law will settle the general rules and conditions for exploiting mineral deposits, fix the royalty due to the owners of the surface and state at the same time the conditions and the extent to which such owners will take part in exploiting these resources.

Vested rights, it is stated in the text, will be taken into account in so far as they relate to the exploitation of the sub-soil, and according to the distinctions which will be made in the special law.

Moreover, while social and juridical reasons require a unified legislation founded on modern democratic ideas, technical reasons, the particulars of which we cannot enter into here, also require unified regulations, which the State as sole owner of the sub-soil—at least after the extinction of acquired claims at present in existence—might easily impose.

Finally, by reason of the political interest, at present attaching to the possession and the free disposal of mineral deposits, chiefly petroleum deposits, the Roumanian State had to lay down the principles which will govern the working of the deposits it today possesses and those it will obtain at the time of the extinction of vested rights, so as to ensure respecting and safeguarding the country's permanent interests.

The following is the fourfold task to be accomplished by the new mining law:

1. The realization of legislative unity.
2. The definition of the nature and limits of vested interests.
3. The establishment of technical rules for mining workings.
4. The determining of the share to be taken by the State for the execution of its national mining policy.

We could not give here any analysis however brief of the provisions of the law, for this would be going beyond the limits and intentions of this memorandum (the text of the law is attached).

We purpose to mention only a few points which to our mind are of peculiar importance. These points are:

1. Vested interests.

2. The share of the State in the working, and the contribution of private capital in general and of foreign capital in particular.

1. An unjustified campaign has been conducted abroad against the mining law. Certain commentators have tried to represent it as a law which injures vested interests and is prejudicial to the interests of capitalists who have invested money in Roumanian manufactures. It is anything but that, and one of the constant preoccupations of the Roumanian legislator has been to guarantee that these interests shall be respected to the fullest extent.

Anyone at all acquainted with the juridical and technical complexity of the questions connected with the working of mines and the difficulties of defining the exact limits of vested interests, will easily understand the impossibility of foreseeing when first drawing up the text, all the repercussions which it may have and all the objections it may bring forth. The draft submitted to all interested parties for examination has been the object of very close scrutiny; all justified objections have been taken into account and this explains the very evident discrepancies between the first draft and the law voted which guarantees, as we believe, in a very fair spirit the respect of vested interests.

2. The law having laid down, according to the Constitution, the principle of State ownership of the sub-soil, and having organized the putting into force of this principle, it has been concluded, probably on insufficient information, that the working of the mines has passed into the hands of State, to the great detriment of actual owners and workers.

Nothing is farther from the truth than this way of looking at the question.

The problem of mine property appears indeed under two different aspects and raises two distinct questions:

First, the **juridical ownership of the sub-soil**: This belongs to the State subject, of course, to vested interests; **economic working**: This is independent of the first question and may be brought about by the State alone or in some other way.

It is to be remembered that the fact of proclaiming State ownership of the sub-soil in no wise implies the working by the State itself. The exploitation of the sub-soil may take place in different ways. Thus, it is important to examine the form which the legislator of 1924 has adopted and what are the reasons for his preference.

We deem it necessary to examine this question more closely for it concerns not only the mining law, but also the other economic laws which are likely to reappear every time when the exploitation of property belonging entirely or partly to the State, is called into question.

There are three possible methods of exploiting State property:

1. Direct exploitation.
2. Concession.
3. Combined exploitation, a mixed system of co-operation between the State and private initiative in the shape of commercial companies, in which the State would have the rights conferred upon it as a shareholder, and its part as representing the general interests of the country.

1. *Direct Exploitation.*

It is useless to dwell on **direct exploitation**. The rigid principles of State accounts, the irresponsibility of officials, the slowness and the

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routine of the offices are not in keeping with the suppleness, the initiative, the responsibility and the new spirit which a modern economical undertaking requires.

Unless essential services concerned with the very security of the State—such as Railways, Posts, Telegraphs and Telephones or fiscal monopolies—are in question, experience gained in Roumania as well as abroad condemns this system.

2. Concession.

It does not pertain to us to recapitulate here the complaints currently levelled against Concession. Given the uncertainty of present economic and monetary relations, it is most difficult to define from the outset and for the whole duration of the concession, the conditions of its working. This is particularly true for mineral seams—the extraction of which alone shows the value, and for waterfalls, which even in normal times are not susceptible of precise evaluation.

It being necessary to keep open the possibility of constantly modifying these conditions, one of the two following positions will most likely be arrived at:

Either a continual interference of the State, which will impede the concessionaire and the service and will provoke a state of things which will have all the disadvantages of the grant;

Or, a loyal co-operation between the State and the concessionaire will nevertheless be realized on despite the intrinsic difficulties of this solution. In this last instance, a third solution will virtually be realized; that of a joint control which is based essentially on co-operation of this kind.

Roumania having had experience of this system of grants, could not well be satisfied with it. We therefore believe this system to have been finally abandoned; no Government would care to revive it.

3. Combined Exploitation.

Thus we come to the third system, that of co-operation between the State on the one hand and private initiative on the other hand, in the shape of a society having a commercial character, as we have already said, where the State would have the rights which its social share and its character of representative of the general interests of the country confer on it.

This is the system which all States anxious to assure a really economical working of their property, will adopt, namely to obtain increased resources without giving up the necessary control.

Once the principle of co-operation has been imposed on the State, it will be easy to understand the reasons which militate in favor of such co-operation taking place within a company having a national character, i. e., which would have a Roumanian majority supplied by the State and by Roumanian capital at the general meeting and on the Board of direction.

The development of Roumania during the last decades has proved that Roumanian energy and thrift are able to organize the economic institutions necessary to the growth of the modern State. But the present needs exceed the immediate resources of Roumania, and the complexity of the economic and technical problems which all the young countries which have been transformed and enlarged by the Great War, will have to solve, gives to the experience

and the skill of more advanced countries a value which nobody could deny.

Under such conditions, the co-operation between home capital and foreign capital on the one hand and the State on the other hand, becomes both necessary and desirable.

To sum up, Roumanian capital and foreign capital will frequently be found to have an equal share in the organizations to be created for the exploitation of State property; it will be the participation of the State that will give them a national character and a national preponderance.

In view of the narrow bond that exists between certain economic organizations and the policy of the State, and in view of the fact that undertakings like transports, mining enterprises or the exploitation of sources of energy are closely connected with the safety of the country, and in view, lastly, of the efforts made by all States at the present time to imbue with their own policy the activities of the economic organizations belonging to their subjects, it seems difficult to contest the legitimacy of the solution adopted by the Roumanian State, which intends to put its property exclusively into a national Company, in which without impeding the development of the enterprise, it will always have a sufficient control. It should not be forgotten that the Roumanian legislator, anxious to leave to private initiative the effective direction of the venture, also leaves it the decision in the last instance, even if the majority of capital should belong to the State.

Moreover, serious reasons make us prefer the participation of foreign capital in the shape of co-operation with Roumanian savings and work, rather than a combination in which foreign capital would be alone at work. Working in a Roumanian firm, foreign capital would find in the co-operation of the energy and economic resources of the country that assistance and that guarantee of stability which might be found wanting if it had to act alone.

Co-operation, as a proof of confidence in the country, has the further advantage of preventing the social difficulties to which the presence of purely foreign enterprises might give rise. Such an undertaking would have more difficulty in securing the support of public opinion than would an enterprise in which Roumanian interests—strengthened by the deep ties that attach them to the country—were also suitably represented. It is needless to insist on this point of view of the measures recently taken by several States to protect their labor and their national markets.

Nowadays, Roumania has requirements which it would be easier to satisfy with foreign assistance. But, though every effort must be made to obtain that assistance, a sovereign State cannot neglect the future interests of the nation in order, at any cost, to meet passing difficulties.

The Roumanian population is growing continuously, education among the peasant classes—whose economical situation has been strengthened by the agrarian reform—is progressing daily, and the disappearance of great estates necessitates the diversion of certain energies and available capital to other fields of activity. Finally, the improvement in the economic conditions of the masses will necessarily bring about the gradual accumulation of considerable sums in the shape of savings. Thus there are reserves of energy, technical efficiency and material resources for which henceforth some fruitful outlet must be found, if the vital forces

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of the country are to be given free play in order to consolidate the very basis of its social and political development.

It is now proved that the consolidation of the continent and of the world comes a step nearer with every country which recovers its economic equilibrium, and that the welfare of the more advanced nations depends on the economic strength of the younger peoples which absorb their products. Thus, a country which, aided by foreign experience and savings, becomes an economic force, would seem to be a far more important factor in the general prosperity than a country without initiative or vitality, which could not offer at the best more than a temporary and speculative field for exploitation.

From the economic point of view, again, co-operation, turning to profit the resources of the country, has the advantage of requiring from outside less capital for every venture to be undertaken; available foreign capital would thus interest itself at the same time in several branches of economic activity, thus splitting up risks and giving the lending countries a wider field for economic expansion.

These are some of the reasons which have led the Roumanian State to adopt for the exploitation of its mineral deposits a special type of limited Company, promoted by the State and by Roumanian and foreign private capital: the majority is reserved to the Roumanian State and Roumanian capital and the rest is at the disposal of foreign capitalists if required. The system of inscribed shares ensures the proportion required by law. The same proportion is maintained in the composition of the Boards of Administrators and Directors.

This type of Company is provided for not only by the mining law, but also by the law concerning sources of power and the law regulating the commercialization of State property, and must be considered as the regular form for the co-operation of the Roumanian State in all enterprises in which it is asked to take part.

However, it should be pointed out—in order to obviate mistaken interpretations and comments, which have occurred too often recently—that these provisions apply only to such Companies as may in future exploit State properties. They concern in no way any Companies which may be formed to exploit private properties, the latter remaining subject to ordinary law.

Thus, for instance, the mining law required Companies to take the form described above only if they propose to acquire petroliferous lands belonging to the State. They will keep their present form if they do not desire to participate in the exploitation of deposits belonging to the State, and may, without any impediment, extend their activity to lands belonging to private individuals over which the rights of the State remain suspended for fifty years owing to the vested rights of the present legal owners. This shows, we may observe, what an immense field of activity still remains open to foreign Companies working petroleum in Roumania—even if they retain their existing constitution—and how unjustified are the censures which for want of sufficient information have been directed against the mining law.

II.

Laws Concerning Watercourses and Power Generators

These laws are intimately bound up with the program of exploiting and equipping the country. They determine the general position of watercourses and lay down the principles for the exploitation and the utilization of waterfalls.

In the absence of any accurate survey, the amount of power which might be obtained from "white coal" in Roumania cannot be stated exactly.

Recent estimates give a total of 1,650,000 H.P. for the whole country (as against 9,000,000 for France, 5,500,000 for Italy, 1,500,000 for Switzerland, and 963,000 for Great Britain).

Of this amount only about 50,000 H.P. are at present utilized, either by manufactures using mechanical power or in the shape of electric current.

The law concerning power generators—which is the really original part of recent Roumanian legislation—assures the co-ordination of the different sources of thermal power—petroleum, coal, methane gas—and water power, and renders it possible to contemplate the general electrification of the country—transport, manufacture, household arrangements, etc. . . . We shall see later to what extent the problem of electrifying the railways is an actuality in Roumania; let us now say that the co-ordination of the sources of power and a more judicious use of them according to their special natures may produce in Roumania results of the highest economic importance. At present petroleum residues are used as fuel, though oils and other derivatives might be extracted from them. Wood is used for the same purpose, whereas it ought to be either worked or used for the manufacture of cellulose, or distilled. On the other hand, only about 3% of the waterfall power is being used, not to speak of the squandering of coal to be witnessed in Roumania, as in other parts where the distribution of power has not been properly regulated.

III.

Law for the Commercialization of State Enterprises

This law applies to all enterprises belonging to the State. It divides them into two groups.

On the one hand, economic enterprises of general interest performing public services concerned with national safety and defence, or being monopolies. These enterprises are: Railways, Posts, Telephones, Telegraphs, and, in part at least, the State Monopolies Department.

On the other hand, enterprises of a purely commercial and industrial character which are State owned but are not monopolies.

In this category come mines, forests, fisheries, metallurgical works, various industries, river and maritime steamship Companies, etc., owned by the State.

As to the first category, the government did not think fit to abandon the system of direct exploitation owing to the general political and economic interests connected with the working of the Railways, Posts, Telegraphs, and Telephones, and to the particularly important financial interests connected with fiscal monopolies. However, the commercial character of these

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enterprises cannot be contested, nor can the very great disadvantages involved by the present method of working be ignored.

Special legislation is to be enacted giving these enterprises a new organization: autonomy, independent budget, power to contract loans for equipment, management on commercial lines, etc. These laws, which are now in preparation, will be introduced in Parliament in the course of next session.

As to the second category, it comprises, as we have said, all enterprises of a purely commercial and industrial nature. Here the law finds a wide field of application. The private domain of the Roumanian State, already very large, has grown still more by the right conferred on the State by recent economic laws; the ownership of the subsoil, conferred upon it by the mining laws, is the most important example.

The State domain comprises:

(1) Forests, 20% of the wooded surface of the country.

(2) Fisheries: In the Delta, in the Danube marshes and in South Bessarabia.

(3) Mines: coal at Lonla-Petrosani, pyrites at Zlatna, gold and silver at Abrud and Secaramb, copper at Altan-Tepe (Dobrudja), methane gas at Cluj, etc.

(4) Metallurgical works: Hunedoara, Cugir, Bala Mare, etc.

(5) River and maritime transport enterprises: Roumanian River Navigation Company (N.F.R.); Roumanian Sea Navigation Company (S.M.R.).

(6) Docks (Braila, Galatz, Constantza).

(7) Watering places (Mehadia, Sibiu, Techirghiol), etc.

All these enterprises, worked by direct exploitation, are covered by the State budget and by the administrative machinery, and are bound to suffer accordingly.

They are henceforth to be worked by limited Companies, promoted by the State and by private individuals (national and foreign). Roumanian capital—the Roumanian State and private persons—is to have a majority. The shares are inscribed, and will be disposed of by public subscription. A Central Board for commercialized enterprises will supervise the execution of the law and will decide or advise on questions connected therewith—estimate of State's share, control of statutes, compilation of balance sheets, etc.*

*The law lays down the general principles for the commercialization of State property. The provisions will be regulated in detail by the Board, in order to avoid unnecessary legislation.

The Commercial Working of State Property and the Government's Economic Program

The foregoing survey of the new economic laws, though rather brief, gives a general idea of the whole economic program to be realized and shows the importance of the capital expenditure involved.

This expenditure will be required in two different fields:

(1) In the State enterprises—Railways, Posts, Telegraphs and Telephones—which will not be commercialized, but whose working, regulated by special legislation, must be adapted, as we have already stated, to their essentially economical purpose.

(2) In the enterprises subjected to the law of commercialization, as enumerated above.

I.

State Enterprises, Chief Public Services

In view of present circumstances and the political and economical transformation brought about by the war, the adaptation of the public services to the requirements of today undoubtedly requires very considerable funds. This is particularly the case with the railways.

RAILWAYS

Though absolutely disorganized at the end of the war, the Roumanian railways have now exceeded their pre-war traffic, and are equal to the country's most urgent needs. However, they do not meet the increased necessities due to territorial expansion. This is due both from the system and to the material in use. The present system (12,000 km. against 3,500 km.

before the war) consists, of course, of the pre-war Roumanian system, together with the railways of the provinces which now form New Roumania: Transylvania, Bukovina and Bessarabia.

The constitution of New Roumania within her ethnical boundaries, has brought about a change in the direction of traffic. This traffic was formerly directed from Transylvania toward Budapest, Vienna, and Fiume, and from Bessarabia toward Kiev and Odessa. Today it has changed its direction, and the trade is going to its natural outlets, the Danube and the Black Sea.

This situation has dislocated the organization and is at present considerably hampering traffic; for there are not sufficient junctions between the old Roumanian system and those of the new provinces to cope with the change in the direction of the traffic.

The Austrian and Roumanian lines, before the war, mostly stopped at the frontier, i. e., in the Carpathians, and even those that crossed the mountains had not the capacity to deal with a sudden increase of traffic. New junctions, therefore, are absolutely indispensable.

In regard to Bessarabia, the situation was aggravated by the fact that the Russian system had a broader gauge than the remainder of the Continent, not to speak of the fact that the existing lines were quite insufficient for the extent and wealth of this province.

It was therefore urgently necessary to proceed to the construction of the junctions required to secure the organic unity of the system, and to normalize the Bessarabian lines.

But, this is not enough. The construction of a junction causes an increase of traffic on

ECONOMIC SURVEY OF ROUMANIA

the existing section and requires of the terminus, ports or unloading stations a capacity, which they do not at present possess. It is useless, for instance, to connect Brasov—a very important railway center in Transylvania—with Buzau, in order to establish direct connection between Transylvania and the Danube, if the line from Buzau to Galatz Harbor, and the port itself, are not capable of meeting a sudden increase of traffic. In order to be efficient, the construction of junctions must therefore be carried on simultaneously with the doubling of certain lines, the extension of stations and sorting arrangements, and the enlargement and equipment on modern lines of harbors and great transit or export centers.

Supposing this program to be realized, the material for a very heavy traffic would still have to be obtained and this means also repair shops, engine houses, equipment for maintenance, large sorting appliances, etc.

This brief sketch shows how large are the requirements of the Roumanian railways.

What has been done so far?

A great deal has been done. It is enough to recall the situation in 1919—almost total stoppage of traffic, and on the whole system 150 engines in working order, which hardly could satisfy military needs—and to consider the present traffic—more than 1600 trains daily—in order to appreciate the immense efforts which have been made both to improve the track—repair and construction of bridges, replacement of sleepers, repair of stations, etc.—and to reconstitute the supply of engines and rolling-stock.

Though without assistance from abroad, at least up to now, Roumania has likewise started the new works necessary to unify its railway system. With the resources drawn—at the cost of great sacrifices—from the surplus revenue on the ordinary budget, five new lines were started, connecting the Transylvania system with that of the Old Kingdom.

The total length of these lines is 323 km., and they will cost more than 4 milliards of lei, according to the initial estimates.

Moreover, the transformation of the Bessarabian lines has been very actively pushed on; at the end of the present campaign, the whole system will have been equipped with normal-gauge track.

If, in proportion to the modest means available in Roumania, these efforts are very appreciable, it cannot be contested that the work still to be accomplished is considerable, and that help from foreign funds would be of special value. We know, of course, that the financial markets are rather disinclined at present to take any interest in the issue of public loans. This caution is reasonable in connection with advances made to States without guarantee of how they will be used, but it is unnecessary where funds are sought for the establishment of economic plant—a form of productive expenditure which in itself guarantees remuneration on the capital invested.

Now, this is exactly the case of the railways, which, having become autonomous, would ask foreign capitalists for the funds needed to complete their equipment. The sums advanced by them would no longer be lost in the bulk of a general budget, as they would necessarily be assigned to a productive use. The coupons and the amortization of loans exclusively allotted to the railways would be guaranteed by the resources of the latter. The autonomous railways, administered like private economic organizations, by a Board representing the in-

terests of the community—safeguarded by the State—the interests of trade, agriculture, industry, labor, the consumer, etc., would be managed from the financial point of view like any private concern and would similarly enter in their balance-sheet the amounts required for the service of their debentures.

POST, TELEGRAPH, TELEPHONE

These branches likewise need a more independent system of exploitation, more in conformity with their commercial purpose, and also need fresh capital expenditure to enable the services to cope with present requirements. As, however, they are a smaller organization, the revenues of the country will be sufficient.

PORTS

These should be reorganized, and large capital expenditure is required.

The new Danube statute guarantees for the first time complete freedom of navigation, hitherto prevented by the rivalry between Austria-Hungary and Russia. This situation, in conjunction with the new geographical configuration of central Europe, makes Roumania a transit country between the West or her neighbors on one hand and the East on the other hand, not to speak of the increase of traffic, at her river and maritime ports, resulting from the enlargement of her territory and resources.

Thus, it will be necessary to create free zones for transit and the finishing industries, to build warehouses, to equip harbors with quays, sheds and adequate arrangements for rapidly loading and unloading ships, and to carry out the work required to make the Danube navigable and navigation safe.

With a view to the realization of this program, ports will be granted a considerable measure of autonomy, and sufficient financial freedom to allow them, of course under State control, to obtain the necessary funds for their works and to create revenues that will guarantee interest and amortization.

Bills embodying the principles of this new organization are in preparation and will shortly be discussed in Parliament.

II.

Exclusively Commercial Enterprises

Two groups must be considered.

1. Concerns already existing and in operation. As to these, only their method of working will have to be modified according to the commercialization law, and perhaps also the necessary means will have to be sought to increase their activity and efficiency.

These concerns are very numerous, and we have already enumerated them. The Government does not, therefore, intend to undertake the commercialization of all of them at once, but will do this gradually, as the financial resources of the State and private economy permit. However, it is intended in the course of the present year to form some Companies, which may be called models, in every branch of economic activity in which the State is now engaged.

This will be the case with the State river and maritime navigation services, which are to amalgamate with certain existing concerns of the same kind, on the conditions provided by the commercialization law. This also applies to the Lonia mines, the works of Cugir and Hunedoara, etc.

These organizations will serve as examples for Companies to be formed in future; the results will demonstrate the practical value of the new legislation and suggest any necessary reforms.

2. Enterprises which have to be created in order to develop such State property as has not hitherto been dealt with by an independent commercial undertaking or has so far not been exploited. These are chiefly Companies to be promoted for the utilization of power generators, and for electrification of all kinds, notably that of the railways. We have previously summarized the conditions for the reorganization and development of the Roumanian railways.

These clearly demonstrate the preponderating part which electricity may play in the future working of our railways. Distributed mostly along the Carpathian Chain, in the center of the country, the sources of water power could easily meet traction requirements on both slopes, and in the mountainous district itself, electric traction being particularly useful in mountainous regions.

III.

The "Credit Industrial"

The commercialization of State property and the development of the country as a whole will find most valuable support in the "Société Nationale de Crédit Industriel," formed under the law of June 23rd, 1923. The object of this Company is to grant credit to manufacturers, to facilitate the provision of commercial credits, and in general to encourage industrial development in Roumania.

It is constituted jointly by the State, the National Bank of Roumania, and private investors, who hold 20%, 30% and 50% of the capital respectively.

In order to obtain the necessary funds, the "Crédit Industriel" is entitled to issue: (a) Industrial debentures, long-dated, secured on mortgages and other real securities, given by the debtors. These debentures are redeemable in 15 or 20 years; (b) Cash bonds, short-dated, secured on stocks of goods, raw material, etc.

The activity of the "Crédit Industriel" depends to a great extent on the subscription of these industrial debentures in the country and foreign markets. In order to supply the greater part of the funds. In the meantime, the "Crédit Industriel," by using its capital, deposits, and the issue of cash bonds, and by discounting its industrial bills at the National Bank, had succeeded up to the beginning of July, after scarcely 6 months of existence, in furnishing manufacturers with credits amounting to more than 1,300 million Lei, of which 863 millions have actually been paid to the parties interested.

Conclusion

Such, is, in its general outline, our program for developing the country's wealth.

So large a program will of course require a considerable period of time and great financial resources; but Roumania does not possess such resources at the present time.

The development of her savings—which can be counted upon owing to the country's natural wealth and the labor of her people—would allow her to realize her program gradually. At the end of a given time—some decades perhaps—her equipment would be complete. This is one of the methods of attaining our goal, but there is one other:

The program might be attacked on as wide a front as possible with resources obtained from investors in more advanced countries; Roumania would then equip herself rapidly and would devote her annual savings—much increased by the very fact of immediate development—not to executing the work little by little, but to repaying the capital received from abroad.

The advantages of this system for Roumania are obvious. Has it any advantages for the countries which would assist in putting this solution into effect? Certainly it has.

The economic crisis which industrial countries are experiencing is in most cases not due to overproduction, but to a fall in the purchasing power and capacity for consumption of the States which have suffered from the war. More than ever it is true "that goods are exchanged for goods." The rapid development of Roumania would immediately bring a valuable consumer into the world market.

The realization of the program which we have described involves on one hand work which will be done in Roumania with local labor and raw materials and on the other hand with machinery and raw materials which the country does not possess and which must be supplied by foreign markets.

Foreign participation must thus take the form of financial advances to cover the work done in the country and with its resources, so far as Roumania's own resources may be inadequate.

But the most important part of the contribution from abroad must consist of supplies in kind—a matter of particular importance to all producing countries at the present time.

Railway material (rails and rolling stock), plant for the equipment of waterfalls, docks, harbors, material for the exploitation of mines and forests, and machinery and tools for industry, which will, for a long time to come, stand in need of tools and of certain semi-finished products from abroad before reaching the development of which the economic conditions of the country give every hope.

Here we see again the advantages of such co-operation between Roumanian and foreign capital as the Roumanian State desires for the development of these properties; it could equally be employed in entirely private concerns.

The present financial difficulties of great enterprises in Roumania are due less to the cost of executing work in the country than to that which must be incurred in order to provide machinery, equipment and raw material, which come from abroad. Owing to the depreciation of the Roumanian currency, the prices of these are now extremely high.

The formula adopted allows of a division of labor which entirely satisfies the interests of the parties concerned. The resources of the country, strengthened by some financial assistance from abroad, will cover the expenditure to be incurred at home, while the contributions from abroad will chiefly take the form of plant and goods.

* * *

The foregoing explanations show—and this is the conclusion of our memorandum—that there is at present no essential divergence between the needs of Roumania, who has to equip herself and develop her resources, and the interests of more advanced countries which have to find more lucrative channels for their labor and capital. On these terms, it is always easy to find ground for an understanding, if only there be a sincere desire for agreement.



Puente de St. Martin, Toledo, Spain

What a Bank Architect Saw in Spain

BANKS, not castles, appeal most to the Spaniards these days, according to Alfred C. Bossom, the well known New York bank architect and engineer, who recently returned from a trip in that storied land.

"The whole nation is astir with new commercial and financial activities," said Mr. Bossom, "and it seems to me that there are at present many opportunities for American friendship. My purpose in touring Spain was study, for I had for some years been deeply interested in her art and architecture, though more so, I think, because I had seen so much of the Spanish influence in Mexico. I did find the old Spain and plenty of it—the Spain of one's dreams, with its quaint little houses, its cheerful and picturesque peasantry, its bull fights, and its rural festivals, but in the

large cities such as Madrid, I was amazed to find a New Spain.

"The banks of the cities of the Peninsula," Mr. Bossom added, "are building splendid new homes for themselves. Here were bank buildings as up-to-date as one could find in the United States. Commodious counting rooms, well lighted and well ventilated, and appointed with the latest devices for the convenience of the public, I saw in Madrid and elsewhere. The Spanish banks were putting in new vaults with full safety deposit departments and with plenty of room for customers' comfort.

"In rural communities I noted any old buildings used as banks, but the urban banks were a revelation in grandeur and convenience. The arrangement of the screens, with their windows and grills, was as effective as that to be



Calle con Santiago en Anabel. Toledo, Spain

found in many leading banks in the United States, and chairs for the use of customers were conspicuous in the public lobbies.

"Spain is undergoing a period of reconstruction in many ways. Under the military dictatorship she shows a stir of enterprise in the cities which strangely contrasts with the leisurely calm of the country. The people seem to like their present form of government for all that, and are accommodating themselves to it. Even in the big centers of population they are taking their siestas, or naps, from one to four o'clock in the afternoons. If the merchants do not close up shops, they will find trouble on their trail. Everybody obeys and everybody seems treated fairly and equally. The stores get back to business at four and keep open until after

seven o'clock, and seem to compress a good deal of activity into this second period.

"I have been asked since my return," concluded Mr. Bossom, "as to the prospect of American banks doing business with Spain. It seems to me that they are excellent, and certainly worth a thorough investigation. At present there is a great vogue for Spanish antiques and a great many Americans of wealth are buying them. These purchases mean a good deal of money.

"Down in Florida there are fully 500 new houses and villas being built in the style of the Spanish Renaissance. For their furnishings they require Spanish tiles, ceramics and iron work, furniture, hangings, in fact all the fittings for the rich man's expensive home.

"Spain is making very beautiful pot-

tery and superb wrought iron work in which an extensive trade with the United States is bound to develop.

"In addition she has always been an exporter of grapes, olives and olive oil, Castile soap and similar commodities.

"While in Spain, I found there was a very marked interest in American banking methods by bankers and a hope for them among the dealers in artistic property and art work, whether antique or modern. As we become more and more interested in things Spanish in this country, such as furniture, ceramics,

textiles of all kinds including Spanish shawls and combs which so greatly interest the fair sex, I feel there will be more and more need of more direct banking facilities. The American manufacturers of agricultural machinery, and of numerous products also, could doubtless enlarge their business with Spain, and in this I have no doubt they will find the American banker a most helpful ally."

Mr. Bossom is preparing a book on Spain on the lines of his "Architectural Pilgrimage to Old Mexico."



Trust Departments Conference

THE second annual conference on trust departments under the auspices of the National Bank Division of the American Bankers Association will be held in Chicago, January 20 and 21. The meeting will be called to order by Edgar L. Mattson, president of the division. Charles W. Carey, chairman of the trust departments committee, will preside, and an address will be delivered by Lucius Teter, president Trust Company Division of the Association. The meeting will be held in the LaSalle Hotel.

Other speakers will be N. H. Dosker, vice-president National Bank of Kentucky, Louisville, Ky., on "National Banks and Trust Work;" John Allen, trust officer Citizens National Bank, Decatur, Ill., on "Operation of Trust Department in the Smaller Community;" F. A. Schack, trust officer First National Bank, Fort Wayne, Ind., on "Federal Taxation Gifts Tax;" Hugh E. Wilson, trust officer Central National Bank, Peoria, Ill., on "Relations with Clients;" M. E. Reeve, trust officer Union National Bank, Philadelphia, Pa., on "Trust Accounting General Principles;" Harold B. Allen, trust officer First National Bank, Kalamazoo, Mich., on "Trust Department Pub-

licity;" A. H. Bodholdt, vice-president Central Trust Company, Chicago, Ill., on "Trust Investments;" A. C. Livingston, vice-president and trust officer National Newark Essex Banking Company, Newark, N. J., on "Wills;" George Waverly Briggs, vice-president and trust officer City National Bank, Dallas, Tex., on "The Trust Department as Financial Secretary;" and Thomas C. Hennings, vice-president Mercantile Trust Company, St. Louis, Mo., on "Insurance Trusts."

A subscription banquet will be held at the LaSalle Hotel, January 20, at which Mr. Mattson will be toastmaster. Melvin A. Traylor, vice-president American Bankers Association, will speak on "Nothing New." There will be a luncheon January 21 at the LaSalle.

The committee in charge of the meeting consists of Charles W. Carey, chairman, president First National Bank, Wichita, Kans.; C. H. Marfield, vice-president-cashier Seaboard National Bank, New York; E. H. Sensenich, president West Coast National Bank, Portland, Ore.; and Edgar L. Mattson, vice-president Midland National Bank, Minneapolis, Minn.



HEAD OFFICE OF THE MERCURBANK

The Mercurbank in Vienna

THE Mercurbank in Vienna is one of the old-established financial institutions of Austria. Its headquarters are almost within the shadow of Vienna's land-mark, the ancient Cathedral of St. Stephen, right in the center of the city's *de luxe* trade.

ORGANIZED 38 YEARS AGO

The Mercurbank was organized in 1887 with a capital of 2,400,000 kronen, which amount was comparatively small even in those days. During thirty-eight years of existence, the bank has grown uninterruptedly and is ranking now with the large Austrian banks. The Mercurbank is a permanent member of the National Banking Syndicate which handles practically all domestic bond issues of the Austrian Republic, the Federal States of Austria, the Municipality of Vienna and other Austrian cities.

SPECIALIZES IN AMERICAN BUSINESS

The Mercurbank maintains a special department for the convenience of American tourists and business men. Traveler's checks and letters of credit of all American banks and express companies are honored; dollar exchange is bought and sold; interest paid on dollar and kronen balances; money remitted by mail or cable; all Central European securities are dealt in; import and export credits arranged. The bank's courtesies are extended to all American visitors.

At the end of 1923, the statement of condition indicates a capital of 10,000,000,000 kronen; surplus of over 117,000,000,000 kronen, and deposits of 546,000,000,000 kronen. Originally the bank's scope of business was limited to transactions in commercial paper and foreign exchange; at present, it covers the entire domestic and foreign field.

Connections of great importance

were gradually established with a number of leading banks and bankers, both in Europe and in America. Particularly close relations exist with the Darmstaedter und Nationalbank, Berlin, one of the German "D" banks which is represented by two directors on the Mercurbank's board. Messrs. Hallgarten & Co. and E. F. Hutton & Co. have recently issued in New York 100,000 American shares, equivalent to 500,000 Austrian shares, of the Mercurbank's capital stock. Among other important connections may be mentioned those with the Bank of Cataluna, Barcelona, Spain, and with the London & Eastern Trade Bank, Ltd., London.

BRANCH OFFICES THROUGHOUT AUSTRIA

In accordance with the general banking policy in Europe, and in order to render efficient service to its customers, the Mercurbank maintains fourteen offices in Vienna, ten branches in the larger cities of Austria and one branch in Meran, the famous Italian health resort. Prior to the war, the Mercurbank had branches throughout what are now Czechoslovakia, Hungary, Poland and part of Roumania. These are now operated by independent banks in which, however, the Mercurbank still holds a substantial and influential interest with representation on the respective directorates.

The Bohemian Commercial Bank in Prague, with twenty-two branches, represents a consolidation of the Mercurbank's interests in the present territory of Czechoslovakia. The capital and surplus of this bank amount to 115,000,000 Cz. kronen. The Mercur Exchange Office, Ltd. in Budapest, with a capital and surplus of 5,000,000,000 Hungarian kronen, is the Mercurbank's affiliation in Hungary, extending its activities to Jugoslavia through a branch office in Szabadka. The Commercial Bank, Ltd. in Cracow, with its branch office in Lemberg, covers the territory of Poland; its capital and surplus amount to 20,000,000,000 Polish marks. The

National Bank of Commerce in Czernowitz has its field of activity in Roumania with a capital and surplus of 20,500,000 lei. Through this extensive net of affiliated institutions, the Mercurbank is enabled to provide facilities of exceptional breadth and scope throughout Central and Eastern Europe.

In addition to its commercial banking business, the Mercurbank finances and largely controls a number of representative industrial corporations throughout Austria and the Succession States, the industries including iron, locomotives, machinery, railroad equipment, coal, paper, glass, chemicals, oil, sugar, textiles, electricity and timber. Practically all of these are in a prosperous condition and are paying dividends.

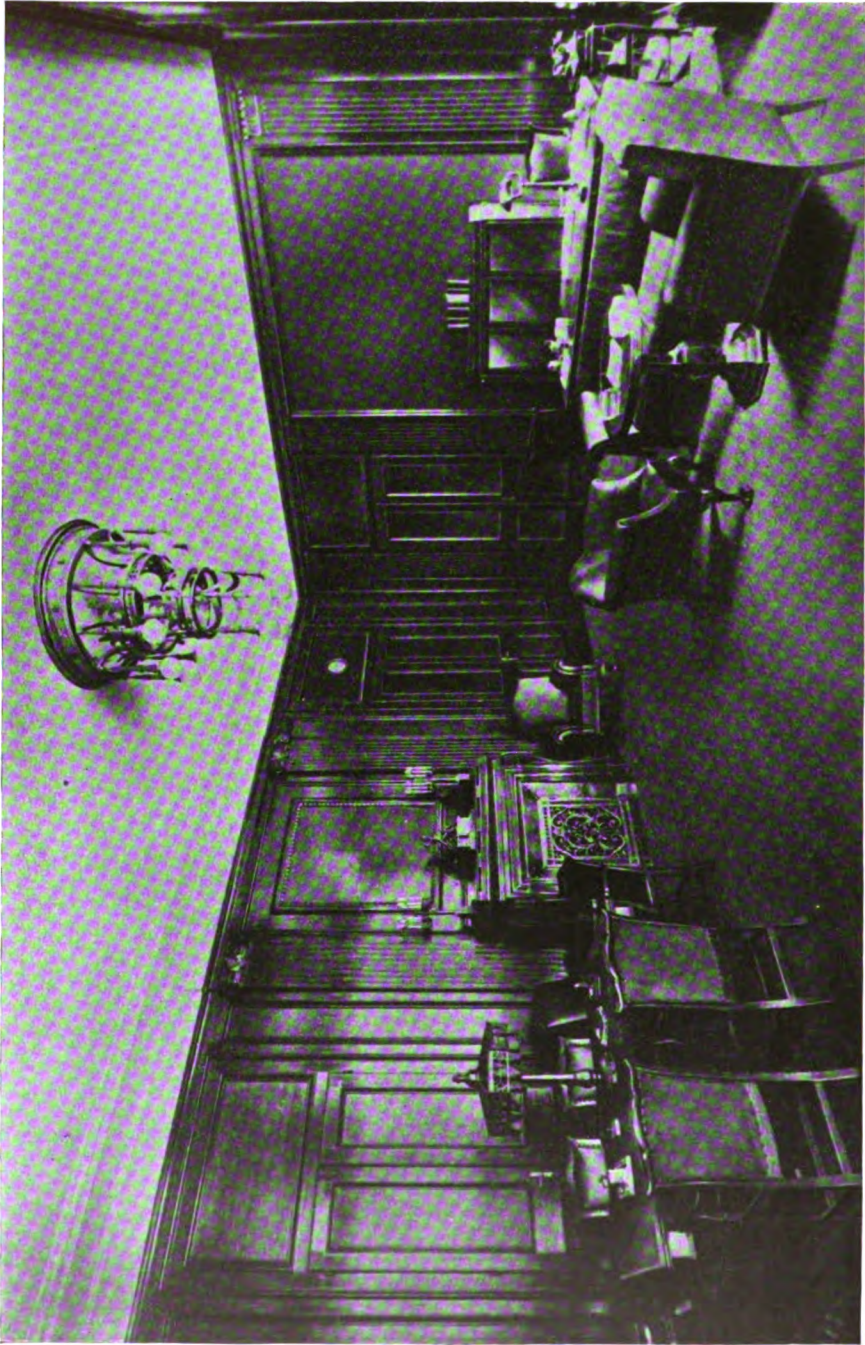
ECONOMIC FUTURE OF AUSTRIA

Everywhere the prosperity of banking institutions depends upon the general economic conditions of the country in which they operate. Austrian banks are justified in taking an optimistic view of the future. Austrian finances and the currency situation are now on a sound and permanent basis through the co-operation of leading financial institutions of Europe and America, this assistance being notably evidenced by the external loan of 1922, aggregating 630,000,000 gold kronen. Austrian currency has been stabilized at the rate of \$1 equal to kr. 70,000; a new Bank of Issue was created whose gold holdings amount at present to 55 per cent. of the total note circulation; the budget has been balanced, the ratio of imports to exports greatly improved, and, most hopeful sign of all, savings deposits in Austrian banks have quadrupled since January 1, 1924.

American bankers and investors were quick to recognize the opportunities that present themselves in a country headed for its economic rebirth and which, owing to its geographical position and as a result of long established financial and industrial organizations, will remain the commercial and industrial center of Central Europe.



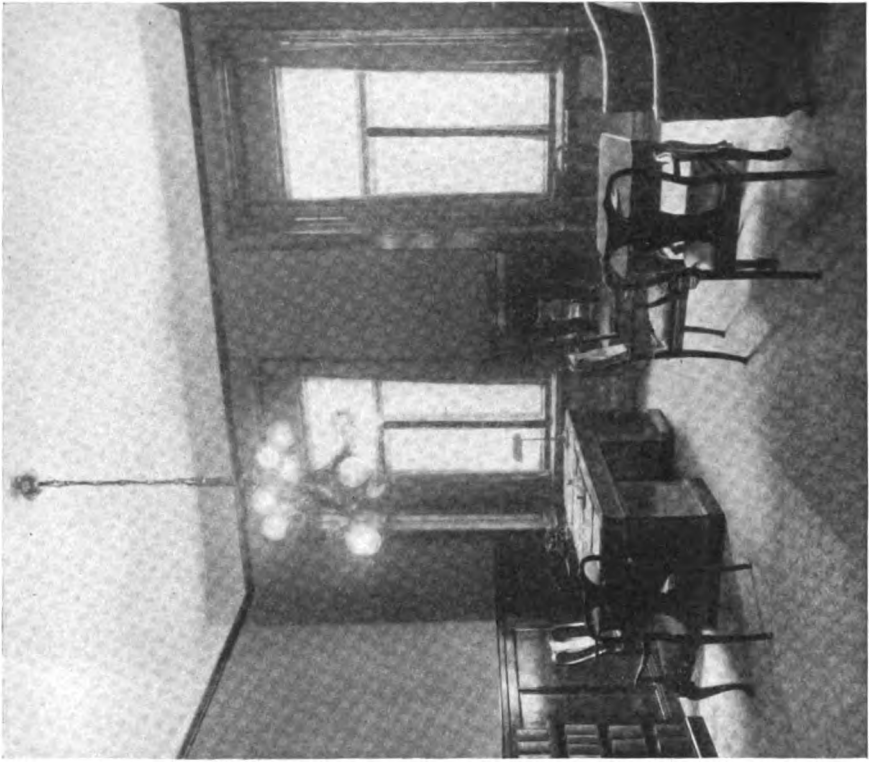
MAIN ENTRANCE HALL



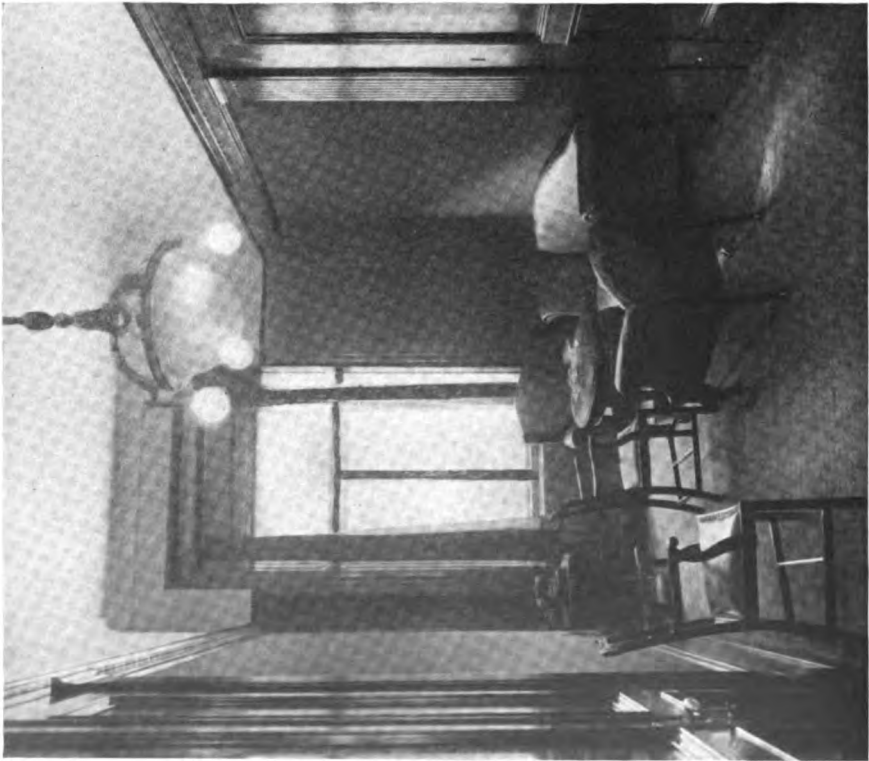
GENERAL MANAGER'S OFFICE IN THE MERCURBANK, VIENNA



LOBBY IN MAIN BANKING ROOM



MANAGER'S OFFICE, FOREIGN EXCHANGE DEPARTMENT



ONE OF THE WAITING ROOMS



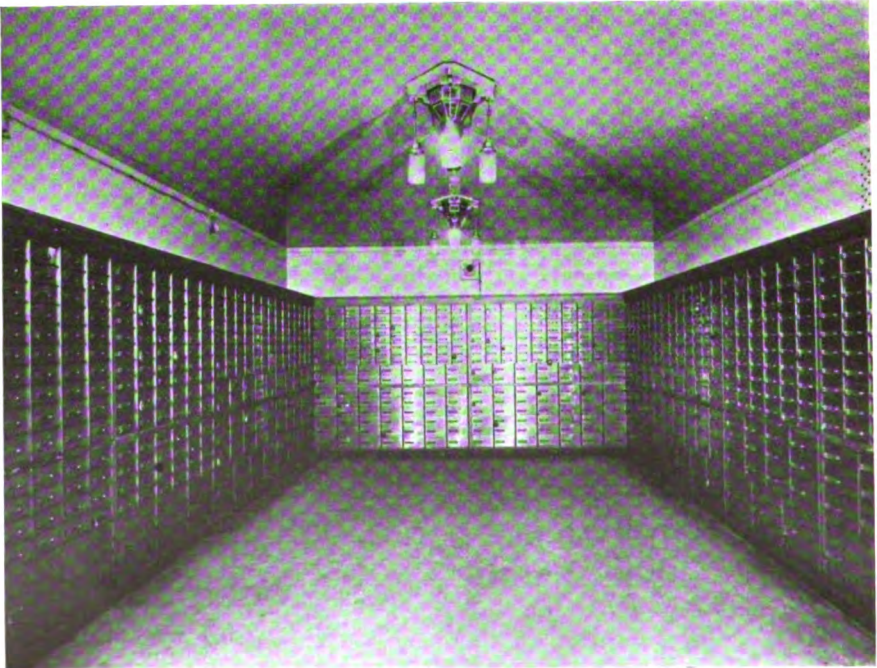
CONFERENCE ROOM



OFFICE OF THE PRESIDENT



LETTER OF CREDIT DEPARTMENT



THE SAFE DEPOSIT VAULT

National City Bank Lets Employees Share in Stock

Plan Will Bring Employees in More Direct Contact With Management

“NOT a Christmas present, and not a gratuity. Merely a desire on our part to bring our 8000 employees into more direct contact with the management of the bank and to give them a larger voice in the ownership of the bank,” said Charles E. Mitchell, president of the National City Bank, New York, about the plan of his bank to let the employees share in the stock.

The National City will increase its capital stock from 400,000 shares to 500,000 shares. Shares may be purchased by employees at \$275 a share, against a market price for National City Bank stock, after allowing for the increase in capitalization, of more than \$410 a share. Thus, the subscribing employees will have a paper profit of \$135 a share.

Payment will be made on an instalment plan ranging from \$5.73 a month per share on up, depending upon the salary of the individual who buys. The bank will carry the loan to the smaller salaried subscribers over a four-year period, in which no interest will be charged, although the subscribers will be entitled to full credit for every dividend paid on its stock by the bank. The present dividend rate is 20 per cent. a year, or 5 per cent. each quarter.

In its formal announcement, the bank explains the offering as follows:

“In accordance with a schedule based upon salaries as of January 1, 1925, those of the staff receiving an annual salary—in dollars or foreign currency equivalent—up to \$2000 shall have the right to subscribe for one share; those receiving annual salaries in excess thereof and up to \$3000 shall have the right to subscribe for two shares; those receiving up to \$1000. three shares; up to

\$5000, four shares; up to \$5999, five shares, and in excess thereof, six shares. All classed by the head office as junior officers, irrespective of salaries, shall have the right to subscribe for ten shares.

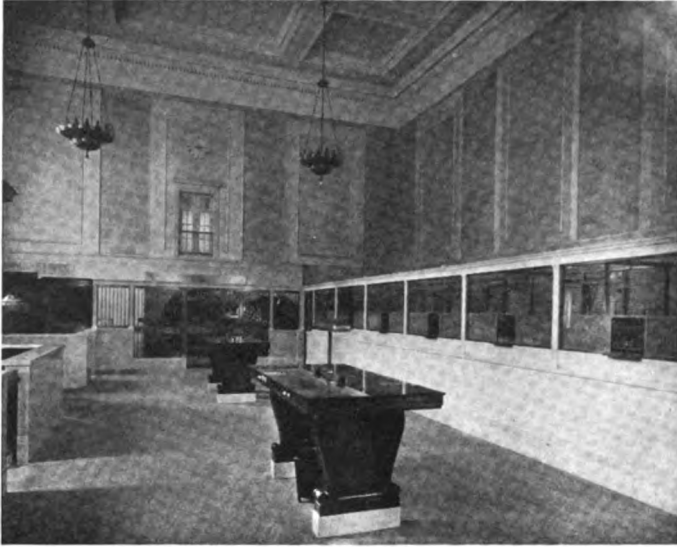
“The subscribers shall agree to the deduction from their salaries of \$5.73 per month for forty-eight months in the case of those receiving salaries not in excess of \$2000, and \$11.46 per share per month for twenty-four months, in the case of those receiving salaries of over \$2000. For ease in accounting, such monthly deductions will be adjusted to eliminate penny figures.”

A board of trustees will be set up to accept the instalment payments and to credit the employee buyers with dividend payments on stock taken up by them.

Subscribers who may die or whose employment may otherwise be terminated before they have become entitled to receive their stock shall be entitled to the return of all sums deducted from their salaries with interest added at the rate of 6 per cent.

Later a plan for ownership of the bank's stock for senior officers, who are not provided for in this agreement will be announced. Ratification of the plan has already been voted by the board of directors and final action will be taken at the annual meeting of stockholders on January 13.

The plan is international in its scope, being placed before National City Bank employees in many lands, and covering its affiliated institutions. Resources of the National City Bank alone now exceed \$1,000,000,000. this being the first American bank to attain that figure.



THE interior of the new building of the Peoples Bank and Trust Company, Westfield, N. J., carried out in Marble and Craftex. The safe deposit department is at the rear.

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

(Continued from December)

Article XXI of a Reading Course in Banking (Part II)

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"

TESTS FOR INVESTMENTS

A NUMBER of tests for selecting investment securities are enumerated in the outline. The application of these tests to the fullest extent is the basis of investment science.

Safety of principal is the supreme investment requirement. The security of the capital sum invested depends upon the nature of the medium. As heretofore indicated, only bonds and notes—loan obligations—strictly speaking, possess this qualification to the desired degree. But there are many degrees of safety as between various loan obligations. Government bonds of the United States probably represent the highest measure of safety that can be contrived in a human world, and should answer the requirements of the most meticulous investor. In fact, all civil bond issues meet this test admirably, provided the bonds are issued in accordance with statutory regulations, and for a legal purpose. The safety of corporation bonds depends not only upon legality, but upon many other factors which can be classified under the general headings: (1) character of the obligor (issuer); (2) class of lien; (3) kind of collateral pledged; and (4) margin of safety furnished by earnings. Does the business have an honest and able management? Is the credit standing good? What is the character of the security and does it constitute a senior or junior lien? Does the property offered as security provide a satisfactory margin over the amount of the obligation? Are the earnings as demonstrated over a period of years sufficient to pay operating expenses, interest charges,

sinking fund requirements, and still leave a balance to operate as a margin of safety?

Stocks, whether preferred or common, real estate, farms, and commodities, do not provide safety of principal. There is no definite relation between original outlay and final repayment. The principal sum may become greatly augmented, or greatly diminished, or entirely obliterated. On the other hand, deposits in savings banks, annuities, notes and acceptances, real estate bonds and mortgages are suitable investment media when properly selected.

Regularity of income is of only slightly less importance than safety of principal in an investment. Bonds, notes and acceptances, savings accounts, and real estate mortgages fulfill this qualification, since interest payments are contractual, and failure to pay constitutes an impairment of the contract. Dividends on stocks, and rentals on real estate, are not absolutely fixed, the former being wholly contingent—except in the case of preferred stock where dividends are payable at a fixed rate where earned.

The income return from an investment bears a definite relation to safety of principal. Safety of principal being paramount, the income return must be a secondary consideration. A high income return is meaningless if the principal is in danger of dissipation. Although influenced by other considerations, in general it is safe to assume that safety of principal varies inversely with the income return, i. e., as yield increases safety decreases, leaving the inference that any investment that promises a

HIBERNIA BANK & TRUST CO.

NEW ORLEANS, U. S. A.

*Statement of Condition at the Close of Business
December 31, 1924*

RESOURCES

Loans and Discounts	- - - - -	\$37,432,352.84
U. S. Government Bonds and Treasury Certificates	-	1,483,405.95
Other Bonds and Stocks	- - - - -	4,889,865.96
Investment in Hibernia Bank Building	- - -	3,392,705.98
Branch Banking Houses and Other Real Estate	- -	516,616.97
Customers' Liability on Acceptances	- - -	2,560,877.15
Cash on Hand and With Banks	- - - -	<u>17,585,054.92</u>
		\$67,860,879.77

LIABILITIES

Capital	- - - - -	\$2,000,000.00
Surplus	- - - - -	2,500,000.00
Undivided Profits	- - - - -	161,195.33
Discount Collected But Not Earned	- - - - -	96,296.24
Reserved for Interest, Taxes and Contingencies	- -	169,911.11
Quarterly Dividend Payable January 2, 1925	- -	90,000.00
Acceptances Sold with our Endorsement	- - -	1,512,844.27
Liability on Acceptances	- - - - -	3,546,814.53
DEPOSITS	-	<u>57,783,818.29</u>
		\$67,860,879.77

Liability on Letters of Credit, Issued But Not Drawn Against \$1,517,619.64

R. S. HECHT, PRESIDENT

A. P. Howard, Vice-President **Fred W. Ellsworth, Vice-President**
Paul Villere, Vice-President **R. N. Sims, Vice-President**
Jas. H. Kepper, Vice-President **W. B. Machado, Cashier**

high yield contains speculative elements. Thus it is that sound bonds rarely yield more than from 4 to 6 per cent., while stocks frequently show a return of from 6 to 10 per cent., and even higher.

For investors and business men who need to keep in a liquid condition, marketability is an important factor in the selection of investments. By marketability is meant the ease with which the investment may be sold on short notice without undue sacrifice of values. The marketability of an investment depends upon the market that is provided for it. In the case of securities, the greatest degree of marketability is found for those which are listed on the New York Stock Exchange and which are actively traded in. Some bonds, though listed, are not active, and therefore do not possess the degree of marketability that may be required. A high degree of marketability is obtainable only at a cost. To get the same income return, the investor must sacrifice something in the way of safety of principal, or to get the same degree of safety, then something in the way of income return. Thus, real estate bonds and mortgages, although normally possessing a relatively high degree of safety, have a relatively high income return because they possess no market. Of all investments, real estate ranks last in point of marketability.

What is true of marketability also holds true of collateral value. Many business men are so situated that they are frequently called upon to raise sums of money for temporary use in their business. To meet the exigency, recourse can be had to surplus funds in the form of investments. Instead of selling these investments, they may—if acceptable as such—put these investments up as collateral for loans. Acceptability as collateral, or hypothecary value, depends upon the same factors as marketability, and in the case of securities upon whether or not they are listed.

Tax-exemption features are of considerable importance to investors al-

though this will vary in accordance with the size of the investor's holdings and how these holdings are already distributed as between the different classes of investments. Bonds differ greatly as to tax-exemption. A few issues of Government bonds are wholly tax-exempt. Others are partially tax-exempt. Federal land bank bonds, and joint-stock land bank bonds are exempt from all forms of taxation—Federal, state, and local—except inheritance taxes. Municipal bonds are usually exempt from taxation in the state in which the municipality is located, and from income taxes. All corporation bonds are subject to taxation for income tax purposes, although the issuing corporation may agree to pay all or a part of this tax by means of tax-free covenants. On the other hand, dividends from stocks are not subject to Federal normal income taxes.

Exemption from care is also to be considered when funds are invested. Bonds, mortgages, and other strictly investment securities require little or no care. Income is collected by presenting the interest coupons, or receiving checks in payment of interest. In the case of stocks, however, the investment must be watched. Changing conditions may require that stocks be sold in order to avoid further loss, or that they be sold in order to translate a possible maximum unrealized profit into an actual profit. Ownership of real estate frequently requires so much attention in the way of seeing that repairs are made, insurance and interest on the mortgage paid, taxes met, tenants satisfied and rents collected, that management of the property is placed in the hands of a real estate agent.

Acceptability of denomination and maturity, registration privileges, and place of payment of interest and principal are of minor importance. The denomination in which investment media is offered is significant only to the extent that large denominations may shut off the small investor. The term or maturity of the investment is of impor-

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tance to investors placing their funds over a definite period and requiring cash at the end of that term. The maturity of an investment may also have an influence on the income return. Registration privileges are extended by many classes of bonds—coupon bonds being exchangeable for registered bonds. The place of payment of interest and principal is of importance only as it relates to the cost of transfer of funds from one place to another. When interest on bonds is payable in New York, and the investor lives in Chicago, the cost of exchange must be considered as a deduction from the total income return. The interest on some bonds is payable either at New York or Chicago.

TESTS FOR PUBLIC UTILITY BONDS

It is not possible in a short-range discussion to point out the tests for selecting all classes of investments, or even of all classes of bonds. By way of illustration, however, something may be said concerning public utility bonds since this class of securities is probably growing in importance faster than any other group.

These bonds are the obligations of corporations engaged in furnishing such facilities as electric light and power, gas, water, telephone, traction, etc., as distinguished from railroad and industrial corporations. Public utility bonds are usually secured by some kind of mortgage upon the properties of the issuing corporation. The demand for the services of public utilities has grown very rapidly since 1870, with the result that property values in all growing and progressive communities have undergone considerable enhancement. This situation may be expected to continue, so important are public utility corporations in city development and in raising the standard of American life. Consequently, their extensive properties are normally capable of providing ample and increasing security for bond issues, which, although not so well known as Government, municipal, and railroad

bonds, are in high investment favor, with generally higher yields.

Except Delaware, Iowa, and Texas, each state has created a Public Service Commission for the purpose of regulating the public utilities within its jurisdiction. It is the function of these commissions to supervise the operations of public utility corporations, to require accounting and operating reports, and to approve or disapprove the issuance of new or additional securities, with a view to protecting the rights of the corporation, public, and investors. Securities bearing the approval of a public service commission are reasonably certain to possess all the qualifications of a thoroughly sound investment.

In testing the soundness of public utility bonds, the following points should be investigated: (1) possibility of growth of the territory served; (2) nature of the lien, i. e., whether a first mortgage or a lien junior thereto; (3) capability of the management; (4) satisfactoriness of the mortgage provisions; (5) whether earnings show a fair margin of safety over operating expenses and interest requirements; (6) whether the equity behind the issue is sufficient to provide a fair margin of safety; (7) whether the franchise situation is satisfactory; and (8) marketability.

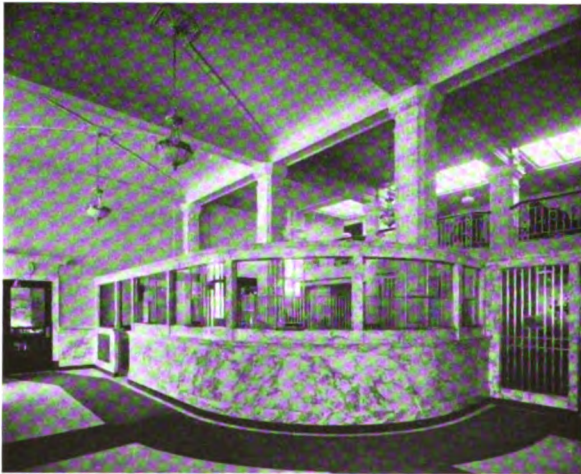
PRINCIPLES OF DIVERSIFICATION

Perhaps the foremost principle of sound investing is that of distribution of the risk, more popularly expressed in the maxim, "Don't put all your eggs in the same basket." This principle, usually applied by conservative investors, and enforced upon the banks by the banking laws, implies the spreading of the investment funds over a number of media, instead of a single medium. As an illustration of diversification in investment holdings, a fund of \$100,000 might be divided in the following proportions as between different classes of investments: real estate \$20,000; first mortgage real estate bonds \$10,000; Government bonds \$10,000; railroad bonds \$10,000; public utility bonds



Building of the Sanford Trust Company,
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THE building for the Sanford Trust Company, Sanford, Maine, is a composite structure and partly occupied by the trust company. The material used is cut cast stone for the first story and golden brown tapestry brick with terra cotta trimmings for the upper stories, thus producing a very pleasing effect.



Main banking room, Sanford Trust Company,
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\$10,000; industrial bonds \$10,000; preferred stocks \$10,000; and carefully selected common stocks \$20,000. The theory of diversifying investment media is to reduce the risk of loss to as near the vanishing point as possible without at the same time unduly sacrificing income. One investment medium may prove unprofitable, but it is unlikely that disaster will befall all of them, but if so, then certainly not in the same measure.

Distribution of risk does not preclude specialization in one class of investment media provided diversification in a single class is obtained. One who decides to invest exclusively in bonds should not purchase only railroad bonds, and certainly not the bonds of a single railroad. If bonds are to be the investor's specialty, purchases should be distributed among Government, municipal, railroad, public utility, and perhaps industrial issues. One may, however, specialize in railroad bonds exclusively, and still secure a distribution of risk (although to a less extent) by purchasing bonds of different railroad companies from among various classes of liens. Neither does the principle preclude the selection of the highest-grade investments in each class of investment media; it simply demands that the investment be spread among several particular possibilities in a given class. Diversification is less important as a safeguard against loss in the high-grade investments.

A practical application of the use of this principle is exemplified in the case of bank loans and investments. National banks are not permitted to lend more than 10 per cent. of their combined capital and surplus to one borrower (with certain exceptions). Good management requires, moreover, that a bank extend loans not only to a large number of businesses and persons but also to borrowers who represent a high diversity of business types. Savings banks are permitted to invest only a part of their deposits in various classes of bonds and mortgage loans. One of

the functions of bank examinations is to see that the legal restrictions giving effect to the principle of distribution of risk are not violated, to the end that the depositors' interests may be fully protected.


LEGAL INVESTMENTS FOR SAVINGS BANKS

In practically all the states, savings banks are restricted in the investment of deposits to certain types of securities. The chief reason for supervising savings bank investments is to remove the personal element, to enforce conservatism and diversification, and to make savings banks as "fool-proof" as possible. While the laws of the various states differ quite widely in the particular selections of investments permitted, in general legal savings bank investments may be classified in the following groups: (1) Government bonds; (2) state bonds (usually prohibiting those in which a default has occurred within a certain time); (3) mortgage loans; (4) city, county, town and school district bonds (especially of the state in which the bank is located and often in other states with certain restrictions as to debt limit); (5) railroad bonds (sometimes with the restriction that the aggregate stock of such railroad bear dividends at a certain minimum rate); (6) street railway bonds; (7) industrial bonds; (8) stocks (not permitted in strict states); and miscellaneous investments, including loans secured by such collateral as is eligible for investment, and bankers' acceptances.

Mortgage loans are made legal investments in all states, as well as investments in Government, state and municipal bonds, and loans with these securities as collateral. Bank stock is a common investment in New England. Personal loans are quite general throughout the United States, while in the South and West, commercial paper is frequently the principal asset.

LEGAL INVESTMENTS FOR TRUST FUNDS

The laws of the several states vary widely in investments permitted for



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trust funds. Fiduciaries, especially trustees, must observe the law, except where the testator by will gives the trustee absolute discretion in the investment of the funds of the estate. The investment to which the fiduciaries are restricted (as well as legal savings bank investments) are standards which provide valuable guides to other investors, and reference is frequently made in bond circulars to the fact that an investment is legal for trust funds in certain states where the law is known to be strict.

New Hampshire probably has the most stringent laws of any of the states, and except where otherwise authorized by the trust instrument, investments are confined to (1) notes secured by mortgages on real estate at least double the value of the face of such notes; (2) deposits in savings banks of New Hampshire; (3) bonds or loans of the State of New Hampshire, or of counties, towns, or cities in that state; and (4) bonds of the United States.

In New York the restrictions are almost identical with those of New Hampshire, investments being restricted to United States bonds, New York state bonds, bonds of cities and towns in New York state, and mortgages on unencumbered improved real estate within the state not exceeding two-thirds the value thereof. Vermont may be taken as an example of a less "strict" state, the trustee being required only to use good faith, diligence and care in the investment of any trust funds that may come into his possession.

INVESTMENT BANKING

The function of investment banking is to finance the capital requirements of business and governments, as distinguished from seasonal or current requirements. The investment bank or banker is the middle term between businesses or governments which require capital for the purchase of fixed assets, e. g., the expansion of plant and facilities, and the ultimate investor, who has capital to lend.

New and developing enterprises come to the investment bank for aid in the financing of their capital needs. The investment banker then analyzes the affairs of the applicant for investment credit in order to determine whether he is justified in undertaking to finance the enterprise. This analysis is usually exhaustive, involving a study of the territory served, the assets, earnings, sales, markets for the product, character of the management, and likelihood for success (or continued success). If the financing is undertaken, the kind of securities is then selected, and the amount, security, rate, and price, are agreed upon.

An investment bank is required to have a large capital since it must be in a position to "clear" large blocks of securities. However, these securities are available as collateral for loans, and normally an investment bank has good credit facilities at a commercial bank. In sum, investment banks and bankers are dealers in securities—purchasers in the wholesale market and sellers in the retail market. Securities are bought from the issuing organization, from an underwriting syndicate, or in the open market, and sold to private and institutional investors. Investment banks are in no wise pledged to indemnify investors against any loss which may be sustained because of a decline in the market value of securities sold.

THE INVESTMENT MARKET

The channels or outlets for distributing investment securities are rather broad and may be classified as individual and institutional. Individual buyers are private investors, pools, the speculative public, and trustees for trust estates. Institutional buyers include savings banks, commercial banks, mortgage companies, trust companies, savings associations, insurance companies, investment associations, business concerns, eleemosynary institutions, foundations, trade unions, fraternal orders and clubs, college and other endowments, and the like.

A bond issue is said to be well distributed when it is in the hands of many individuals and institutions—all holding relatively small amounts, especially when these holdings are regarded as permanent. When an issue is largely in the hands of speculators, pools, cliques, and business concerns, where blocks are being held for speculative purposes with the intent to dispose of them when market conditions are favorable, it is said to be undigested.

SYNDICATES

Perhaps the chief means by which investment securities are sold is through syndicates. A syndicate is a group of banks, investment bankers, or securities corporations which organize to underwrite an issue of bonds, notes, or stock from a corporation or governmentality. The function of a syndicate is to furnish new or additional capital through the purchase at wholesale of the capital issues of the organization requiring to be financed, and the sale of these securities to the investing public through participating members. The term may therefore apply to the original syndicate which buys the securities, known as the "underlying syndicate" or syndicate on original terms, or to the investment bankers, stock exchange brokers, and banks which sell them to the ultimate investors known as the "distributing syndicate."

When bonds or stocks are issued by a corporation or governmentality (e. g., a municipality), it can choose one of two ways of marketing them. They can be sold "over the counter," i. e., the issuing organization can find its own market, or they may be sold directly on a wholesale basis to an underwriting organization. On account of the specialized marketing facilities of large investment banks, the latter method is usually selected. Some one investment bank may act as the sole underwriter, or else an underwriting syndicate may be formed consisting of a group of investment banks. The latter practice is customary because it permits of a

minimization of the risk among the members of the underlying syndicate, and enables the participating members (of the distributing syndicate) to offer a well diversified list of securities to their customers.

Each member of an underlying syndicate contributes a certain part of the required capital, and becomes obligated to dispose of an agreed upon portion of the issue. The active management of the syndicate rests with one of the investment banks, known as the "syndicate manager," whose duty it is to see that the terms of the syndicate agreement are carried out, to handle the accounts, to prepare the advertising, and to take initial custody of the securities.

The securities purchased by the underlying syndicate are sold to the public through enlisting the services of banks, brokerage and investment houses throughout the country with whom the members of the underlying syndicate have affiliations. Members of the underlying syndicate are primarily wholesalers, while members of the distributing syndicate are retailers.

The following example will serve to illustrate the typical method employed in syndicate organizations. Suppose that a corporation wishes to float a \$50,000,000 bond issue, and that the underlying syndicate agrees to purchase the entire block at 95, remitting to the corporation within the agreed time the proceeds, or \$47,500,000. The underlying syndicate will then organize a distributing syndicate, consisting of banks, brokers, investment houses, and other financial institutions throughout the country, who are invited to enter the distributing syndicate as participating members by agreeing to purchase a certain block, say at the price of 98, or three points advance over the cost to the underlying syndicate. Members of the underlying syndicate will also have the privilege of subscribing to the bonds at the price they are offered to the public, less a selling commission of say 2 per cent. At the same time the syndicate managers will advertise the terms

of sale of these bonds to the public, say at par and accrued interest.

The underlying syndicate members usually apportion or allot the entire issue, except such amounts as they subscribe for themselves (to be sold to their own customers), among the various participants in the distributing syndicate in proportion to their financial and sales ability to absorb them as determined by past experience. The participating members' profits consist of the difference between the public offering price and the price at which they are purchased from the underlying syndicate, and they become bound to pay for the amount of their allotment regardless of whether they are sold or not within the syndicate period. Oftentimes, however, the syndicate period is extended if selling conditions are difficult. The underlying syndicate's profit consists of the difference between the purchase

price and that at which the securities are sold to the participating members. In the above example, the profit (assuming the bonds are entirely sold) would be \$1,500,000, less the expenses of the syndicate and the syndicate managers' commission. Each member of the underlying syndicate shares in the profits or losses in accordance with the ratio that its participation bears to the total amount of the issue. If the underlying syndicate is not successful in selling all the bonds to the members of the distributing syndicate or through its own distributing channels, then the unsold portion will be allocated to the members of the underlying syndicate pro rata with their participation at the price of 98.

(Reading assignment and questions for this article appeared in the December number.)



THE banking profession has a tradition. This tradition is an unwritten code of ethics, a long series of enterprises and experiences. It is an honorable tradition accumulating from generation to generation. It has extended the frontiers of business, mapped the continent with railroads, dotted it with great industrial enterprises, furnished funds, provided credit, infused new life into dying adventures and made the oceans gleam in the white wake of merchant ships that carry commerce to the ends of the earth.—*Laurence F. Hendricks.*

Facts vs. Fiction About Business in Southern California

By J. F. Sartori

President Security Trust & Savings Bank, Los Angeles

VARIOUS unfavorable reports have been generally circulated throughout other sections of the country as to conditions in Los Angeles and Southern California. These reports are so fantastic and so far from the truth as to warrant the statement that they are ridiculous to all who have the means of ascertaining the facts. However, these means are not available to thousands of people who are genuinely interested in this region, and with them, distorted rumors and exaggerations of temporary conditions may be accepted as facts if permitted to go unchallenged.

The confusion and doubt which these bizarre tales are calculated to create may best be dissipated by an impartial statement of facts in regard to Southern California business during the course of the past year.

The facts are these: Since last spring we have had to cope with a combination of factors of an unfavorable character. A statewide epidemic of foot-and-mouth disease among cattle was more severe in Southern California than in some other parts of the state and did some damage to livestock.

But, due to splendid co-operation between local, state and Federal authorities, the epidemic has been completely abated, and although there were some losses, these have been largely compensated through state and Federal aid. The total losses in the state, after all, amounted only to little more than 1 per cent. of the total number of animals, not a sufficient loss to deplete our herds seriously.

At the same time, due to rainfall shortage, we were faced with the prospect of an inadequate water supply and the anticipation of unfavorable effects upon crops, grazing lands and hydro-electric power supply.

While the rainfall shortage has resulted in short crops in some lines, it now appears likely that the price situation at the end of the season will bring to many growers a return about equal to 1923; and the short harvests will have a favorable effect on this year's return due to the reduction or wiping out of carry-overs.

SITUATION IN REGARD TO PRINCIPAL CROPS

This fact is illustrated by the situation in regard to Southern California's principal crops. It is estimated that the citrus fruit yield for 1924 will be \$56,000,000 as against \$60,000,000 in 1923; that the walnut crop will yield \$14,000,000 for 1924 as against only \$10,700,000 a year ago; that beans will bring to Southern California growers \$5,000,000 as against \$6,000,000 in 1923; and that there will be substantial returns from cotton and hay. These crops aggregate fully 70 per cent. of the value of Southern California products.

One of the causes of greatest concern arising from the lack of rain was the feeding of cattle, and there were predictions of many deaths from starvation. It now appears that the feed situation has been much better than anticipated. In fact, there was no shortage for 1924 of hay in Southern California. Production of alfalfa was approximately the same as in 1923. This is the best possible refutation of the statement that farms have suffered materially from lack of irrigation. The estimate of statewide production of hay for 1924 is 4,530,000 tons as against 5,219,000 for 1923.

The assertion that there has been any scarcity of either fruits or vegetables may be answered by official Govern-

ment estimates that California for the past year produced fully a fourth of the entire national output of fresh fruits and vegetables. Any statement as to a shortage is a deliberate falsehood.

Regarding the reports about shortage of water for bathing or any other domestic purposes, a flat denial will suffice. From January 1 to October 1, 1924, there have been consumed for domestic uses in Los Angeles 81,125,562,699 gallons of water as compared with 26,109,703,920 gallons in the corresponding period of 1923, according to the municipal water department. While the community was advised to be conservative in the use of water, farmers have been irrigating their lands, golf courses have been irrigated freely and every normal use for water has been supplied. Reports to the contrary notwithstanding, all Southern California lawns were green.

THE HYDRO-ELECTRIC POWER SITUATION

The hydro-electric power shortage has been neutralized by rationing and economies which have hardly been perceptible. Restrictions of any kind have only been in effect since July 1. At that time a 25 per cent. curtailment in uses was decided to be necessary. To effect this curtailment it was decided to apply restrictions to street lighting, sign and display lighting, street railway service and agricultural uses. Domestic uses were not affected except indirectly by the above restrictions and by voluntary economies. The above restrictions were maintained in full force only during the month of July. On August 1 all restrictions on sign and display lighting were removed and on October 27 the ban which had existed on certain street lights was removed and all streets were returned to full brilliancy. The abandonment of the skip-stop system on street car lines and all other restrictions occurred on November 10, following rainfall which sufficiently restored storage supply of water.

The fact that economies were for a short time necessary due to subnormal



J. F. SARTORI

President Security Trust & Savings Bank,
Los Angeles

rainfall does not mean that less electrical energy was consumed in Los Angeles in 1924 than in 1923. More was consumed. The consumption of all forms of electrical energy for all purposes in the city during the first ten months of last year has been 653,000,000 K.W.H. as against 580,000,000 K.W.H. during the corresponding period of 1923.

Another point which should be understood is that such a shortage of power could hardly take place again, even during a dry year. There is no lack in potential supply of hydro-electric energy. Huge projects for further development of the potential supply are under way by the power companies. But so fast has been the growth of Los Angeles that even the most energetic efforts of the companies have not been able to keep up with the demand. This coupled with the lack of precipitation caused the temporary shortage last year. These projects when completed will provide

great additional supply, but as added precaution the companies are rushing to completion large steam plants which will form an added auxiliary during any dry year.

ACTIVITY IN OUTLYING REAL ESTATE

Finally, the extreme activity in the outlying real estate subdivision market, which was a natural concomitant of the great increase in population since the War, materially and properly abated about the beginning of the second quarter of last year. There was a fear that a slump might ensue, bringing with it a drop in values and distress to many people, due to the great expansion of outlying lands for residential purposes. Most fortunately, no such evil results have occurred. The intense activity in sales came to an end last spring, although since that time several subdivisions have been placed on the market with fairly successful results.

Very remarkably, there has been practically no decline in values—certainly not enough to precipitate the catastrophe that was predicted by some.

I believe one explanation of this is to be found in the fact that our people have lived up to the obligations which they had incurred and have faithfully kept up their instalment payments on real estate. This belief is borne out by reports from real estate firms and the trust departments of banks, which state that defaults have been surprisingly small, being little more than 10 per cent. of payments more than sixty days overdue, which is the normal condition.

The fact that people have been able to make their payments is itself strong evidence of active business and little unemployment.

Rents have declined to some extent but not seriously, due apparently to successful resistance, so far, on the part of landlords. In the case of multiple dwellings, where vacancies have been largest, the landlords have seemingly preferred to continue to operate at partial capacity rather than seriously to reduce rents.

Reports of a modest renewal of ac-

tivity are beginning to come in from real estate quarters and a stiffening in the prices of residential properties has been noticed lately.

The alleged drop in real estate values in Los Angeles City is conclusively controverted by the comparative figures of assessed valuation of property for 1923 and 1924, issued in July of each year. These are as follows: July 1923, \$996,950,520; July 1924, \$1,368,013,900; an increase of \$371,063,380 or 40 per cent.

The foregoing analysis of our recent business situation—and the fact that there has been no such depression in and about Los Angeles as has been reported—is substantiated by the statistics generally accepted as indicative of business trend.

BANK DEPOSITS AND CLEARINGS

Of particular importance to us are the figures of bank deposits in Los Angeles made available as the result of the state and national calls of October 10. Total deposits amounted to \$891,746,163, an increase of \$96,596,571 or 11 per cent. over the call of September 14, 1923, when they were the largest of any third-quarterly call in our history. This is all the more significant since the present figures have been less influenced by accretions through mergers with outside banks than those of the corresponding period in 1923. The percentages of increase in state and national bank deposits were practically the same. The totals were the largest of any of the calls last year. Most striking of all is the fact that savings deposits were \$438,017,443 as compared with \$380,906,520 at the corresponding date in 1923, an increase of \$57,110,913, or 14.9 per cent. This could not have taken place had there been conditions here even approaching those described in reports which have been circulated. Any distress would have immediately been accompanied by the withdrawal of savings from the banks.

The volume of bank clearings is perhaps the most generally accepted index of the general business condition, and

the figures for bank clearings for last year live up to their reputation as reflecting very admirably what I have given as a general review of the situation. While monthly clearings have been running slightly less than the corresponding months of 1923 during these last six months when we have been experiencing the summer difficulties, the total for the ten months up to and including October has been \$5,978,892,190 as against \$5,771,547,400 during the corresponding three-quarters of 1923, or an increase of 4 per cent. I believe this is a most creditable showing, since we must remember that 1923 in all lines was a record-breaking year.

THE VOLUME OF BUSINESS

Another excellent index of general conditions is the volume of business transacted by the retail stores. The volume of retail trade in Los Angeles is measured by the business of the six leading department stores who confidentially report their sales each month to the Federal Reserve Bank, which in turn lumps the figures and publishes them in the form of a percentage of increase or decrease over previous periods. These show that for last year the volume of business averaged 10 per cent. greater than during the corresponding period a year ago.

Sales in September were 12.5 per cent. less than in August, but this represents only a normal seasonal decline, August being a month of heavy buying in anticipation of the opening of school. September, 1923, dropped 18 per cent. from August, 1923; hence our position for 1924 was relatively better.

Postal receipts are a very good gauge of business activities due to the fact that so many commercial transactions involve use of the mails. Receipts of the Los Angeles Post Office show a very healthy condition. Each month in 1924 exceeded the corresponding month of 1923; October, 1924, receipts showed an increase of 19 per cent. over October, 1923, and the total for the first ten

months of 1924 was \$6,293,984, as against \$5,505,563 during the same period in 1923, or an increase of over 14 per cent.

From many other sources could be drawn additional statistics to show that conditions in every line of endeavor here are as favorable, if not more favorable, than in 1923. For instance, the number of telephone installations on the Los Angeles Exchange at the end of October 1924 was 252,500 as compared with 207,980 at the same time in 1923, an increase of 21 per cent. The number of water services in use at the end of September, 1924, was 203,599, compared with 185,476 at the same time in 1923, an increase of 9 per cent. The number of services has increased 7 per cent. since January 1, 1924. The number of gas meters in service on November 1, 1924, was 328,955 compared with 293,509 at the corresponding date in 1923, an increase of 11.9 per cent. The number of revenue passengers carried by the street railway was 5 per cent. greater during the first nine months of 1924 than the corresponding period of 1923. Average school attendance in 1924 was 14.5 per cent. greater than in 1923, and attendance at the two leading universities in Los Angeles was 9.8 per cent. greater. The total commerce passing through the harbor during the fiscal year ending June 30, 1924, was \$634,939,403, which was \$75,000,000, or 11.8 per cent. greater than that of the previous year.

THE BUILDING SITUATION

In closing this review there is a word to be said about the building situation. Having to some extent caught up with demand, building was less in 1924, but activity is still well above normal. The monthly building rate in Los Angeles should be about \$9,500,000, considering the present size of population and the current level of building prices. It averaged \$13,000,000 per month through September. At the end of

September we had accumulated a total of \$128,469,000.

Not only did Los Angeles build at a substantial rate during 1924, but it has been holding a high place in the nation's building. During the first three-quarters of 1924 it held fourth place among all cities of the country, being exceeded only by New York, Chicago and Detroit. It has exceeded Philadelphia, more than doubled Boston and

Cleveland, and more than trebled Baltimore, St. Louis and Washington, D. C. On the Pacific Coast, it has been five times as great as either Oakland, Seattle, or Portland, and has almost trebled San Francisco.

Taking these facts into consideration—and they can be abundantly verified—we must conclude that the current derogatory reports about conditions in Los Angeles are maliciously false.



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 noticed that some companies, even though they show individual items of notes receivable, will show one item of reserve for bad debts. As it is our practice not to carry the reserve for bad debts as a liability but rather to deduct it from the corresponding asset, we are often at somewhat of a loss to know the usual way the item is handled. Would appreciate a line from you as to your policy.—E. L. M.

ANSWER: We also make it a practice of deducting bad debt reserve and carrying the asset as net. In the event that both the notes receivable and the accounts receivable item is shown, if the reserve be moderate, we deduct it from the larger item. If the reserve is very large and would have a very serious effect on that item it is our procedure to group the receivables and deduct the reserve therefrom.

QUESTION: When a company shows in its net worth an item of "Capital Surplus" as below how should this item be considered?

Preferred stock	\$3,000,000
Common stock	2,000,000
Surplus	4,684,962
Capital surplus	867,351

Would you please give some advice as to the nature of the item and whether it should be grouped with surplus? I do not come across it frequently, but would be interested in your views.—K. L. B.

ANSWER: Capital surplus is surplus which is not the result of the profits from ordinary operations. It might be derived from several sources. For example, if the company were to sell some stock, the selling price of this stock might be in excess of its par value. In this event the excess amount received for the par value would properly be designated as capital surplus. Capital surplus could also come from unused or extraneous profits, forfeited payments on stock subscriptions, assessments in full paid stock, amount by which redemption price of stock retired is less than par, profit on sale of treasury stock repurchased for value, or excess value of tangible property over stock for which it is received in payment.

Revised Edition of a Useful Bank Credit Manual

A REVISED edition of "The Bankers Credit Manual," by Alexander Wall, has recently been issued by Bobbs, Merrill & Company. The original publication of this work four years ago met with widespread approval. Mr. Wall does not require introduction to any bank credit man. The ideas and theories which he has advanced are known to all.

Many are familiar with the original issue of the manual. While the revised edition does not in many respects differ materially in purpose from the initial publication, it is to a considerable degree enlarged in its scope and enhanced by being brought up to date and supplemented in various ways, improved in many respects, and containing, as it does, much in the way of suggestion, it is an interesting publication. It supplies food for thought, and can be read and studied with considerable profit. It would be wrong to say that the book is deserving of a place in the credit library inasmuch as it is rather deserving of a place in the mind of the keen credit man and only after due study and consideration is warranted in being left on the library shelf. The main thought, statement analysis, while previously advanced by the writer and receiving publicity, as it has, through the efforts of the Robert Morris Associates, is ever interesting, and developments along this line fully justify the revised edition.

The publication opens with a brief survey of the inception of credit granting from the ancient methods of barter and exchange of goods. Following this historical chapter, the author discusses the functions of a bank credit department and also sources of credit information. During the course of these chapters he talks of the banker's position in business society, the functions he performs, and the fact that his duty is to safeguard against unreasonable losses, but to be willing to take a reasonable

risk. He also sets about to assign values to the various phases of the risk, and suggests methods for the securing of information relative to these various features.

For the next several chapters Mr. Wall discusses statements, the nature and composition of the statement items, and desirable information in connection and support of the balance sheet. It is in these chapters pertaining to statements that Mr. Wall suggests much. It points out weaknesses in following the current ratio alone, and the established practice of the usual comparative form of statement analysis, pointing out the desirability of a more detailed and mathematical reduction of the analysis of the balance sheet. He suggests the use of eight ratios each reflecting a feature with regard to the financial policy of management, etc. A discussion as to the advisability of the development of typical or group statements follows. This development is the combination of a number of balance sheets of companies engaged in the same line of business, and the deriving therefrom of a typical balance sheet of that industry. From this representative balance sheet he takes the same ratios and contrasts the ratios developed from the individual statements to the ratios which are developed from the group or typical balance sheet. As to a method of further reduction of the balance sheet to an index figure he advances a solution. From eight ratios developed he uses five, to each of which he assigns a percentage value, the aggregate of the five percentage values given being equal to 100 per cent. The result derived from the comparison of the five ratios of an individual statement to the corresponding five of the group statement is figured in with the percentage weight, and an index figure is thereby produced. In support of the theory here advanced, the author has made a statement analy-

sis of two companies from this standpoint, which analysis covers a period of several years. These analyses are most interesting and reflect the possibilities that are contained in a statement analysis such as the writer proposes. Leaving the statement after a full discussion of the development of barometric analysis and the 100 per cent. statement, he discusses budgeting, setting forth the method of procedure. This chapter is most interesting and perhaps contains an idea not entirely as firmly planted in the minds of many as it might be.

Following this Mr. Wall enters into a discussion of the moral risk, taking the three C's of credit and presenting them from a different angle than is usual. He lays particular stress in this chapter on the cycle of business prosperity and depression. Reason for the purchase and features to be taken into consideration

in the purchase of commercial paper constitute the subject matter of the next chapter.

The author, now drawing near the close of the book, inserts some suggestions found along the line of plant inspection, mentioning methods of procedure and features which merit attention in the course of a plant inspection. The book closes with a chapter of a miscellaneous character in which certain forms relative to authorization to borrow, authorization to open an account, balance cards, and various forms, are presented. There follows an appendix containing a number of statement forms which are in use by many banks throughout the country, as well as typical group statements, studies of several lines of industry which the writer has developed.



Westinghouse Head Predicts Electrical Prosperity for 1925

INDICATIONS for continued good business in the electrical manufacturing industry are quite favorable," states E. M. Herr, president of the Westinghouse Electric & Mfg. Co. "Building, while lessened in volume at present, gives indications of resumption in large volume early this year. The number of building permits issued is increasing and the increase in iron and steel production is a good indication of activity in this line.

"Railroads, which have been using large quantities of steel products for many months, are continuing their purchases in large volume.

"Manufacturers, who have been buying sparingly during the fall, are beginning to increase their orders and are planning for large future commitments. Prosperity in the iron and steel industry

is almost invariably followed, after an interval of about three or four months, by a corresponding uplift in the production of electrical machinery and appliances and one can, therefore, confidently predict that an improvement in the demand for electrical products at least equal to that for iron and steel will be felt not later than February or March. Owing to the more rapid development of the electrical industry, this improvement should be greater in proportion than the improvement now in evidence in the iron and steel business.

RAILROAD ELECTRIFICATION

"Another favorable factor is the improvement in the position of our railroads from the state of great uncertainty as to their future which prevailed before the results of the recent election

were known. As railroad operators are now assured of a very considerable period of undisturbed opportunity to develop their business along progressive and economical lines, and are also given permission and even urged to make such favorable combinations with other roads as good business judgment dictates, their earning power is not only secure on reasonably optimistic estimates, compared with past performances, but may in many cases be expected to improve greatly over anything heretofore possible. This condition, coming at a time of easy monetary conditions and ample cash resources in the country, will surely lead to the early accomplishment of many of the plans for electrification so long delayed on account of the very unfavorable fiscal conditions and hostile attitude of Congress.

"The great improvement in the financial situation among the farmers of the Northwest will be helpful, not so much in their direct purchases of electrical products, although these are steadily increasing, but more especially in the indirect effect of their increased prosperity in other lines, which in turn require electrical machinery and appliances in a larger and larger amount.

RADIO

"The very remarkable growth in the demand for radio devices of all kinds is entirely unprecedented, having progressed from nothing to a business for the country as a whole of about \$350,000,000 per annum during a period of less than four years. This development is much more important for the electrical manufacturer than even the surprisingly large figure given above would indicate. Radio devices require power to operate them and while this is small in each individual set, the number of sets in use is so large an aggregate that the total power required is considerable. It involves storage batteries in large numbers and the rectifying devices with which they are charged, as well, thus placing an additional load upon the power plants furnishing this energy and in turn requiring more apparatus and appliances in these power plants.

"Another important increase in the demand for electrical machinery arises from the inter-connection of large electric power generating stations, necessitating changes in the circuit breakers and control apparatus. Altogether, the electrical manufacturing industry can expect a fair and increasing volume of business during the next year and possibly for a much longer period."



Union Trust Company Gives Novel Entertainment

MORE than 2500 men, women and children, prominent in Chicago's business and social life, were guests of The Union Trust Company in historic Orchestra Hall, on the evening of November 25, at which time there was staged a novel entertainment of music and speaking under exclusive auspices of officers and directors of the institution.

The entertainment, which is expected

to set a precedent in customer relationship among large banking houses throughout the country, brought forth an attendance which completely filled the theater. Late comers were cared for through several hundred chairs placed on the stage directly behind the singers and speakers.

Promptly at 8:20 Harry A. Wheeler, president of the bank, appeared on the stage, and with a few well chosen re-

marks welcomed the audience to the Union Trust Company's first big party. He pointed out that the sole purpose of the affair was to bring together at least a part of the Union Trust Company's



RALPH PARLETTE

Writer and publicist, well known at state bank association conventions, who helped to entertain the gathering

"big family" for an evening of entertainment and in an atmosphere where they could lay aside their respective cares and worries. That the guests were in a happy frame of mind and appreciated the invitation, was attested by the applause from all sections of the audience which greeted Mr. Wheeler's remarks.

Soloists of international reputation who thrilled the guests with more than an hour's entertainment, included Miss Jessie Isabel Christian, soprano; Jacques Gordon, violinist; John Robbins, baritone, and Walter P. Zimmerman, organist.

Ralph Parlette, nationally known humorist and philosopher, was the principal speaker of the evening. Following a brief account of his recent trip to Europe, Mr. Parlette brought forth many laughs and frequent applause with his homely philosophy and spontaneous humor. He is well known as a speaker at state bank association conventions and meetings of chambers of commerce.

Chicago newspapers, as well as the Associated Press, carried accounts of the event, which is said to be the finest of its kind ever held in America. Weeks of planning and arrangements far in advance of the entertainment were made by Paul L. Hardesty, manager of publicity, in co-operation with other officers of the bank.

"We are very gratified and feel well repaid as a result of this new effort in customer relationship," said Mr. Wheeler. "With no precedent to follow we were naturally confronted with many problems in arranging the affair. We did not broadcast our message about it to the general public in advance of the meeting, but extended the invitation to our customers, both by direct mail and by bulletins posted in the bank, as we knew that the theaters's seating capacity was limited.

"Hundreds of letters have been received by our officers from guests present, thanking the bank for providing a wholesome evening of entertainment. The reaction from all sources indicates that everyone had a good time and felt well repaid for attending.

The Union Trust Company, which only a few months ago purchased the Chicago Tribune Building at Madison and Dearborn streets, which structure now carries the name of the trust company, was organized in 1869. F. H. Rawson is chairman of the board.





STATEMENT of CONDITION
as of January 2, 1925

RESOURCES

Jan. 2, 1925

1. Cash on Hand and in Banks	\$ 8,485,765.12
2. Demand Loans Secured by Collateral	14,203,918.79
3. U. S. Govt. State & Municipal Bonds	2,388,600.49
4. Other Stocks and Bonds	3,866,184.34
5. Time Loans Secured by Collateral.....	5,969,826.94
6. Bonds and Mortgages	4,151,081.19
7. Bills Purchased	4,603,487.05
8. Accrued Interest Receivable	198,006.34
9. Customers Liability Under Acceptances and Letters of Credit	497,747.47
10. TOTAL	<u>\$44,364,617.73</u>

LIABILITIES

11. Capital	\$ 3,000,000.00
12. Surplus and Undivided Profits	1,899,011.19
13. Reserve for Taxes	37,566.20
14. Other Reserves	83,907.58
15. Accrued Interest Payable	34,243.86
16. Unearned Discount	27,440.83
17. Acceptances and Letters of Credit	497,747.47
18. Deposits	<u>38,784,700.60</u>
19. TOTAL	<u>\$44,364,617.73</u>



American Trust Co.

BROADWAY at CEDAR ST., NEW YORK
297 Madison Ave, N. Y.
209 Montague St., Brooklyn

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Unremunerative Services

(A special report by the Executive Committee of the Association of Uptown Bankers)

THE Association of Uptown Bankers is a voluntary gathering of those bankers in the mid-town section, who believe there is value in the mutual discussion of everyday problems, and who desire to know one another. The bankers who attend its meetings do so as individuals rather than as officials. As individuals they find it mutually profitable to discuss and analyze the everyday problems common to the entire group, and whatever influence they exert comes from a mutual agreement of many minds. This monthly round table glories in the fact that it is not encumbered with constitution, by-laws or rules. It has no authority and desires none.

During the boom times of the war period, many unremunerated services grew up within banking institutions. Many of them still remain because it has not been realized how expensive they are. The information gathered by a special committee appointed for the purpose served to call attention to the importance of a general review of these unprofitable methods. The data collected, having been referred to the executive committee, that committee now desires to record in more permanent form the following comments:

While the payment of interest on checking accounts is a purely individual policy of each banking institution, nevertheless good business judgment indicates that, if interest is to be paid, substantial balances must be maintained. The legal reserve is frequently deducted before figuring interest on such accounts, or a free balance is required.

Good business judgment indicates the wisdom of applying to small checking accounts a monthly charge to cover the necessary expense and overhead.

Good business judgment indicates that where active accounts do not maintain substantial balances specially printed check books are not warranted unless paid for by depositors.

The monthly paying of depositors' bills, the making up of pay-rolls in en-

velopes for depositors, or the issuing of cashier's or treasurer's checks for group wages or salaries, are special services entitling the banking institution to adequate compensation.

A reasonable charge is warranted for the purchase or sale of securities for the account of depositors unless a direct profit is made through a bond department, as is also a reasonable charge, covering actual cost, for the transfer, exchange or delivery of securities.

Securities left for safekeeping longer than thirty days warrant a service charge.

Every banking institution is entitled to a reasonable profit on foreign exchange transactions. The risk taken and the labor involved are not the kind of service to be given free.

Many banking institutions make application to the Internal Revenue Office for tax experts to assist depositors in preparing their income tax reports. Such service is free, but if additional help is required, involving expense to the banking institution, such expense is properly chargeable to the customer.

The actual cost of obtaining special credit reports is properly chargeable to the depositor requesting such information.

Only in very rare cases has it been found that banking institutions will endeavor to attract new business by offering accommodations at lower rates than those prevailing for their regular customers.

Banks everywhere are finding it unwise to add to the present high cost of doing business, the additional expense of submitting to the demands of unreasonable customers. Such depositors are never satisfied, no matter how much is done for them, and usually have a higher regard and respect for the management that is firm but fair in its policies. The time spent in catering to the demands of unreasonable customers can be better employed in assisting and developing the growth of desirable and profitable business.

Chatham and Phenix Merger

Will Consolidate With Metropolitan Trust. Combined New York Banks Will be Known as Chatham and Phenix National Bank and Trust Company

ONE of the most important New York bank mergers in history will bring together the Chatham and Phenix National Bank and the Metropolitan Trust Company into consolidated institutions having combined total resources of \$288,809,580. The new combination will be known as the Chatham and Phenix National Bank and Trust Company. The main office will be at 149 Broadway. Arrangements for the merger are subject to the approval of the stockholders and banking authorities.

A statement published by the two banks regarding the merger says:

"General Samuel McRoberts, now

president of the Metropolitan Trust Company, will be chairman of the board. Louis G. Kaufman, president of the Chatham and Phenix National Bank, will occupy the same office in the new bank.

"The Chatham and Phenix National Bank was a combination, in the first instance, of the Phenix National Bank, established in 1812, and the Chatham National Bank, established in 1850. These two institutions were merged in 1911, when they received a Federal charter for ninety-nine years to operate twelve branches, which are now established in various locations from the Battery to the Bronx, with two offices on Fifth avenue, one at Eighteenth street and one at Thirtieth street. It was the first national bank to establish branches, preceding all others by four or five years.

"The Phenix Bank, originally a state institution, was started as the New York Manufacturing Company. It was one of the banks in which the senior J. Pierpont Morgan was active, and it was due to his instrumentality that it became a national bank in 1865.

"Although old in years, the Chatham and Phenix banks had made scarcely any progress for many decades, their great growth beginning with Mr. Kaufman's administration, one incident of which is said to be that a branch grew more in a year than the old institution grew in forty years.

"The several banks brought into the Chatham and Phenix by Mr. Kaufman were The Century Bank of New York, Consolidated National Bank, National Reserve Bank, Mutual Alliance Trust Company, Nineteenth Ward Bank, Twelfth Ward Bank, Gansevoort Bank, Security Bank, Monroe Bank, Jefferson Bank, Van Norden Trust Company and the People's Bank. On November 7,



LOUIS G. KAUFMAN

President Chatham and Phenix National Bank, New York, who will occupy the same office in the consolidated Chatham and Phenix National Bank and Trust Company

1921, the New York County National Bank was also taken over by the Chatham and Phenix, and in July, 1922, the Union Exchange National Bank was brought into the Chatham and Phenix system.

"In 1911, when Mr. Kaufman became president, the Chatham and Phenix had resources of about \$22,000,000 as compared with resources at the present time of about \$227,000,000.

"Mr. Kaufman's first bank job was that of messenger in the Marquette County Savings Bank, of which he later became cashier and manager. He is still chairman of the board of this bank. By a special dispensation of the Federal Reserve Board, Mr. Kaufman is also president of the First National Bank of Marquette, with which he became connected after his term of service in the Marquette Savings Bank. Mr. Kaufman was elected president of the Michigan Bankers Association when he was 32 years old, and has served as a member of the council of the American Bankers Association, and on many of its most important committees.

"The Metropolitan Trust Company moved from 60 Wall street to its present location at 120 Broadway in October, 1921, a few months before General Samuel McRoberts became president. Since the end of 1921 the Metropolitan's deposits have more than doubled, and its individual and corporate trust business has been greatly expanded.

"General McRoberts entered New York banking in 1909, as vice-president of the National City Bank. Prior to this time he had practised law in Chicago, and after acting as counsel to Armour and Company, became treasurer in 1904. General McRoberts was the leader in the Armour reorganization, which is regarded as one of the notable accomplishments of recent years. He is



GENERAL SAMUEL McROBERTS
President Metropolitan Trust Company, New York,
who will be chairman of the board of the consolidated
Chatham and Phenix National Bank
and Trust Company

now chairman of the finance committee of Armour and Company, and a director of many corporations, including the American Sugar Refining Company, National Surety Company, American Alliance Insurance Company, Chicago, Milwaukee and St. Paul, Kansas City Southern and Cumberland and Pennsylvania Railways. During the war General McRoberts was chief of the procurement division of the ordnance department, and commissioned a brigadier-general in August, 1918, when he was transferred to the A. E. F. He was awarded the D. S. M. and received the Legion of Honor."



The Chase National Bank

of the City of New York

57 BROADWAY

Statement of Condition at Close of Business, December 31, 1924

RESOURCES		LIABILITIES	
Cash and Due From Banks	\$195,985,488.63	Capital	\$ 20,000,000.00
Loans and Discounts	335,996,097.69	Surplus and Profits	25,461,568.76
U. S. Government Securities	67,106,088.84	Reserved for Taxes, Interest, etc.	2,175,483.77
Other Securities	22,699,328.16	Dividend Payable Jan. 2, 1925	800,000.00
Redemption Fund — U. S. Treasurer	55,000.00	Deposits	570,787,162.29
Customers' Acceptance Liability	\$20,441,421.02	Circulating Notes	1,079,000.00
Less Amount in Portfolio	836,411.42	Acceptances	\$20,589,585.70
	19,605,009.60	Less Amount in Portfolio	836,411.42
Others Assets	268,730.20	Other Liabilities	1,659,354.02
	<u>\$641,715,743.12</u>		<u>\$641,715,743.12</u>

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President, Blair & Co., Inc.

How Bankers View Prospects for 1925

BANKERS seem unanimous in supporting business and industrial leaders of the country in the widespread belief that this country is entering into what gives every promise of being one of its greatest eras of prosperity.

The following statements of several of the country's prominent bankers reflect the general banking attitude at the beginning of the year toward the prospects for 1925.

William E. Knox, president Bowery Savings Bank, New York, and president American Bankers Association:

The people of the United States have seldom if ever been presented with a greater promise of prosperity than today, if many of the current business analyses and forecasts are to be taken seriously.

There are several main factors to which this favorable outlook is attributed. One is the fact that we have won political peace, with an Administration that guarantees economic sanity as far as the National Government is concerned. Another is that our banking and monetary situation was never in a better position to serve expanding business. Industrially, also, the country has ample plant capacity equipped with modern and efficient machinery.

Conditions in employment and wages are such as to insure large buying power from the general public. In agriculture the position of the farmer has been improved by splendid crops and good prices. Financial conditions in foreign countries, whose purchases are required to take up the slack of surplus production of this country, promise better foreign markets.

Granting that this optimism is soundly based it may be pointed out that there is one other factor as important as any of the foregoing if we are to have an era of prosperity that will continue for any length of time. This factor is the mental attitude of our people and the consequent use they make of the opportunity of prosperity that is presented. Many a good team has lost its game through over-confidence, and prosperity is sometimes impaired by optimism.

In the present situation the more cautious fear that there is danger of an era of inflation developing with business activity because of our great supply of gold. But the mere fact that the means are at hand does not necessarily imply that our business

men are going to rush headlong into an era of overtrading and our bankers into a period of undue credit expansion. If business men and bankers continue to use good judgment, expanding their operations only as the demand of the public calls for expansion, thus maintaining equilibrium between production and consumption, we need have no fear of an era of inflation. The longer this attitude is maintained, the longer should the period of prosperity continue.

F. O. Watts, president First National Bank in St. Louis:

A rising tide of optimism with respect to the business and financial outlook has been occurring for several months, and especially since the election. As a matter of fact improvement began long before the election, but so powerful is the psychological element in business and financial affairs that the wide-spread belief of an improvement did not seem to afford a basis of action and expression until after the presidential election had passed. During the past year, there have been very decided improvements in the general industrial situation.

The American farmer, who makes up over one-third of our population, has enjoyed a very decided improvement in his position. While the crop yield this year will not be unusual as far as amount is concerned, yet the prices of farm products have so risen that it is estimated that the American farmer will be a billion dollars better off than he was last year. This means that he will be in the market in the future to purchase goods in greater volume than has been the case during the past year or two. Improvement in business can only come through an increased demand for goods, and our agricultural population will supply, perhaps, the chief demand in the domestic market for an increased amount of goods.

Our situation is, on the whole, in a very healthy condition. There is no great accumulation of goods anywhere along the line from original producer to the stores and shops of the retailers. This means that no clearing of distressed merchandise will be necessary before we enter into this promised condition of improved business.

Another wholesome factor in the situation is the ample supply of commercial bank credit available. The business man is assured of obtaining his funds for some months to come at a very moderate charge. Indeed, the demand, national and international, for funds may be so great that bankers and those in charge of the capital of the country may be enticed into questionable loans and

investments. It is important for the commercial banker to keep his assets liquid and this can only be done by loaning commercial bank funds for working or operating purposes and not for capital investment, whether this be in purchasing land or in manufacturing or merchandising operations.

The banker also, if he is to keep his assets liquid, must keep a proper perspective of what are fair and permanent values as contrasted with the changing prices of commodities. If he will remember the experience which he had several years ago when he made as a basis of loans highly inflated prices of commodities, there will be no danger of his permitting any large part of the liquid capital of the country to become frozen. All in all, the situation is one of promise during the next six months for increased business activity without any fear or promise of unhealthy excesses, if bankers and business men will keep a proper perspective.

Leroy A. Goddard, chairman State Bank of Chicago:

The coming year should be one of opportunity to substantiate conditions on an orderly and well balanced level. Certainly there is every encouragement toward a spirit of frugality and economy, perhaps, in a way not heretofore experienced. We have the conscientious and striking example of President Coolidge, not only in theory but in practice. We also are justified in a well grounded faith that under his direction we will have a sane and sound administration of the affairs of government for the next four years.

I cannot see but that in all activities of industry, commerce and finance, we may look forward to 1925 as a year in which favorable and satisfactory conditions will prevail. The general situation now is fundamentally good. Farming conditions are greatly improved and banks in the agricultural districts are materially strengthened. The growth and upward trend of our large packing houses reflect increasing prosperity in the farming districts. Perhaps the most striking evidence of this upward turn of the tide is in the very large increase of sales with the mail order houses. Building activities are moving on with unabated speed, and there is encouragement in the general employment of labor. Coal mining is one important industry that has not recovered its healthy condition—operators should be realizing better returns.

Our banking institutions in the central reserve cities were never more sound than they are today, although profits in the commercial departments in the banks have declined in the later part of 1924 due to low

rates and also to a material decline in the country balances because of a reduction of interest paid on these accounts. Other departments in general have had a very satisfactory year. Speaking for Chicago in particular, we believe its position in the banking world is more important than ever before and indications are that it will continue in increasing strength. The very large expansion and growth of our banking institutions is attracting general attention throughout the country.

A. W. Loasby, president Equitable Trust Company of New York:

The coming year should be one of prosperity. The danger of foreign competition, which is talked about so much, will probably not injure our business during the year, but its underlying threat will have a beneficial effect in preventing any tendencies toward inflation. Another similar factor is the possibility of an ultimate decline in the volume of building construction. I look accordingly for prosperity without inflation.

Railway traffic in 1925 should exceed in volume the traffic carried in any preceding year of our history. This factor, if accompanied by decreasing operating costs due to improving efficiency, should result in a high level of railway profits. If so, this rehabilitation of railroad finances should lead to profound effects throughout our economic organization. Moreover, the prosperity of the agricultural classes, due to harvesting of total crops estimated in value at over twelve billions, will evidence itself in expenditures during the early months of 1925, with its attendant effect upon general business.

Edwin G. Foreman, Jr., vice-president Foreman Banks of Chicago:

The financial outlook for the coming year gives every indication that we have reason to be optimistic, as we may safely feel that we have passed the post-war deflation and are ascending the ladder of recovery.

Greater purchasing power of our mercantile concerns has caused a substantial increase in manufacturing. The natural result of this is an improvement in employment and labor conditions which, in turn, has a favorable effect on the buying power of the nation.

The farmers are in better circumstances than a year ago, and have reduced their indebtedness to such an extent that they are again in a position to buy. The improved financial condition in European markets will also be reflected in our prosperity, as it enables us to have a greater outlet for our surplus commodities.

We should indeed have a healthy expansion in business, and prosper during the year 1925.

Leonard P. Ayres, vice-president Cleveland Trust Company, Cleveland, Ohio:

In recent years the business world has become familiar with the term "business cycle," and it has learned to use it in referring to the swings of general business that recur every three or four years, and carry commerce, trade, and industry from depression up to recovery, on up to prosperity, down again to decline, and finally to another depression.

The most important fact in the present business situation is that we have just entered a new business cycle in this country. The old one that began in the depression of 1921 came to an end last summer, and a new one is under way.

It is extremely significant that this new business cycle starts off with the same combination of conditions that has existed at the beginning of some of the most notable periods of sustained prosperity in earlier years. It has long been noted that four factors are necessary to produce a period of sustained prosperity in this country. The first is increasing industrial production after a period of depression. The second is good agricultural prices. The third is increasing export demand, and the fourth is easy credit conditions. These four controlling factors came together in combination at the beginning of the record-breaking period of prosperity which began in 1899, and lasted until 1903. They were again present in the so-called Roosevelt prosperity from 1904 through 1907. They were again present during the unprecedented prosperity that lasted from 1915 until the spring of 1920. It is noteworthy that they were not all present during the relatively short prosperity that began late in 1922, and subsided early in 1923.

The notable fact about the present situation is that as we stand on the threshold of the new year of 1925, we are in the beginning of a new business cycle, and this new cycle is starting off with the old combination of industrial activity, farm prosperity, export demand, and easy credit that has resulted in periods of sustained prosperity in earlier years.

It is probable that 1925 will be a year of recovery, reaching prosperity, with greater production, larger margins of profits, accompanied with more speculation in both commodities and securities. Unless weather

conditions prove highly abnormal, 1925 promises to be a year of increasing business acceleration, approaching the speed limit, and in danger of incurring the consequent penalties in 1926.

Festus J. Wade, president Mercantile Trust Company, St. Louis, Mo.:

It doesn't take a pair of rose-colored spectacles to see good business ahead. All conditions added together and summed up show a result which is most gratifying.

Not for a long time has business been tempted to inflation as it has been lately by the cheapness and abundance of money. That this condition has been true for months and that inflation does not now exist, or at least is not apparent, is a good sign. It seems the present generation of business men has learned its lesson—that valleys are on the other side of mountains and depressions follow booms.

It is true that in the past sharp rises in the stock market have been the forerunners of boom times. However, I believe the present acceleration is nothing more nor less than favorable reaction from the election of a business administration. In many cases the rails led the rise, often pulling other industrials up with them. This is perfectly normal and a natural reaction, as the chastisement by ballot administered to the radical element has encouraged the railroads to expect little or no unfair regulatory legislation at this short session. In the absence of such legislation the railroads will be able to expend more, to improve their service and increase their equipment; hence the favorable bearing on the other industrials.

The farmer has had a great grain-profit year, and though the so-called "farm problem" is still with us, one hears less of it than formerly. There always will be a "farm problem" as long as 5,000,000 stockholders try to run a business without a set of officers or board of directors. But the farmer has money to spend and the railroads have money to spend, which conditions, in themselves, are enough to bring prosperity.

With a gradual acceleration of business which seems to be natural, and not a product of inflation; with a rise in stock quotations which seems to be a business endorsement of a business administration, and not a forerunner of an unhealthy boom; with the farmers and the railroads fairly prosperous; and with men in the high places of Government who not only promised economy and lower taxes, but seem to be doing their best to live up to promises; well—1925 looks to me like a good year.

Give A Thought To **1925**

For your St. Louis correspondent, consider St. Louis' largest bank, with over *60 years' experience* in handling bank business, and now serving correspondents located *throughout the United States.*

The First National Bank in St. Louis is constantly alert to increase its measure of usefulness to its large number of correspondents, and is always prepared to render a service commensurate with their needs.

A letter of inquiry will bring you promptly an interesting reply.

FIRST NATIONAL BANK



Broadway-Locust-Olive

LARGEST NATIONAL BANK WEST OF THE MISSISSIPPI

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Eastern States

*Comprising New York, New Jersey,
Pennsylvania and Delaware*

EMPLOYEES SHARE PROSPERITY

The American Trust Company and the New York Title and Mortgage Company have inaugurated a unique profit-sharing plan, by which one-half the fund is paid in cash and the other one-half is placed in trust and invested in stock of the New York Title and Mortgage Company or other securities legal for trust funds. Since the invested fund was established, a year ago, it has markedly appreciated in value. By its terms, each employee receives the benefit of income as it is earned by the fund, the income beginning to be paid to him in cash when his share of the principal amounts to \$1000. Each employee shall receive his share of the accumulated principal when he reaches the age of sixty years—the time of life when, according to life insurance company statistics, such funds are most needed.

SEABOARD NATIONAL BANK INCREASES CAPITAL

An increase in the capital stock of the Seaboard National Bank of New York from \$4,000,000 to \$5,000,000 was authorized by the board of directors at its meeting on December 12. The new stock is to be offered to shareholders subject to the ratification of the plan by them at the annual meeting in January. The price to stockholders will be \$100 per share, against its current market price of around \$475 a share, on the basis of one share of additional stock for every four shares owned by the stockholder. In this way \$1,000,000 in all will be acquired which will be used for enlarging the capital. It is proposed to issue transferable warrants of subscription on January

15, 1925, to shareholders of record on January 14, calling for payment in full on or before February 16, 1925.

The Seaboard National Bank, with a present capital of \$4,000,000, has a surplus of \$6,000,000 and undivided profits of approximately \$2,000,000. The surplus is to be increased to \$7,000,000 by a transfer of \$1,000,000 from the undivided profits account.

Chellis A. Austin, president of the bank, stated that the deposits have nearly doubled within the last three years and are at present in the neighborhood of \$135,000,000. The capital is somewhat out of line now and this increase is needed to meet the demands of an expanding business. It is expected that the present dividend rate of 16 per cent. per annum per share will be continued after the increase in capital is effected.

SHEPARD MORGAN LEAVES RESERVE BANK

The resignation of Shepard Morgan as assistant Federal Reserve agent at the Federal Reserve Bank of New York was announced by the bank last month. Mr. Morgan left New York for France, where he will accept an appointment on the staff of S. Parker Gilbert, agent general for reparation payments under the Dawes Plan.

Mr. Morgan went into the employ of the Federal Reserve Bank of New York in January, 1918, and had been with the institution until his departure to join the staff of Mr. Gilbert. His first work was as controller of the Government Loan Organization, and one year after his entry into Federal Reserve Bank affairs he was made assistant Federal Reserve agent. In that position he had supervision of the relations of the bank with its members and the public, of its statistical service, and of its various published reports.

His training was said to qualify him well to help Mr. Gilbert in his work of directing



THE PEOPLES BANK OF BUFFALO

extends to you all
most cordial greetings and
very best wishes for
**A Happy and
Prosperous New Year**

Four Offices:

**Main and Seneca Sts. (Head Office)
Niagara and Virginia Streets
Main St. at Tupper (Uptown Office)
Michigan Avenue and Perry Street**

Germany's financial affairs, as Mr. Morgan has been engaged in city and Government financing undertakings as well as in private banking practice.

IRVING BANK-COLUMBIA TRUST COMPANY APPOINTS ADVISORY BOARD FOR OUT-OF-TOWN OFFICE

The Irving Bank-Columbia Trust Company, New York, has announced the appointment of an advisory board for its out-of-town office in the Woolworth Building, that city. The creation of this board, which holds a relation to the out-of-town office comparable with that of a board of directors, is another step in the development of the individual completeness in organization of each of the eighteen Irving-Columbia banking offices in Greater New York. Nearly all the offices of the company now enjoy the advice and counsel of boards of this kind. The out-of-town office is a completely

equipped banking unit created to handle exclusively the business of customers in the United States outside of New York City. The membership of its advisory board includes officers of well-known business concerns, operating in various parts of the country.

GUARANTY'S DEPOSITS UP \$36,000,000 SINCE NOVEMBER 15

The condensed statement of condition of the Guaranty Trust Company of New York as of December 31, 1924, shows total resources of \$753,231,281.10 as compared with \$689,842,648.93 at the time of the last published statement, November 15, 1924. The company has deposits of \$621,425,390.73 as compared with \$585,115,054.17 on November 15. Surplus and undivided profits total \$19,366,386.15.

BANK OF UNITED STATES INCREASES CAPITAL

The Bank of United States, New York, increased its capital stock from \$2,000,000 to \$3,000,000. The surplus has been increased \$500,000 and is now \$1,400,000. The total resources of the bank are now over \$60,000,000.

LIBERTY NATIONAL INCREASES CAPITAL

The Liberty National Bank in New York announced recently that the proposed increase in the capital of the bank had been approved by the Comptroller of the Currency. The bank will have a capital of \$1,500,000 and the increase will give it combined capital and surplus of \$2,000,000.

ALOIS MARCUS TO BE FOREIGN REPRESENTATIVE

The Irving Bank-Columbia Trust Company, New York, has announced the appointment of Alois A. F. Marcus as its representative in the countries of Central Europe and Holland, with headquarters in Berlin. Mr. Marcus sailed December 13, to take up his duties.

NEW YORK TITLE AND MORTGAGE INCREASES CAPITAL

With the payment of \$2,250,000, increasing the capitalization of the New York Title and Mortgage Company from \$6,000,-



*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**

000 to \$7,500,000 and the surplus from \$2,000,000 to \$2,750,000, the company now has capital funds of over \$14,000,000, according to an announcement made by Harry A. Kahler, president. The increase in the capitalization is to be used for the expanding business of the company. The new stock was entirely taken by present stockholders.

FULTON TRUST COMPANY

The statement of condition of the Fulton Trust Company of New York as of January 1, 1925, shows total resources of \$14,213,862; due depositors \$12,714,393; capital \$500,000; and surplus \$250,000.

HAMILTON NATIONAL BANK APPOINTMENTS

The Hamilton National Bank, New York, has announced the appointment of Charles S. Doty as cashier, effective January 1, 1925. Mr. Doty is a banker of many years' experience, having been assistant to James D. Cannon, president of the Fourth National Bank; later in the same capacity with the Columbia Bank. He is, at present, an of-

ficial of the Manufacturers Trust Company.

William B. Dodd has been appointed vice-president in charge of new business.

SAMUEL W. REYBURN WITHDRAWS FROM GUARANTY

Announcement is made of the resignation of Samuel W. Reyburn, president of Lord & Taylor and president of the Associated Dry Goods Corporation of Virginia, as a member of the board of directors of the Guaranty Trust Company of New York, because of his election as a Class B. director of the Federal Reserve Bank, a position which precludes membership on any other bank directorate.

Mr. Reyburn was formerly president of the Union Trust Company of Little Rock, Arkansas. He came to New York in 1914, and has won an outstanding position here in business and financial circles.

AMERICAN TRUST DEPOSITS SHOW 45 PER CENT. INCREASE

The American Trust Company of New York begins the year with capital, surplus

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*

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

and undivided profits of \$4,899,011.19 and total resources of \$44,864,817.78. Deposits during the year increased from \$26,751,827.78 to \$38,764,700.60, or 45 per cent.

U. S. SAFE DEPOSIT COMPANY ELECTIONS

At a meeting of the directors of the United States Safe Deposit Company held December 19, 1924. H. L. Servoss was



HENRY L. SERVOSS

President United States Safe Deposit Company,
New York



E. W. DUTTON

F. J. CLAUSSEN

Vice-president and vice-president and treasurer,
respectively, of the United States Safe Deposit
Company, New York

elected president of the company, succeeding the late J. Lynch Pendergast. E. W. Dutton was elected vice-president, and F. J. Claussen vice-president and treasurer. Mr. Servoss is a vice-president of the United States Mortgage & Trust Co.

ANNUAL TRUST COMPANIES BANQUET

Lucius Teter, president of the Trust Company Division, American Bankers Association, has announced that the Committee on Arrangements for the fourteenth annual banquet of the trust companies of the United States had decided to hold the affair at the Hotel Commodore, New York City, Thursday evening, February 19, 1925. The speakers will be Sir Henry Thornton, chairman and president Canadian National Railways, and President Ernest Martin Hopkins of Dartmouth College.

WITH full faith in the integrity and ethics of the members of the banking fraternity, who with great credit have come through the trying period of deflation and with confidence in their ability to serve this great country during the coming years, we extend our sincere good wishes for 1925.

MARINE TRUST COMPANY OF BUFFALO

Resources over One Hundred Sixty Millions of Dollars

NATIONAL CITY BANK

The annual report of the National City Bank of New York shows resources on December 31 totalling \$1,142,329,671, an increase of \$222,155,046 during 1924. Gross deposits amounted to \$916,082,261, a gain of \$184,442,179, the largest on record. This increase occurred principally in domestic accounts.

Net operating profits for the year, after reserves for taxes, pensions, death benefits and management fund, totalled \$11,554,428, from which \$1,331,766 was applied to reserve for contingencies. Dividends amounted to \$6,400,000, and after certain other minor adjustments \$3,394,931 was carried to undivided profits.

The statement showed the bank to be in excellent financial shape and heavily protected by contingency reserves. Satisfactory progress was made in all of its five local branches. Thrift accounts in the compound interest department numbered 65,000 and show an increase in deposits of 56 per cent. over the previous year.

Foreign branches also were profitable, the report showing net earnings from this source

being nearly 80 per cent. in excess of the year 1923.

CHASE NATIONAL BANK

Favorable progress was made by the Chase National Bank of New York last year, the forty-eighth of its existence. Total resources rose to \$641,715,743 on December 31, when it had on hand \$195,985,488 cash and due from banks, and \$67,106,088 in United States Government securities. The total of loans and discounts, \$335,996,097, includes commercial discounts, "Street" loans and customers' loans, both time and demand. The total of other securities was \$22,699,328 book value. The market value is in excess of this amount.

No change was made in capital during the year. The surplus and profit account on December 31, 1924, was \$25,461,568, making the total capital, surplus and profits at the present time \$45,461,568, not including figures of the Chase Securities Corporation.

Profits of the bank during the year, after deducting all expenses and making full provision for all bad and doubtful debts and providing for reserve for taxes, were \$4,-

The Corporation Manual

Twenty-sixth Edition, 1925

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

150 Broadway, New York

954,684, or 24.77 per cent. on the capital of the bank. Out of these profits dividends of 16 per cent. on the \$20,000,000 capital of the bank, amounting to \$3,200,000, were paid to shareholders.

Chase Securities Corporation surplus and profit account on December 31, 1924, was \$5,220,397. Profits for the year after deducting all expenses were \$1,674,329. Of this dividends amounting to \$800,000, or \$4 per share, were paid.



ROBERT F. BROWN

Vice-president and secretary United States Mortgage & Trust Co., New York

U. S. MORTGAGE AND TRUST ELECTIONS

At a meeting of the board of directors of the United States Mortgage & Trust Co. held December 19, 1924, the directors voted the payment of additional compensation of 10 per cent. of the amount of salaries paid to officers and employes during the year.

Robert F. Brown, assistant to the presi-



CHARLES DIEHL

Vice-president in charge of 125th street branch,
United States Mortgage & Trust Co.,
New York

dent, was elected vice-president and secretary, and Charles Diehl was elected vice-president in charge of the 125th street branch.

William J. Wittman has been appointed assistant trust officer of the company.

SAVINGS BANKS ASSOCIATION ELECTIONS

At a meeting of the executive committee, Savings Banks Association of the State of New York, Paul W. Albright was elected general secretary of the association to succeed Joseph A. Seaborg. Mr. Seaborg leaves to become treasurer of the United States Savings Bank, Madison avenue and 58th street, New York City.

Mr. Albright, the new secretary, has been

To Trust Companies Banks *and* Bankers

This Company extends cordial good wishes for a Prosperous New Year, and takes occasion to renew the invitation to utilize the services of its various Departments whenever the opportunity offers.

55 Cedar Street
Broadway at 73rd St.
Madison Ave. at 74th St.
125th St. at Eighth Ave.

UNITED STATES MORTGAGE & TRUST COMPANY

CAPITAL, SURPLUS AND UNDIVIDED
PROFITS - - \$7,400,000

New York

with the South Brooklyn Savings Institution for the past eleven years. He is thoroughly familiar with the work of every department of savings banking, and is ably equipped to handle the work of the association of the 147 savings banks of the state.

INDIVIDUALISM THE BASIS OF AMERICA'S GREATNESS

The maintenance of individualism, which is the foundation of the whole structure of American industry, is essential to this country's continued greatness, Lewis E. Pierson, chairman Irving Bank-Columbia Trust Company, said in an address on December 13 before the Bankers Forum at the Hotel Astor. The guest of honor was William E. Knox, president American Bankers Association, and Mr. Pierson cited Mr. Knox' rise from immigrant boy to preeminence in his profession as a proof "that America is indeed the land of opportunity, where individual success is measured by individual ability, without regard to inherited wealth or position." Mr. Pierson continued: "It detracts nothing from the distinction of our guest of honor to remind ourselves that

his success is not an isolated example of triumph over difficulties, but that a general survey of those who have achieved eminence in American industry and business clearly indicates that the qualities of leadership seem to be more easily acquired in the hard school of experience than in any other way.

"The strength of our country lies in the fact that it has been the individual who has made America great, and America in turn has made the individual successful. This is something which, as Americans, we should never forget. As Americans we can not too often remind ourselves that the whole structure of American industry is built upon the solid foundation of individualism. If individualism is wrong, then the whole structure of American business and of American prosperity is a delusion."

Mr. Pierson described industrial development in America achieved through individual initiative, denouncing proposals of Government ownership of railroads and other public utilities, which, he declared, would deprive them of individual ambition, responsibility and decision.

"Most disastrous of all," Mr. Pierson added, "if our people ever commit them-



ORGANIZED 1890

THE STATE BANK

10 BRANCHES IN GREATER NEW YORK

Member of the New York Clearing House Association

Condensed Statement as of the close of Business, December 31, 1924

Resources

Loans and Discounts	-	-	-	-	-	\$57,183,913.65
U. S. & Municipal Bonds	-	-	-	-	-	14,076,931.52
Short Term Securities	-	-	-	-	-	17,740,201.85
Bonds and Other Securities	-	-	-	-	-	9,987,418.66
Banking Houses	-	-	-	-	-	1,551,971.74
Real Estate (Other than Banking Houses)	-	-	-	-	-	62,750.00
Cash and Exchanges	-	-	-	-	-	13,274,125.32
Customers' Liability, Account of Acceptances, etc.	-	-	-	-	-	2,670,431.51
						<u>\$116,547,744.25</u>

Liabilities

Capital Stock	-	-	-	-	-	\$3,500,000.00
Surplus and Undivided Profits	-	-	-	-	-	5,081,941.64
Reserve for Taxes	-	-	-	-	-	46,686.02
Quarterly Dividend Payable January 2, 1925	-	-	-	-	-	140,000.00
Due Depositors	-	-	-	-	-	105,468,251.71
Acceptances, Letters of Credit, etc.	-	-	-	-	-	2,310,864.88
						<u>\$116,547,744.25</u>

A Comparison of Progress

Year Ending Dec. 31st	Capital, Surplus and Undivided Profits	Deposits
1921	\$6,025,000	\$82,748,099
1922	\$6,829,613	\$87,024,850
1923	\$7,622,591	\$97,739,622
1924	\$8,581,942	\$105,468,252

HAROLD C. RICHARD, *President*

Vice-Presidents

JOHN KNEISEL
CHARLES A. SMITH

WILLIAM B. ROTH
HARRY W. VOGEL

selves to the theory that the Government can do for Americans that which, for more than a century, they have been doing, and doing well, for themselves, they will strike a death blow at the ambition of every American boy. Ambition will not thrive in an atmosphere where the young man is led to believe that he is not the master of his own destiny and that his future depends upon the favor of Government and the caprice of politics. Once the nation turns aside from the splendid doctrine of individualism which has made it great, it will slowly but surely close the doors of opportunity to individual ambition."

JOHN McHUGH SAILS

John McHugh, president of the Mechanics & Metals National Bank, New York, has left for San Francisco, where he will catch the steamship Belgenland on a trip around the world. Mr. McHugh postponed his departure until the arrival of Chairman Gates W. McGarrah from Germany.

WOMAN APPOINTED OFFICER

The Eastern Exchange Bank, New York, formerly the Bigelow State Bank, has appointed Mrs. Evelyn Branch Nichols as assistant cashier at its offices, Broad street and Exchange place. According to the bank she is the second woman in New York City to be appointed to such a position.

During the war Mrs. Nichols, who was formerly Mrs. E. B. Derby, was prominent in Red Cross work.

INTERNATIONAL ACCEPTANCE BANK MOVES

The International Acceptance Bank, Inc., has moved to its offices in its new building at 52 Cedar street, New York.

EMPIRE TRUST COMPANY

The statement of condition of the Empire Trust Company, New York, as of December 31, 1924, shows total resources of \$78,244,662; capital, \$4,000,000; surplus and undivided profits, \$3,147,714 and total deposits, \$69,142,692.

MORRIS PLAN TO HAVE NEW QUARTERS

Between February 15 and March 1, 1925, the Morris Plan Company of New York will move its main office from the downtown



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



**CAPITAL,
SURPLUS
and
UNDIVIDED
PROFITS
\$95,297,556.73**

Head Office
55 Wall Street

*Other New York
City Offices*

42nd Street at
Madison Avenue

Fifth Avenue
at 28th Street

57th Street at
7th Avenue

72nd Street
at Broadway

Bowery
at Bond Street

The National City Bank of New York

including

Domestic and Foreign Offices

Condensed Statement of Condition as of December 31, 1924

ASSETS	
CASH in Vault and in Federal Reserve Bank _____ \$100,968,098.95	
Due from Banks, Bankers and United States Treasurer _____	\$268,278,027.91
Loans, Discounts and Acceptances of Other Banks _____	584,744,667.76
United States Government Bonds and Certificates _____	\$76,510,451.85
State and Municipal Bonds _____	\$2,318,284.26
Stock in Federal Reserve Bank _____	2,550,000.00
Ownership of International Banking Corporation _____	12,500,000.00
Other Bonds and Securities _____	192,456,623.21
Bank Buildings _____	13,910,687.25
Items in Transit with Branches _____	20,092,678.47
Customers' Liability Account of Acceptances _____	61,162,679.58
Other Assets _____	1,684,357.34
TOTAL _____	<u>\$1,142,329,671.52</u>

LIABILITIES	
Capital _____	\$40,000,000.00
Surplus _____	45,000,000.00
Undivided Profits _____	\$95,297,556.73
Deposits _____	913,082,261.64
Liability as Acceptor, Endorser or Maker on Acceptances and Foreign Bills _____	117,917,056.00
Circulation _____	956,195.00
Bonds Borrowed _____	775,000.00
Reserves for:	
Accrued Interest, Discount and other Unearned Income _____	\$2,822,127.36
Taxes and Accrued Expenses, etcetera _____	4,290,424.19
Dividend Payable, Jan. 2, 1925 _____	1,600,000.00
Contingencies _____	14,301,602.15
TOTAL _____	<u>\$1,142,329,671.52</u>

Above includes The National City Bank of New York (France) S. A.

section of New York to the Winfield Building, Fortieth street and Fifth avenue, stated Wallace D. McLean, vice-president of the company, in a recent interview with *THE BANKERS MAGAZINE*. The present main office location at 261 Broadway will not be abandoned, but will be converted into City Hall branch. The Winfield Building occupies the northeast corner opposite the Public Library, and is one of the most prominent corners in the midtown section of the Metropolis.

The space to be occupied by The Morris Plan Company comprises 20,000 square feet on the second and third floors of the building. These floors were formerly occupied by the Vivaudou Company and the Winchester Arms Company, and contain windows which are one of the features of the avenue.

In addition to the executive offices, this industrial banking organization will house its legal, banking, credit, advertising and personnel departments here. It will also have a large application department for borrowers, and other equipment incidental to the promulgation of Morris Plan business in that section of the city.

On December 31 the tenth year of this institution's activities in New York was completed. The company began operations the last day of 1914 in small offices in William street. The capital at that time was \$100,000. It has now increased to \$1,000,000. Three hundred persons are employed in the eight offices and twenty-four information-application stations in Greater New York and vicinity.

According to figures quoted by vice-president McLean, more than 450,000 loans totaling \$94,023,447 have been made since the start. These range from \$50 to \$5000 and have been granted to wage earners, salaried men and small merchants of the Metropolis. Over \$23,581,636 was loaned in 1924, and on specific days of the year \$125,000 was paid out between the hours of 9 and 3.

Mr. McLean also announced that the Bronx branch, now situated at 861 East 149th street, would be moved early in January to larger quarters in the Areco Building, 391 East 149th street, and that larger space had been secured for occupancy by the Brooklyn branch in early spring.

The lease on the Fifth avenue site, which extends over a period of years, was negotiated by Harry Thoens of Thoens and Flaunlacher, Inc.



"BEFORE AND AFTER"

These pictures show the building of the Lincoln Trust Company, Scranton, Pa., as it is today and as it was before it was remodeled.



Morgan, French & Co., Inc.

Architects and Bank Engineers

19 West 44th Street . New York

Read what these Bankers write about

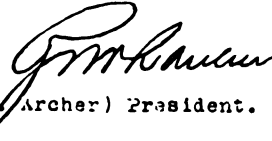
DONSTEEL

after having tests conducted by impartial
laboratories of their own selection

UNION BANK & TRUST CO., Huntington, W. Va.

Oct. 21, 1924.

"In Donsteel you undoubtedly have a metal that is torch and drill proof. You will remember that we had an exhaustive test of this metal made at the plant of our friends, the International Nickel Co."



(Robt. L. Archer) President.

BRADDOCK NATIONAL BANK, Braddock, Pa.

Sept. 22, 1924.

"The steel men on our Board of Directors pronounce DONSTEEL as non-burnable and non-destructible after exhaustive tests in The Pittsburgh Testing Laboratory."



Cashier.

THE COMMERCIAL SAVINGS & LOAN CO., Cleveland, O.

Oct. 21, 1924.

"My own previous experience in metallurgy led to the making of exhaustive tests, which coupled with the logs of drilling and burning tests, made by independent laboratories to whose records we had access, satisfied me that we were equipping our vault with a burglar proof door of hitherto unequalled strength. We were out to buy the best protection available and bought a Donsteel door from you, because we found it offered resistance no other make could equal."



Secretary

Photostatic copies of the originals of these letters as well as many others on file, are available upon request

THE MOSLER SAFE CO.

375 BROADWAY, NEW YORK, N. Y.

Factories Hamilton, Ohio.

Largest Safe Works in the World

To Bank Executives—

By the Gerdes Method of Ventilation vital **unheated** fresh air is diffused without causing draft or chill.

Every installation is guaranteed as regards workmanship, material and functioning—that is, the result is guaranteed. Reports and proposals made without obligation or charge.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor
105-107 Bank Street, New York City
Telephone Watkins 2893

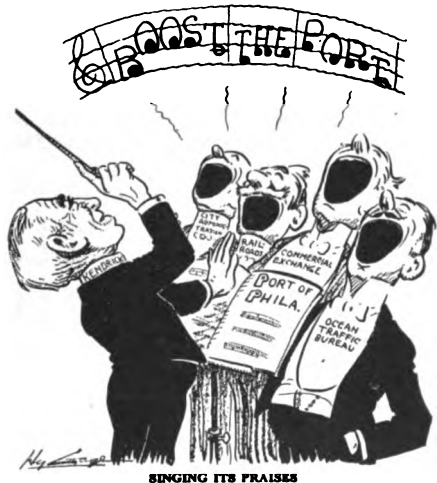
FRANKLIN TRUST BELIEVES IN PHILADELPHIA'S FUTURE

"Perhaps there is no city in the whole United States where the outlook for increased business activity is better than it is right here in the City of Philadelphia," said President C. A. Harris, Jr., of the Franklin Trust Company, Philadelphia, on the possibilities of the city for the New Year.

"Already Philadelphia's famous 'Fifty Miles of Smoke Stacks' are daily evidencing the truth of this assertion. The reports received each day from our field men are extremely encouraging, and we confidently look forward to a greater increased volume of business along sound commercial lines beginning with the new year. It may, however, require several months for the present optimistic attitude to gather sufficient momentum to reflect clearly its true character.

"The building of the new Delaware River bridge and the Broad street subway, together with the proposed removal of Philadelphia's largest railway terminal from Broad street station to West Philadelphia,

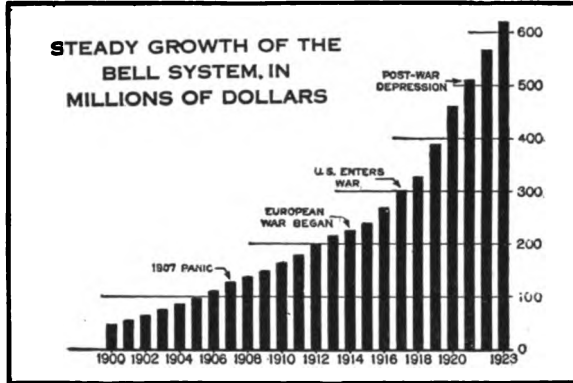
will also serve to stimulate activity in these various lines of endeavor."



SINGING ITS PRAISES

The above cartoon, appearing in "The Corn Exchange," monthly house organ of the Corn Exchange National Bank of Philadelphia, was published in support of the campaign for port development headed by Mayor Kendrick

Concerning Income



IT is not so much the fact that Bell Telephone income has risen to such a high figure during the past twenty odd years that constitutes a remarkable record, but the striking steadiness of the rate of increase, even in periods of financial depression or world disturbances.

The above chart graphically tells the story.

This record of income is a reflection of wise business management, sound financing, and continuous high ideals of public service.

A. T. & T. Stock pays 9% dividends. It can be bought in the open market to yield about 7%. Write for pamphlet, "Some Financial Facts."



**BELL TELEPHONE
SECURITIES CO. Inc.**

**D.F. Houston, President
195 Broadway NEW YORK**



*"The People's
Messenger"*

NEW OFFICER ELECTED

V. Gilpin Robinson, formerly president of the Media Title and Trust Company, Media, Pa., was elected president of the 69th Street Terminal Title and Trust Company, Philadelphia, at a meeting of the board of directors on December 29.

WILLIAM R. TIER DIES

The death of William R. Tier of Ridgewood, New Jersey, which occurred on November 30, marks the closing of an unusual business career. He was born December 12, 1849, and entered the National Park Bank of New York on August 6, 1866, and there remained in active service until about six months ago, when he was taken with an ill-



WALTER TUFTS
President Merchants National Bank,
Worcester, Mass.

Mr. Tufts graduated from Harvard University in 1913. After leaving college he went into the wool business with Winslow & Co., in Boston. He left there to go to the Daniel Green Felt Shoe Company as treasurer. Later he left them to go with the Guaranty Trust Company of New York. He served as first lieutenant in the Air Service during the war and on returning went with the American Trust Company of Boston as vice-president. He was recently elected president of the Merchants National Bank of Worcester.

**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

ness which eventually caused his death. As he was seldom absent from his post on account of sickness, it may be said he worked continuously for fifty-eight years in the place in which he commenced his business life.

At the fiftieth anniversary of his service, the clerks and officials of the bank joined in giving him a testimonial dinner.



New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island

**ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES**

NEW England business has been making remarkable strides. This is due largely to the radical improvement in the textile situation. Early in December several of the largest cotton mills—long idle or on part time work—resumed full-time operations,

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

while the woolen mills, already turning out a fair volume of goods, have materially increased their output and the number of their employees. In both branches of the textile industry orders are coming in in sufficient volume to insure the present level of operation or better for some time to come. The shoe industry, long bothered by labor troubles, is now in better shape and, barring some price uncertainty raised by advancing leather prices on the one hand and a demand for low-priced shoes on the other, is making good progress. Wage cuts have been made in both the shoe and textile industries. Hardware and tool manufacturers are increasing their output in the face of a better demand that promises to be maintained.

Wholesale trade showed a larger measure of improvement in November than did retail trade, but early in December retail trade began to pick up and has since made good progress.

Money conditions are much the same here as in other parts of the country. Savings have accumulated at an astonishing rate, and up to recently the demand for funds was so light that rates have fallen to a low level. The demand from commercial sources is now increasing slowly, as is also the demand for mortgage money, but there is as yet nothing in sight to indicate any increase in rates.

FIRST NATIONAL BANK OF BOSTON INCREASES CAPITAL BY \$5,000,000

The First National Bank of Boston will add \$5,000,000 to capital and surplus, thus bringing each to \$20,000,000. When the stockholders, at a special meeting to be held on February 3, approve the plan, there will be issued 50,000 new shares, which will be offered to the shareholders at \$200, the shareholder being given the right to subscribe for one share for each three he now owns. Rights will be worth about \$30.

The last previous capital increase of this bank was on April 15, 1920, when it was doubled—\$7,500,000 to \$15,000,000—by issuing 75,000 new shares. It is interesting to know that at that time the deposits of the bank totalled \$170,000,000, whereas today there are deposits of \$265,000,000. At the time of the 1920 increase the rights were worth from \$254 to \$260. Shares were offered at \$100 to shareholders, one for one. Increases before 1920, with the then totals of deposits and value rights, follow:

April 2, 1917, from \$5,000,000 to \$7,500,-



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

000; deposits, \$130,000,000; shareholders were offered the 25,000 new shares at \$300 each, one new for each two old shares held; rights, \$50 to \$65.

April 2, 1912, \$3,000,000 to \$5,000,000; deposits, \$75,000,000; shareholders were offered two of the 20,000 new shares for each three of the old at \$300 each, rights, \$80.

April 4, 1910, \$2,000,000 to \$3,000,000; deposits, \$61,000,000; shareholders were given the right to subscribe for one of the 10,000 additional shares for each two of the old they owned at \$300; rights, \$35 to \$50.

June 1, 1904; \$1,000,000 to \$2,000,000; deposits, \$35,000,000.

These figures show that twenty years ago the First National Bank had only \$1,000,000 capital and \$35,000,000 deposits whereas when the new increase in shares is approved it will have capital and surplus totalling \$40,000,000 and \$265,000,000 deposits. Outside of New York City, only two or three banks in the United States are in so strong a position as the First will be with reference to capital and surplus. The First

Record Sales

of American Express Travelers Cheques the result of Superior Service

Again it is the pleasure of the American Express Company to report a yearly sale of American Express Travelers Cheques unprecedented in the history of travelers cheques.

The figures for the fiscal year 1924 exceeded by many millions the record sales of 1923; and showed an increase of more than 400 per cent. over the great travel year of 1918.

To the 17,000 banks whose patrons thus insured their travel funds, these figures tell this significant story of practical service to travelers everywhere:—

In the United States, 26,000 express offices as a unit have striven to make journeys more pleasant and easier for those who are away from home.

In Europe, more than 2,500 American Express employees have worked hard and successfully to insure happier and safer tours to American travelers in strange lands.

In South America and the Far East, proportionate staffs of trained Americans have performed similar services.

Wherever travelers have been, they have found American Express representatives ready and willing to aid them.

Apart from the safety of their travel funds, and the services which automatically came to them because they carried American Express Travelers Cheques, thousands of travelers have profited by the world-wide use they have made of the services of the American Express Travel Department. This Department has relieved them of all annoying details of travel, securing their travel accommodations, steamship tickets, railroad tickets, hotel reservations, itineraries, etc., etc.

American Express Travelers Cheques are known wherever there is a semi-civilization. Wherever there is a beaten path of travel, the American Express Travel Department provides every service needed by the traveler.

The past year has been a record year. But these statements are made especially to affirm to the banks that the American Express Company has kept faith with them. It has served widely and well those traveling patrons whom the banks have entrusted to its care.

Each year marks a steady expansion in the growth of the American Express organization. For 1925 plans are already under way for enlargements in the buildings given over to the use of travelers in Paris and other foreign centers.

American Express Co.

65 Broadway, New York

OFFICES IN ALL THE PRINCIPAL CITIES

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

always has maintained a high ratio of capital structure to deposits.

The bank has branches in Buenos Aires and Havana, which are prospering, as well as eight branch offices in Boston, and it has representatives the world over. The First National Corporation, which carries on a large foreign business, is a subsidiary of the bank.

NATIONAL SHAWMUT PROMOTIONS

The National Shawmut Bank directors have made the following promotions among members of the staff: Charles R. Wiers elected assistant vice-president, as were also Ernest H. Moore, Leon H. White and Earl F. Fillmore, formerly assistant cashiers; Ralph W. Hill, formerly manager of the trust department of the bank, assistant trust officer, and Robert B. Rugg, manager of the bond department.

BANK CHECKING ACCOUNT CHARGE FOUND LEGAL AND JUSTIFIABLE

A charge of \$1 per month for handling checking accounts where the balance is less than \$300 is not a violation of any statute and the charge appears to be justifiable according to an investigation recently made at the request of the Massachusetts State Legislature. The investigation was made by Attorney General Jay R. Benton and Bank Commissioner Joseph C. Allen.

The legal aspects of the rule were covered by Mr. Benton, whose report was brief, while the justification question was looked into by Mr. Allen. The bank commissioner, after careful investigation, says:

"The average cost of handling each check deposited is 1.5 cents, each check paid 2.4 cents, each coupon envelope 7 cents, and each collection item 23.7 cents. These figures

are based only on the direct cost of these items, and as a rule include only the salaries of the persons actually handling them. They do not include overhead expense. If these latter expenses were included the cost per item handled would be increased from 1.5 cents to approximately 8 cents."

Continuing, the commissioner reported that prior to the levying of the service charge the net loss to a bank for carrying an account with an average balance of \$300 was \$10.50 a year, and the loss on an average balance of \$250 was \$12.75 a year. He stated also that while deposits with an average balance under \$300 constitute 48 per cent. of the total accounts in Boston banks, they represent only 1.65 per cent. of the total deposits.

SPRINGFIELD BANKS TO MAKE SERVICE CHARGE

Member banks of the Springfield Clearing House Association will hereafter make a minimum service charge of 50 cents a month on checking accounts, the average balance of which is less than \$100 a month, according to announcements made by President Ralph P. Alden. The charge will not apply in any month when no checks are paid. It was found that in carrying small checking accounts the banks were losing between \$10,000 and \$20,000 a year each.

FRANK C. SUMNER DIES

Frank Chester Sumner, president of the Hartford Trust Company, Hartford, Conn., died at his home last month from rheumatism. He was 75 years old. Mr. Sumner became a messenger in the Hartford Trust Company in 1871, and treasurer in 1886, in which position he served thirty-one years; and president in 1917. He continued as



NATIONAL DEPOSIT BANK,
BROWNSVILLE, PA.



The Griswold Building Co. Inc.

Designers & Builders of Banks

101 Park Ave.

New York City

ARCHITECTS BUILDING

president when the Hartford Trust and Connecticut Trust & Safe Deposit merger took place in 1919.

CONNECTICUT BANK DEPOSITS INCREASE

Bank Commissioner John F. Byrne, in a report presented to Governor Templeton of Connecticut, showed three new banks opened in the last year. Their capital amounted to \$175,000. Capitalization increases by five banks aggregated \$270,000. Seven new banks are reported in process of organization.

Savings bank deposits increased \$27,325,529, aggregating \$484,893,692. Savings deposits in commercial banks increased \$9,783,970, aggregating \$91,821,356. General deposits increased \$13,136,423, amounting in aggregate to \$134,166,049. Combined assets in commercial and savings banks increased \$57,245,163, and total \$528,207,056.

Thirty-seven building and loan associations have assets of \$14,193,309. Twenty-one private banks' assets total \$19,482,405. Assets of eight Morris Plan companies totaled \$4,252,073. The assets of fourteen investment companies were \$8,059,360. The assets of fifty-seven licensed loan companies amounted to \$2,574,326.



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

RETAIL business is now stepping into the seasonal "high." Holiday sales were good. Christmas savings club total for 1924 was a record breaker which helped the holiday trade. The retail business for the last half of 1924 was discouraging throughout the South, compared with the same period in 1923.

The dry summer and warm fall have been

responsible for this. The weather god has played the farmers in the non-cotton sections a mean trick, and they aren't over it yet.

Department store sales in October were better than they were in September, and November's business was on the same basis. But compared with 1923, the result isn't so encouraging. On this comparison, the business of the South, judging by department store sales in the principal centers, was 5.5 per cent. less than it was during October of 1923. In only two cities was there an improvement—Atlanta, where sales were 10.6 per cent. better, and in Savannah, where they were 8 per cent. better.

The other reporting centers report decreases as follows: Birmingham, 9.9 per cent.; Chattanooga, 18 per cent.; Jackson, 14.3 per cent.; Nashville, 14.3 per cent.; New Orleans, 4.1 per cent.; other cities, 11.5 per cent.

Stocks averaged 3 per cent. lower. They showed increases at Atlanta (6.7 per cent.), Jackson (2.5) and New Orleans (1.2).

An encouraging indication for the future, however, is found in the reports of the wholesale trade. These show considerable improvement. The improvement in October compared with September, for the South, is averaged as follows: groceries, 8.7 per cent.; hardware, 11.3; furniture, 2.3; shoes, 0.2; electrical supplies, 27.8; stationery, 7.1; with decreases in dry goods, 11 per cent.; drugs, 8.3; farm implements, 3.1.

Compared with October of 1923, increases were registered by groceries, 8.6 per cent.; furniture, 1.1; electrical supplies, 33.3; farm implements, 23; and decreases by dry goods, 0.8; hardware, 3.5; shoes, 10.6; stationery, 9.5; drugs, 1.4.



CONVENTION DATES

Executive Council, A. B. A.—at Augusta, Ga., April 20-23.

North Carolina—at Pinehurst, May 7-9.

TWENTY-FIFTH ANNIVERSARY OF THE AMERICAN NATIONAL BANK OF RICHMOND

Twenty-five years ago, when the City of Richmond, Va., was a community of less than 100,000 inhabitants, the American National Bank was organized by Oliver J. Sands and his associates. The story of the bank from that time on has been one of con-

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

tinuous progress since it began business in a modest way and in small quarters at Tenth and Main streets, Richmond.

At the time of organization the capital of the bank was \$200,000. Necessary increases from time to time have brought the capitalization to \$1,000,000, and the bank now has resources of over \$18,000,000. The capital, surplus and profits of the American National Bank and its controlled institution, the American Trust Company, amount to \$3,133,848. Adding to this another controlled institution, the American Building Corporation, with an investment capital of \$1,533,200, there is a total of \$4,667,048 combined capital.

As the growth of this bank during the twenty-five years has been always under the leadership of one president, the organizer, Oliver J. Sands, it is interesting to know that he took that position when he was 28 years of age, and now, at 53, is one of the youngest presidents of a large bank who has served so continuously and well for so long a period.

The American National Bank was the first national banking institution in Richmond to inaugurate a savings department, and one of the first in the entire country to permit the opening of accounts with an amount as small as \$1. This forward step, regarded as radical by the more conservative banking interests, when it was first taken, has proved itself of the greatest importance to the public and a source of unlimited expansion for the banks.

In every way the American National Bank has been progressive. It was the first bank in the South to establish branch offices for the convenience of its customers, and now

maintains four such offices throughout the city. The first modern, steel office structure in Richmond was built by this bank. This building, which was eight stories high, because of expansion of the business of the bank was shortly afterwards increased to eleven stories. Today six banking houses of the American National Bank compare favorably with any throughout the country.

The American Trust Company was organized by the American National Bank under the Federal statute permitting national banks to organize trust departments.



OLIVER J. SANDS

President American National Bank of Richmond, Va.

From its small beginning the trust company has grown into one of the foremost trust organizations in the South. A new business department was also one of the innovations of this bank.

The commercial activities of the American National Bank are as varied as the commercial activities of the South. Many Southern banks clear through this bank, and hundreds of manufacturing industries of the South receive its financial assistance and guidance.

The bank encourages saving with a view

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE — Over *fifty-nine*
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

to making investors and increasing the income of its clients. It educates its depositors through varied means, such as budgeting, savings clubs, booklets, etc. Safe deposit vaults are provided at the head office and pleasing accommodations for women at the branches.

On this celebration of its twenty-fifth anniversary the story of the bank has been published in the form of an attractive twenty-four page booklet, well illustrated with photographs of the president, directorate, bank officers and branch managers. The story has been interestingly told by Ralph L. Dombrower.

SPRING MEETING OF AMERICAN BANKERS ASSOCIATION

The annual spring meeting of the executive council of the American Bankers Association for 1925 will be held at the Bon Air-Vanderbilt Hotel, Augusta, Georgia, April 20 to 23, it is announced by F. N. Shepherd, executive manager of the Association.

Special trains from New York and from the Middle West will be arranged for the

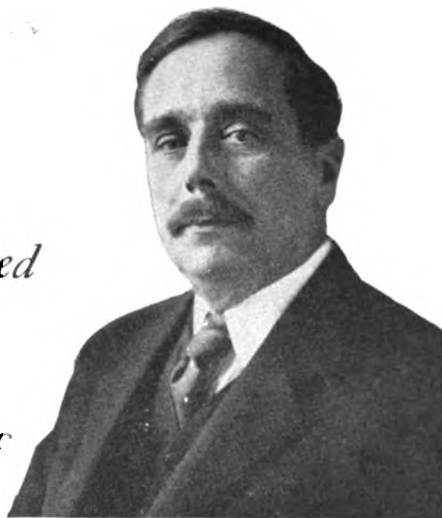
members of the council, which comprises representatives from each state. It is expected that about 300 will attend the meeting.

HOTZE LEAVES PLANTERS FOR NEW POST

In order to accept the vice-presidency of the National Service Bureau, Inc., a financial advertising agency of New York and Chicago, R. E. Hotze, Jr., for the past four years assistant cashier and advertising manager of the Planters National Bank, has tendered his resignation, effective January 10.

In his new position Mr. Hotze will retain his residence in Richmond, as he will be in charge of the South Atlantic States, covering the banking institutions in the Fifth Federal Reserve District. He will be able to continue his activities in local civic and social affairs, he being a member of the Kiwanis Club, former president of the Richmond Advertising Club, and at present a member of the advertising committee of the Richmond Chamber of Commerce, Mr. Hotze is also president of the Bureau of

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Limited, Autographed
Collection
of the
Complete Works of*



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H. G. WELLS
Atlantic Edition

NEVER before has the work of this master of letters, prophet, and inspired leader been put into adequate form. This edition represents the best traditions in American bookmaking — it is both a monument to Mr. Wells and an enviable collection to have in the library of any home.

Only one thousand copies will be printed for sale in the whole country. There never will be more. After printing the type will be destroyed.

The details of this distinguished and exclusive work are fully set forth in an attractive brochure, copy of which we shall be pleased to send you.

CHARLES SCRIBNER'S SONS, 597 Fifth Avenue, New York

Send, without obligation to me, a copy of the H. G. WELLS brochure.

NAME _____

ADDRESS _____

Catholic Recreation Association; vice-president of the Bureau of Catholic Charities and president of the St. Benedictine Association for Men.

As vice-president of the Financial Advertisers' Association of America, Mr. Hotze was prominent in the work of bringing that



R. E. HOTZE, JR.

Vice-president National Service Bureau, Inc.,
New York and Chicago

influential financial advertising body to Richmond in its annual convention last October, through which convention Richmond received considerable publicity throughout the United States and Canada.

Mr. Hotze has been in the banking business for sixteen years. After serving the Seaboard National Bank of Norfolk, he came to Richmond and was first connected with the First National Bank, later going with the Planters' National Bank.

NORTH CAROLINA BANKERS URGE BRANCH BANK CURB

The legislative committee of the North Carolina Bankers Association has decided to ask the legislature to curb branch bank-

ing in this state. This decision was reached after a questionnaire sent out to 700 members brought back a three to one vote against operation of branches, according to Paul B. Brown, secretary of the association. The Wachovia Bank of Winston-Salem, and the Page Trust Company of Aberdeen, both operating more than a half dozen banks, will oppose the proposed curtailment of branch banking.

CONDITION OF TEXAS BANKS

Condition of 941 state banks in Texas as of October 31, compared with statement of June 30, last, shows loans and discounts decreased \$18,000,000, bonds and stocks increased more than \$500,000, cash and exchange up \$48,000,000, and bills of exchange approximately \$13,500,000, or an aggregate increase of cash and quick assets of approximately \$57,000,000. Deposits show a total of \$302,362,030, an increase of \$50,800,724. Resources totaled \$376,408,021, an increase of \$45,174,881.

BANK RESOURCES IN NORTH CAROLINA GAIN

Resources of North Carolina state banks in the thirteen months ending October, 1924, jumped to \$288,379,564, a net gain of \$18,655,710. The state banks make their best showing in November, December and January, but they are now almost within \$8,000,000 of their best figures which were, of course, in 1920 before deflation struck them. They are better off by substantially \$7,000,000 than they were in June of this year when the total resources ran to \$280,618,841.46.

CONSOLIDATION OF TEXAS BANKS

The stockholders of the First National Bank and the Central National Bank, both of Waco, Texas, have ratified the consolidation of the banks, unanimously, and the merger became effective on January 1, 1925.

The capital of the First National, by virtue of the consolidation, will be increased to \$1,000,000, with a surplus of \$200,000, and undivided profits of \$100,000. The combined assets of the two banks will be over \$12,000,000. The directors of both banks will continue as directors of the First National Bank until the new election in January.

Robert Dupree, active vice-president of the Central, will have the same position with the First National, and Charles Eubank will be assistant cashier of the new bank. There

Superior Transit Service

Is an actual
attainment at

Commerce Trust Company

Capital and Surplus 8 Million

Kansas City, Missouri

783,818 which is the largest total this bank ever has had in its fifty-four years of existence.

Since the close of the war in 1918 this bank has grown in deposits from \$29,504,381 to the present figure of \$57,783,818, a gain of nearly 100 per cent.

This growth of the Hibernia Bank, however, is but indicative of the tremendous development that New Orleans has enjoyed during the last six years as reflected in the total resources of the eight banks of this city—growing from \$226,000,000 in 1918 to \$300,000,000 in 1924.



Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

FOR the first time in many months a tendency toward hardening in the money market is noticeable. Perhaps a little less excessive ease would be a more accurate expression, for there is yet a long way to go before anything resembling hardness is approached. However small the change, it is significant, for it comes sooner than was generally expected by bankers. Commercial paper is now quoted at $3\frac{1}{4}$ to $3\frac{3}{4}$ per cent., and it is not at all easy to do business at $3\frac{1}{4}$. The 3 per cent. minimum rate prevailed for so long that the change, small as it is, is a welcome relief to the banks, which are overburdened with lendable funds. Rediscounts at the Federal Reserve Bank are around \$20,000,000, the lowest figures since the war. Bankers report an increase in the demand for credit, but the expansion has not yet made appreciable inroads on the wide margin of surplus money which must be absorbed before it will be necessary to have recourse to the facilities of the reserve institution.

Business has been improving ever since the first of December and is now running ahead of the corresponding time last year. There has been an unmistakable strengthening of confidence, which is reflected in more liberal buying for current needs and less hesitation in the covering of future requirements. The betterment in conditions does

will be no changes in the officers of the First National Bank.

CHARLESTON BANKS MERGE

The controlling interest in the Exchange Banking and Trust Company, a state bank established in 1891 with George B. Edwards, now of New York, as its first president, has been acquired by the Bank of Charleston National Banking Association, Charleston, S. C., one of the oldest and most influential institutions in the Southeast.

These banks have combined resources in excess of \$12,500,000. A purchase price of \$173.20 a share based on a par value of \$100 was paid. Robert S. Small is president of the Bank of Charleston and W. King McDowell of the Exchange Bank.

HIBERNIA BANK AND TRUST

The Hibernia Bank and Trust Company of New Orleans in its annual statement of December 31, 1924, shows deposits of \$57,-

not present the characteristics of a boom, but is rather a steady, wholesome gain. This gives all the greater assurance that it will last for some time. Indeed, the comment of commercial and corporation leaders on the business of the year just ended is almost invariably accompanied with the statement that indications justify the prediction that 1925 will be a banner year. This optimism is not confined to a few lines, although it is most pronounced among those most directly affected by the improvement in financial conditions in the agricultural districts. It is general, and nearly always is spontaneous.

©

CONVENTION DATE

Missouri—at St. Louis, May 19-20.

FIRST NATIONAL OF CHICAGO

The earnings of the First National Bank of Chicago for the year 1924 were \$2,268,735.65 as compared with \$2,159,358.57 for the previous year, while the earnings of the First Trust and Savings Bank for the same periods were \$1,692,364.03 and \$1,451,321.31, respectively. The combined operations of the two banks show earnings for the year 1924 of \$3,961,099.68 as compared with \$3,610,679.88 for the year 1923. These combined profits show earnings for 1924 of 87/10 per cent. on the average capital employed as compared with 81/10 per cent. for 1923. In the case of both banks, the profits shown are net after provision has been made for all losses realized or anticipated, including a liberal provision for contingencies, also for Federal and local taxes.

The dividends paid amount to \$2,750,000, leaving surplus earnings for the year of \$1,211,099.68.

Deposits in the First National Bank at the close of 1924 amounted to \$255,989,973.78 as against \$215,780,215.01 a year ago, while the loans amounted to \$182,039,121.97 as against \$158,352,805.18 a year ago.

In the First Trust and Savings Bank savings deposits on December 31 were \$76,381,053.80 as against \$74,497,675.83 a year ago. The total of all deposits in the First Trust and Savings Bank December 31, was \$118,170,688.68 as against \$106,803,420.81 December 31, 1923.

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.



FRANK O. WETMORE,
Chairman

MELVIN A. TRAYLOR,
President

**Combined Resources
Exceed \$350,000,000**

MERCANTILE TRUST CELEBRATES TWENTY-FIFTH ANNIVERSARY

On November 16, 1899, the Mercantile Trust Company of St. Louis opened for business on the southeast corner of Eighth and Locust streets, directly across the street from their present location. The capital amounted to \$750,000. There were eighteen



The first office of the Mercantile Trust Company,
St. Louis, in 1899

employees, and deposits on the first day amounted to a little more than \$17,000. On November 16, 1924, the Mercantile Trust Company celebrated its silver anniversary, with deposits of more than \$60,000,000, a building which covers half a city block, a capital and surplus of \$10,000,000, and more than 400 employees.

Seven of the original eighteen employees are still in the service, including Festus J.

Wade, who was then and is today the president of the company. The other twenty-five-year men are George W. Wilson, William Maffitt, C. H. McMillan, J. B. Moberly, Edward Loe, and Dave Smith, the latter a colored porter who worked for the Hammett, Anderson, Wade Real Estate Company before the days of the Mercantile Trust Company.

On the night of November 13 a dinner-dance was given at the Chase Hotel by the "Mercantilians," an organization composed of the employees of the Mercantile Trust Company, and each of the seven men was presented with a scroll signed by every officer and employee of the company. The legend thereon was as follows:

To serve is honorable—to serve well is laudable—and to serve one thing well for twenty-five years is honorable, laudable, and a mark of faith supreme.

On this November 16, 1924, we, your associates, greet and extend congratulations to you—one of the seven—who have served so faithfully since that other November 16 in 1899, when the Mercantile Trust Company was organized, and through the years to come, with the inspiration of your loyalty ever before us, may we go forward together—to greater service.

In its twenty-five years of existence the Mercantile Trust Company has been active as a city and community builder. Numerous buildings, not only in St. Louis, but all over the United States, have been financed through its system of first mortgage real estate loans, and one of its latest activities was the advertising of St. Louis as a steel center and a center of distribution. Comprehensive booklets on both subjects were issued and distributed to business interests throughout the United States.



Present building of the Mercantile Trust Company, St. Louis, Mo.

"The Club with a Purpose"

**This is the Slogan of the
OUTCAULT CHRISTMAS CLUB**

The purpose is:

**To Transfer the greater part of Christmas Club
money to a regular Savings Account.**

How do we do it? Ask

OUTCAULT ADVERTISING COMPANY

Makes Savers—Not Spenders

221 EAST 20th STREET, CHICAGO, ILL.

Festus J. Wade, president of the company, has always been a firm believer in advertising, and the Mercantile Trust Company has been a regular advertiser since its organization. Consistent and continuous advertising, among other things, has made possible the growth of the company, which in its turn has made possible the slogan of the company, "The Proof of Good Service is Constant Growth."

UNION SAVINGS' NEW HEAD

F. F. Van Deusen, vice-president of the Cleveland Trust Company, has been elected a director, vice-president and executive manager of the Union Savings & Loan Co., 323 Euclid avenue, Cleveland. At the same meeting W. L. Robison, chairman of the board, was made president, a position he formerly held, to succeed A. P. Grigor, who died recently.

FRANCIS R. MORISON

Francis R. Morison of Cleveland, Ohio, one of the nation's pioneer financial advertising men, is celebrating the thirtieth anniversary of his entering the banking field. It was late in 1894, at the age of twenty-two, that he first went to work in a bank and began the development of the distinctive type of advertising and business building work which has brought him such success.

SULLIVAN MADE PRESIDENT OF CLEVELAND BANKERS CLUB

C. E. Sullivan, president of the Central National Bank Savings and Trust Company of Cleveland was recently elected president

of the Bankers Club of Cleveland. The election occurred on December 16 on the occasion of the annual meeting. One of the



C. E. SULLIVAN

**President Central National Bank Savings and Trust
Co., Cleveland, Ohio, recently elected president
of the Bankers Club of Cleveland**

chief speakers of the evening was William E. Knox, president of the Bowery Savings Bank, New York, and also president of the American Bankers Association.

*For 56 years—
one of Chicago's most favorably
known commercial banks*



FREDERICK H. RAWSON
Chairman of the Board

HARRY A. WHEELER
President

UNION TRUST COMPANY

CHICAGO

RESOURCES MORE THAN \$75,000,000

Western States

*Comprising North Dakota, South Dakota,
Nebraska, Kansas, Montana, Wyoming,
Colorado, New Mexico and Oklahoma*

ECONOMIC CONDITIONS IN THE WESTERN STATES

BY SAMUEL SOSLAND

A FEW years ago the arrival of January, a season of resolutions and pledges, was marked in the Western States by an almost unanimous desire on the part of bankers to reduce the volume of their loans.

"We have too much borrowed from the Federal Reserve System and too much due from our patrons," Western bankers commented almost in a chorus a few years ago. "Liquidation must be effected," they added.

The first month of 1925 finds Western States bankers thinking of a new banking problem.

"We have too much idle money and too small a total of loans," they are commenting almost as generally. "We need a better demand for our funds," they are adding.

Will the loans increase? Will some bankers that have record deposits be able to stop wondering if, with all of their credit resources, they will earn enough to pay dividends and leave a balance for surplus?

As usual, there are two sides to these questions as to nearly all other questions. The answers sought by bankers will answer the queries of all business observers as to what may be expected in 1925. Money is hardly likely to be as easy this year as in the past twelve months. As to a material change, there is doubt, however, among many bankers. Much depends upon sentiment and more on domestic and international trade developments.

If Europe buys as vigorously of surplus farm products as some of the most optimistic expressions on the effect of the Dawes Plan indicate, there will be a larger demand for money in the Western States and rates will tend to improve. On the other hand, if Europe fails to materialize on some of the forecasts and American industrial revival proves to be as great as some Wall Street bulls have predicted, the demand for money may increase anyway, but not to the degree which would follow enlarged European buy-

ing and expansion in domestic consumption of farm and range products at the same time.

Sentiment would help, because the wherewithal for greater farming activities is possessed by the Western States. There is a generous supply of moisture in the ground, with rare exceptions. There is a large area in winter wheat. There is plenty of money to finance larger spring seeding activities and larger live stock feeding and breeding plans. The fact is that some bankers would be very glad to encourage expansion to find more employment for funds. There are not so many as some years ago, however, because the financing of expansion in the war and post-war years up to 1928 made trouble from which the Western States have not yet fully recovered. Hence, the need of sentiment—of a state of mind that will impart more confidence and encourage more activity. Sentiment alone can bring some expansion. It would bring more if this territory had not suffered so much from expansion in production and inflation in prices in recent years. The lessons then taught have not been forgotten. It is for this reason that the Western States want a more dependable force—wider and better markets for some products and assurance of the continuation of the good markets they are already enjoying on other articles.

©

"AFTER FORTY YEARS"

A booklet with the above title, containing historical and biographical sketches of the founders and directors of The Denver National Bank, Denver, Colorado, has been issued by that institution.

In a foreword to the booklet the bank says:

"Banking institutions are established and maintained at great cost in location, equipment and management, hence the necessity becomes paramount of covering this outlay, and of providing a reasonable return to the shareholders for such investment.

"The ideal depositor, to whose business and convenience these facilities are essential, will frankly recognize the reasonableness and sanctity of the implied contract that such credit balances shall be maintained, and such fiduciary fees established as will constitute adequate compensation for the important service rendered.

"Bankers are almost invariably generous

A program that attracts new depositors

FIRST we offer you a powerful new link in banking service: *positive protection against check raisers. Sure, trouble-free protection.*

Super-Safety INSURED Checks—made of the world's safest check paper. Protected by The Wm. J. Burns International Detective Agency, Inc. And they insure you and each depositor for \$1,000 against loss through raised checks. This insurance is issued by the Hartford Accident & Indemnity Company—one of the strongest in America. No extra cost to you!



Monthly we advertise them to millions—hundreds or perhaps tens-of-thousands in your locality.

Then—if you provide Super-Safety INSURED Bank Checks—we supply an effective program of selling-helps. Special advertising matter, newspaper campaigns, mailing literature, display material.

It *does* attract new depositors. Thousands of progressive banks are proving it. Get all the facts now!

**SUPER-SAFETY
Insured
BANK CHECKS**

THE BANKERS SUPPLY COMPANY

World's Largest Manufacturers of Bank Checks

New York Chicago San Francisco
Dallas Denver

1865



1925

Established Over Half Century

Annual Sale
of
FASHIONABLE FURS
At Greatly Reduced Prices

**WE INVITE COMPARISON OF PRICE,
QUALITY AND WORKMANSHIP**

C. C. SHAYNE & CO.

Importers and Manufacturers of

STRICTLY RELIABLE FURS

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and public spirited citizens; but the stability and prosperity of their institutions, and the onerous responsibilities assumed for the protection of the interests and well being of their clients, forbid that they should conduct their business exclusively on philanthropic lines.

"Irrespective of material wealth, banking service of the broadest scope and efficiency is now fully available to all reputable citizens; but because of the fundamentally ethical nature of their relations, it is pre-eminently desirable from the view point of the banker, and equally essential to all, that the standing, character and integrity of the business and professional men and women comprising his clientele should be above reproach."

GUARDIAN SAVINGS CELEBRATES THIRTIETH ANNIVERSARY

The Guardian Savings & Trust Co., Cleveland, celebrated its thirtieth anniversary



Main office building of the Guardian Savings & Trust Co., Cleveland, Ohio

sary the week of December 7, by opening its eighth branch, Coventry office, in Cleveland Heights, and with a banquet for directors, members of the auxiliary board, officers and department heads.

The Guardian began business December 10, 1894, with four employees and \$500,000



J. A. HOUSE

President Guardian Savings & Trust Co., Cleveland

capital, in a small office on Superior avenue.

It now ranks forty-ninth among the 30,000 banks in the United States, and twenty-fourth outside of New York City.

After necessary removals because of growth, on its twenty-second birthday the bank finally occupied its present quarters. In 1917, the capital and surplus increased from \$4,000,000 to \$6,000,000. In the same year the Guardian Savings & Trust Co. was elected to membership in the Federal Reserve System. Further growth has come through consolidations and the opening of branch offices.

With a large board of directors made up of successful business men, and with a staff of experienced bankers, the Guardian Savings & Trust Company has grown to an institution with resources of \$120,000,000.

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.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

BY ROBERT J. SEVITZ

THE advent of 1925 finds the Pacific States region in a much healthier economic condition than was forecasted by observers and authorities six months ago. A dry year, short crops, the hoof and mouth disease epidemic in California, and other factors had combined at that time to give the future outlook anything but a rosy color. But a combination of circumstances, due principally to the sharp rise in prices to the growers of agricultural products and the heaviest autumn rainfall experienced in many years, has placed the whole economic strata on an even keel again. With industry and production proceeding at a normal rate, the New Year finds this section ready for new achievements to be built on records, which, although not broken in 1924 in most cases, were more nearly equalled when the final count was taken, than even the most optimistic had dared to prophesy.

Principal interest is attached naturally at this season to the harvest of the crops of the region, now about completed. The returns, as previously forecasted through these columns, were considerably below the yields of last year in the case of nearly all fruit and grain crops. The average decline in yield for all crops collectively as compared with the record year of 1923, was probably in the neighborhood of 30 per cent. But in practically every case prices this year have more than made up the difference in yield, and growers are universally in far better circumstances than had been expected. The important lemon crop of California is a notable exception. Shipments for the year, which ends in that industry November 1, were 13,262 cars. Last year only 8740 cars were sent out in a similar period, but prices prevailing this year have been consistently below those of 1923.

Another feature of the harvest worthy of note has been the unusually quick clearance of most crops, particularly fruits. The long dry summer brought the fruit to maturity in some cases as much as a month sooner than normal. This worked to the ultimate advantage of the growers, for they were able to complete their harvest and get their

product on the way to market before the winter rains set in so unseasonably early. Conversely, however, it worked to a disadvantage in one or two instances. By mid-September 22,000 carloads of grapes of all kinds had been shipped from California, approximately two weeks ahead of schedule, at least two weeks ahead of the shipments in a normal year. Eastern buyers were not ready for such heavy shipments, and many of them found a market at exceedingly low prices. In October, the normal height of the season, the really competitive buying began and prices started booming because the supply by that time was on the wane. Prices to the grower rose to from \$180 a ton for cheaper grades to \$178 a ton for fancy grades. In most cases, however, the early maturing of the crops enabled the Western grower to have his product on the Eastern market and disposed of at good prices before other competitive regions were able to get their produce shipped.

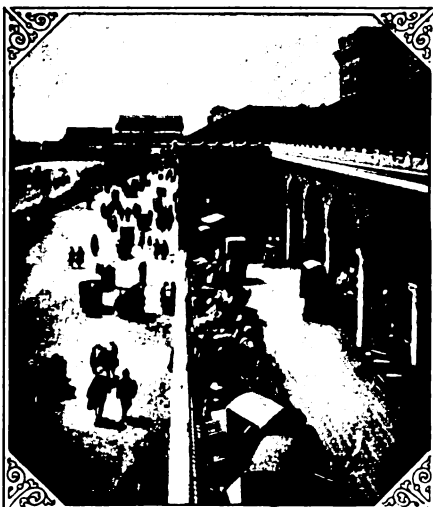
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THE EMPLOYEES' COMPENSATION PLAN OF THE BANK OF ITALY

The details of the Employees' Compensation Plan, which was adopted by the Bank of Italy on October 14, 1924, are set forth in a booklet issued by the bank. In the introduction to this booklet the bank says:

"In the development of these plans, the board of directors has been mindful not only of the welfare of its employees—it has been mindful of the welfare of the stockholders and of the public as well. It has been the experience of the board that whatever benefits and rewards employees, stimulates a desire on their part to effect economies in operation, to increase efficiency, and to give better service to the public. It is, therefore, not as an act of philanthropy, but rather as a sound, economic move for the benefit of all concerned that the bank has inaugurated its various plans for the employee's normal compensation, a share in the capital stock of the bank, the size of which depends upon the faithfulness with which he serves the bank, his frugality, and his efforts (combined with those of his fellows) in increasing the net receipts of the bank, or in decreasing its cost of operation.

"For this reason, the plan is put forward not as profit-sharing, but rather as a plan of employee compensation—over and above normal salaries—to be used by employees in acquiring an ever-increasing share in the

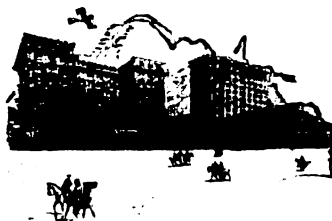


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LEEDS and LIPPINCOTT
COMPANY



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In the very center of things



YOU'LL be relieved of a lot of worry and uncertainty when you see the home possibilities at the Majestic Hotel.

Big comfortable suites, overlooking Central Park, quickly accessible to business, shopping and theatre districts.

And every facility for the entertainment of your friends as well as your own convenience and pleasure. Super restaurant service.

Copeland Townsend

Majestic Hotel *and* **RESTAURANTS**

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Entire Block Fronting Central Park

New York

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ownership and control of the bank. Employees are thus put in a position to capitalize their efforts in behalf of the bank and build themselves up to a position it would otherwise be impossible for them to attain."



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

WHILE there has been no marked change in the business and industrial situation, indications of more healthy fundamental conditions are more pronounced. These can be largely traced to the marked improvement in prices for farm products, which has particularly helped the present and prospective situation in Western Canada. Business budgets are being arranged with a view to expansion next year. Not only is the improvement in the domestic situation taken into consideration, but the foreign outlook is regarded as distinctly better from the standpoint of marketing Canadian products. The election of the Conservative government in England is expected to lead to some favorable action in regard to a preferential trade arrangement which will benefit Canada and which will recognize the tariff concessions which this country has extended to British imports for many years. Reference has been made by British statesmen to the importance of an empire trade policy which will retain British emigrants as consumers of British manufactured products on the basis of providing a market for the things which they produce in the Dominions.

The advisability of returning to the gold standard of currency has aroused considerable discussion in which the banks have a prominent part. For some months the Royal Bank of Canada has been advocating the gold standard, but when the matter recently came before the Ontario Associated Boards of Trade the proposal was hoisted on the recommendation of J. P. Bell of the Bank of Commerce and George Wilson of the Union Bank. At the annual meeting of the Bank of Montreal Sir Vincent Meredith held that "Unquestionably Canada should

revert to a gold basis the moment the basis can be held, but it would be financial suicide to resume a position we may be unable to maintain. The reserve of gold in banks and Dominion treasury is approximately \$160,000,000; ten years ago it was \$154,000,000—almost as much as now. Meanwhile both Dominion and bank note circulation have greatly increased and it is well within probability that upon the resumption of specie payment after ten years' discontinuance a considerable demand for gold will occur. It is true our trade balance is favorable, but on the other hand our obligations arising out of foreign borrowing have grown rapidly."

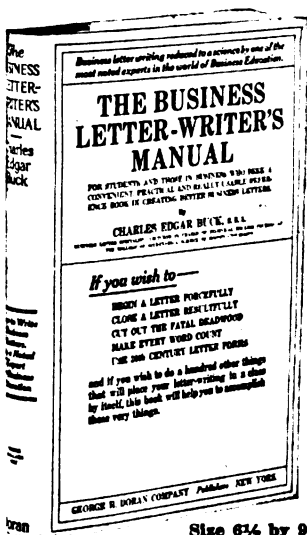
It is understood that the attitude of the government is in keeping with, and probably influenced by, the stand taken by the Bank of Montreal.

There are rumors of further bank mergers in Canada and the forecast is heard that within a year there will be only five or six big English banks in this country. Dealing with this question at the annual meeting of the Imperial Bank the president, Peleg Howland, declared that the future of the smaller banks in Canada is largely in the hands of the public—that success is a question of patronage as in any other business. The Dominion government too, which professes to oppose as a policy a further reduction in the number of banks, could do something by distributing this service, he pointed out. Continuing, he said:

"We all pay proportionate taxes and provide certain services gratuitously as provided by law, and are equitably entitled to a greater share in the benefits derived from government finance. Just here I would like to emphasize that greater size does not always indicate greater strength. Take our own case—we are in an exceptionally strong position. I think I am justified in saying that a depositor can place his funds in this bank with confidence, and that he will be assured of at least as fair and courteous treatment as he can get in the largest institution.

"I cannot refrain from again raising my voice against the readiness of our governing bodies to spend money. The excuses in the shape of railroad needs, good roads, education or unemployment may seem good, and the pressure hard to resist, but our taxes are high and will grow, and there is a limit of endurance to even the willing beast."

The question of taxes borne by the banks was also referred to in the annual address by Sir John Aird to the Canadian Bankers Association, when he pointed out that not



What This Modern Hand-Book Shows About Writing Letters

- How to begin and close a letter most effectively.
- Twentieth Century form and make-up of letters.
- How to convey COURTESY, GOOD WILL and TACT.
- How to eliminate the wordy dead-wood.
- How to make your letters direct.
- How to acquire word ammunition.
- How to seek, give and refuse credit and information.
- How to write and reply to adjustment, collection, application, resignation, credit and sales letters.
- Valuable hints on abbreviations, syllabication, punctuation and spelling.
- Why letters fail and how letters win.

The Business Letter-Writer's Manual

By CHARLES EDGAR BUCK, B. B. A.

THE letters in this book illustrate modern, productive and unusual business expression. The book is a real factor in the field of letter-writing. In part it gives: A workable outline that tells how to begin letters effectively, a creative outline that shows how to close letters resultfully, an extensive analysis of those hackneyed phrases that cause the downfall of the average letter-writer.

It shows the twentieth-century letter form and correct make-up, something with which a surprisingly large number of people are unfamiliar; a succinct and interesting discussion of the various types of business letters, together with concrete examples; a chapter on "Hints to the Secretary and the Stenographer" that is full of real aids. A chapter devoted to letters for dictation purposes was added by special request from commercial teachers.

About the Author:

Charles Edgar Buck is a business letter specialist. He is the lecturer in charge of Technical English Courses at the College of Secretarial Science, Boston University.

His broad experience and technical training make him a master of forceful English. His manual is a guide to the busy executive and a handbook for the secretary and correspondent whose letters must carry the trade mark of perfection.

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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

only is there special taxation of banks by the Dominion government and provincial governments, but there are special taxes assessed upon banks by cities and municipalities, and the weight of the latter is increasing. The result is a steadily diminishing ratio of profits which banks show in relation to assets actively employed, and this is in no small measure due to the general increased aggregate of taxation. Sir John also referred to taxation liens created by the Dominion government:

"First we had the Business Profits War Tax Act applying to excess profits made by corporations during the war period. All taxes due under the act were a lien and charge upon the property, real and personal, of the taxpayer. The act, by the Statutes of 1924, chapter 10, ceased to apply to any accounting period after December 31, 1920. While there are still uncollected taxes under this act, its effect must now, four years after the last assessment period, be gradually lessening, and within a couple of years its operation, as far as loans of banks are concerned, except in rare cases, should cease."

Following the annual meeting of the bankers association there has been concrete evidence of an effort to get relief from burdensome taxes in the presentation to the Ontario government of a request that something should be done to relieve the banks from the double levy involved in taxation of their business by both the province and the individual municipalities.

BANKER ARGUES TAX RELIEF

Changes in the federal income taxes to permit businesses and individuals in Canada to adjust their affairs in keeping with the United States, where material reductions in such taxes have been made, were urged by the Ontario Associated Boards of Trade and Chambers of Commerce.

The chief supporter of the proposals was J. P. Bell, manager-in-chief of the Bank of Hamilton division of the Canadian Bank of Commerce. He argued effectively that the present levies were unduly burdensome, and were defeating their purpose of raising revenue by discouraging enterprise, handicapping business, and thereby drying up the resources from which taxation must be secured.

RESTORED CONFIDENCE—A FACTOR IN CANADIAN BUSINESS

Increased foreign trade and higher prices for grain products have only partly restored confidence in the business world in Canada, where hesitation still prevails in the matter of making future commitments, despite the tone of confidence existing in the United States, according to a study of Canadian business and economic conditions just completed by Case R. Howard, special foreign representative of the New York agency of the Canadian Bank of Commerce. Mr. Howard recently returned from a five weeks' tour of the Canadian provinces.

Grain production in Canada, according to Mr. Howard, is considerably less than the output of 1923, but the high price of wheat

more than offsets the shorter crop, and the farmer is just as well off as last year.

The trade figures of Canada are encouraging, according to Mr. Howard. For the twelve months ended October 31 the aggregate value of Canada's foreign commerce was \$1,895,000,000 or \$160,000,000 greater than for the corresponding period in 1923. One outstanding feature has been the

that such a flow of American capital would stimulate confidence among Canadians. According to Mr. Howard, the belief prevails that the confidence and encouragement expressed by the leaders in the various provinces will be the keys to unlock the present dormant buying powers in the Dominion.

BANK TO CHANGE NAME

La Banque d'Hochelaga will soon disappear as the name of the larger of the French-Canadian banks, and will be succeeded by the more suggestively Canadian name—La Banque Canadienne Nationale.

The bank has made substantial progress since it acquired la Banque Nationale. President J. A. Vaillancourt said: "Conditions reigning at the bank are most satisfactory and, for instance, the deposits in the last three months have increased by \$2,000,000. This is a good sign not only for the bank, but for the general condition of the country."

UNION BANK DIRECTOR

At a meeting of the directors of the Union Bank of Canada, John H. Price, of Quebec, was elected a director of the bank to fill the vacancy caused by the death of his father, the late Sir William Price, who was honorary president of the bank. John H. Price is now president of the well-known firm of Price Bros. & Co., pulp and paper manufacturers, and timber and lumber merchants of Quebec. His election as a director of the Union Bank of Canada maintains a connection which has been in existence for upward of fifty years.

H. V. F. JONES RESIGNS

H. V. F. Jones, who is resigning as assistant general manager of the Canadian Bank of Commerce, to go into business in New York, entered the service of the Canadian Bank of Commerce in 1887 as a junior clerk in the head office.

In 1898 he was appointed accountant in New York, where he remained until the close of 1900. When the business of the Bank of British Columbia was taken over by the Canadian Bank of Commerce in January, 1901, he was sent to the newly acquired office of the bank in London, England, and a few months later was appointed assistant manager. In 1908 he was appointed manager to hold office jointly with the late S. C. Alexander, formerly the London manager of the Bank of British Columbia,



CASE R. HOWARD

Special agent at the New York agency of the Canadian Bank of Commerce. Mr. Howard's entire time is at the disposal of banks requiring Canadian correspondents, or of corporation executives desiring to extend their plants in Canada

growth of the trade balance in favor of Canada. Over a recent seven months' period Canada's favorable trade balance amounted to \$120,000,000 compared with \$15,000,000 in the corresponding period of the previous year.

Canadian bankers and business men generally, said Mr. Howard, are watching with interest the development of trade and finance in the United States. Hope is expressed that this prosperity will eventually extend into Canada. An influx of American capital into Canada, to develop natural resources, is expected, and the belief prevails



"It's Always June in Miami"

Bankers intending to visit Miami, Florida, this winter will receive a cordial reception at the

HOTEL McALLISTER

where cuisine, service and old-fashioned courtesy predominate.

A new modern, fireproof hotel over-looking Biscayne Bay

and somewhat later, on the retirement of Mr. Alexander, he became sole manager.

He was in charge of that important post at the outbreak of the Great War in 1914, and shared in all the anxieties of that trying time and in the responsibility for the momentous steps which were taken by the British Government and bankers to meet the crisis. At the close of 1915 he came out to Canada again to assume the position of assistant general manager, from which he has just resigned.

ROYAL BANK OF CANADA

The fifty-fifth annual statement of the Royal Bank of Canada, Montreal, as of November 29, 1924, shows net profits for the year of \$3,878,976, added to which the sum of \$1,085,830 makes available for distribution \$4,964,806. This sum has been appropriated as follows:

To dividends (numbers 146, 147, 148 and 149) at 12 per cent. per annum.....	\$2,448,000
To bonus of 2 per cent. to shareholders.....	408,000
Transferred to officers' pension fund.....	100,000
Appropriation for bank premises.....	400,000
Reserve for Dominion government taxes, including war tax on bank note circulation.....	465,000
Balance carried forward.....	1,964,806

The total resources of the Royal Bank are \$583,789,509; paid up capital, \$20,400,000; reserve fund \$20,400,000; and total deposits \$461,828,769.

BANK OF TORONTO CONDITION

The net profits of the Bank of Toronto after necessary expenditures for the year ending November 29, 1924, were \$968,204, over 19 per cent. of the capital. With \$1,170,911 carried forward, \$2,139,115 was available for distribution.

Dividends at 12 per cent., \$600,000, were paid (less than 5 per cent. on capital and reserves); \$50,000 applied on tax on circulation and \$50,000 for accrued taxes; \$50,000 was transferred to officers' pension fund and \$150,000 written off bank premises. The amount carried forward, \$1,239,115, with rest of \$6,000,000, makes total rest and surplus \$7,239,115, with paid-up capital \$5,000,000. Capital and surplus are over 24 per cent. of commercial loans.

BANK OF MONTREAL

The statement of the Bank of Montreal for the year ended October 31, 1924, shows net profits, after necessary deductions and the addition of the balance from the previous year, of \$5,114,086.18. This amount has been appropriated as follows: To quarterly dividends and bonus, \$3,815,000; to provision for Dominion taxes, \$412,500; to reservation for bank premises, \$125,000; with a balance to be carried over of \$761,586.18. The capital of the bank is \$27,250,000 and the rest fund, \$27,250,000.

CONDITION OF THE MOLSONS BANK

The Molsons Bank has submitted the balance sheet of the bank for the year ending September 30, 1924, which shows net profits of \$712,402.70 after deductions for general expenditure and the addition of the balance from the previous year. This has been appropriated as follows: To dividends, \$480,000; to officers' pension fund, \$37,130.86; to provide for Dominion taxes, \$62,000; leaving a balance of \$133,271.84 to be carried over. The capital of the bank is \$4,000,000, and the reserve fund, \$3,000,000.



Main entrance to the safe deposit vault of the Illinois Trust Safety Deposit Company, Chicago.
Vaults and entrances built and 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.*



Another view of the massive main entrance door to the safe deposit vault of the Illinois Trust Safety Deposit Company, Chicago

Chicago's Largest and Most Modern Safety Deposit Vaults

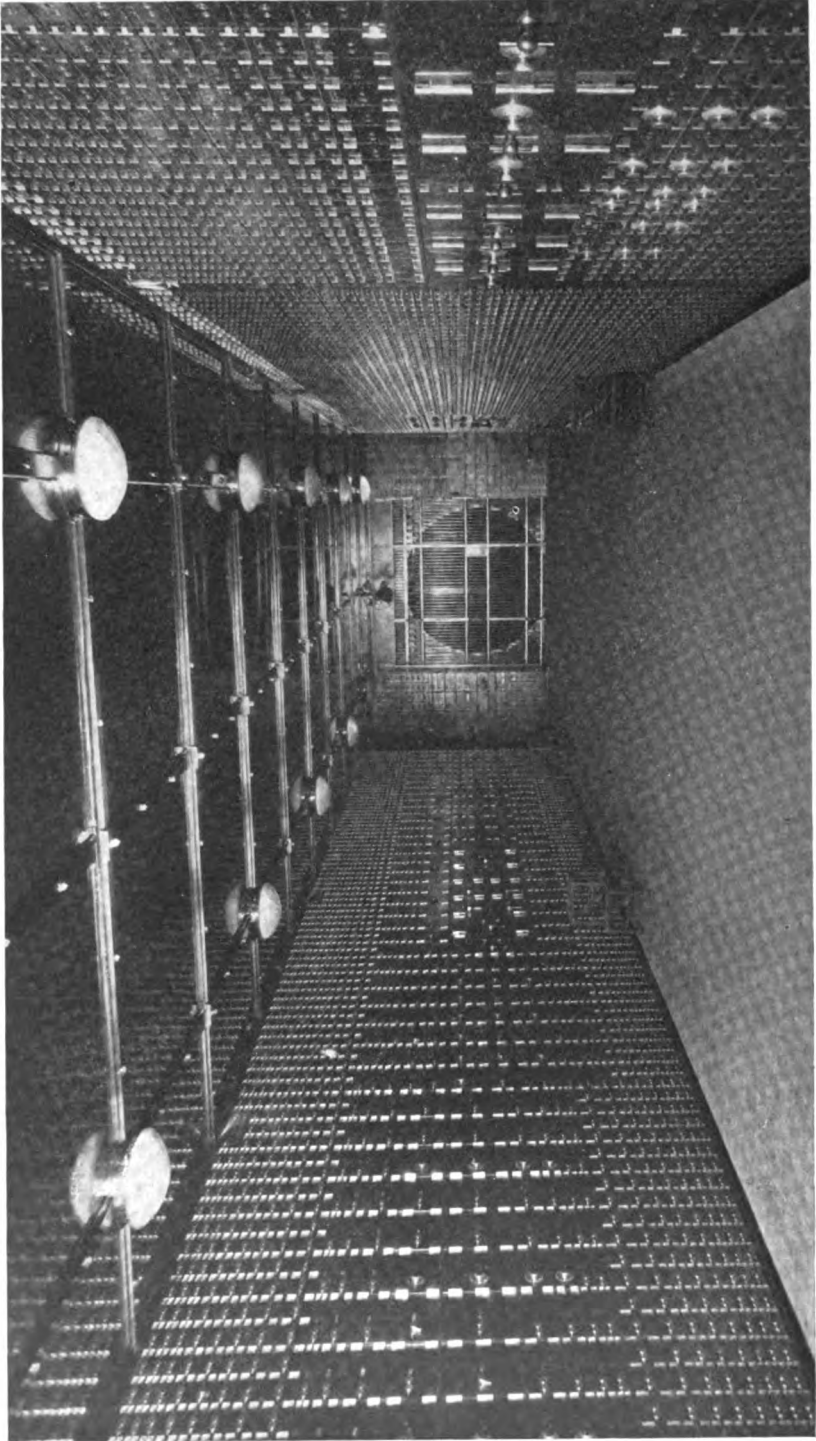
THE growth of the modern bank in volume of business and magnitude of resources is not the least notable characteristic of present-day economic development. The physical equipment essential to the successful administration of a great metropolitan banking institution would be far beyond the conception of the banker of the former generation. In no particular is this more clearly emphasized than in the development of vault protection for the securities both of the bank itself and of its customers.

The provision of safety deposit facilities, either as a special department of the bank or, as is more usually the case, through an entirely separate cor-

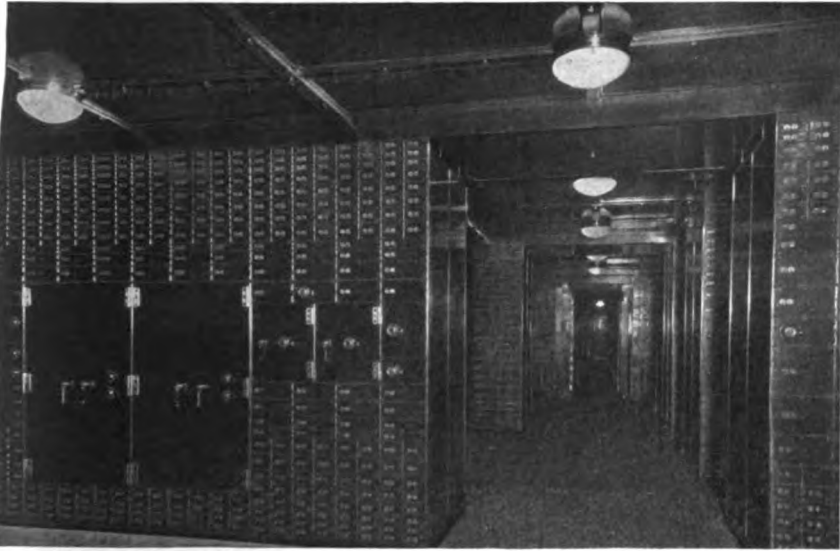
poration, has become an essential part of the modern bank's service to its customers. In this respect, not less than in others, the Illinois Merchants Trust Company of Chicago takes high rank among the foremost financial institutions of the United States, for the newly completed safety deposit vaults of the Illinois Trust Safety Deposit Company in the basement of the new Illinois Merchants Bank Building are the largest and most complete installation of its kind in the United States.

NEW SAFE DEPOSIT VAULT

The great safe deposit vault in the basement of its new building which was



Interior of the safe deposit vault, looking toward the entrance



A rear aisle in the safe deposit vault

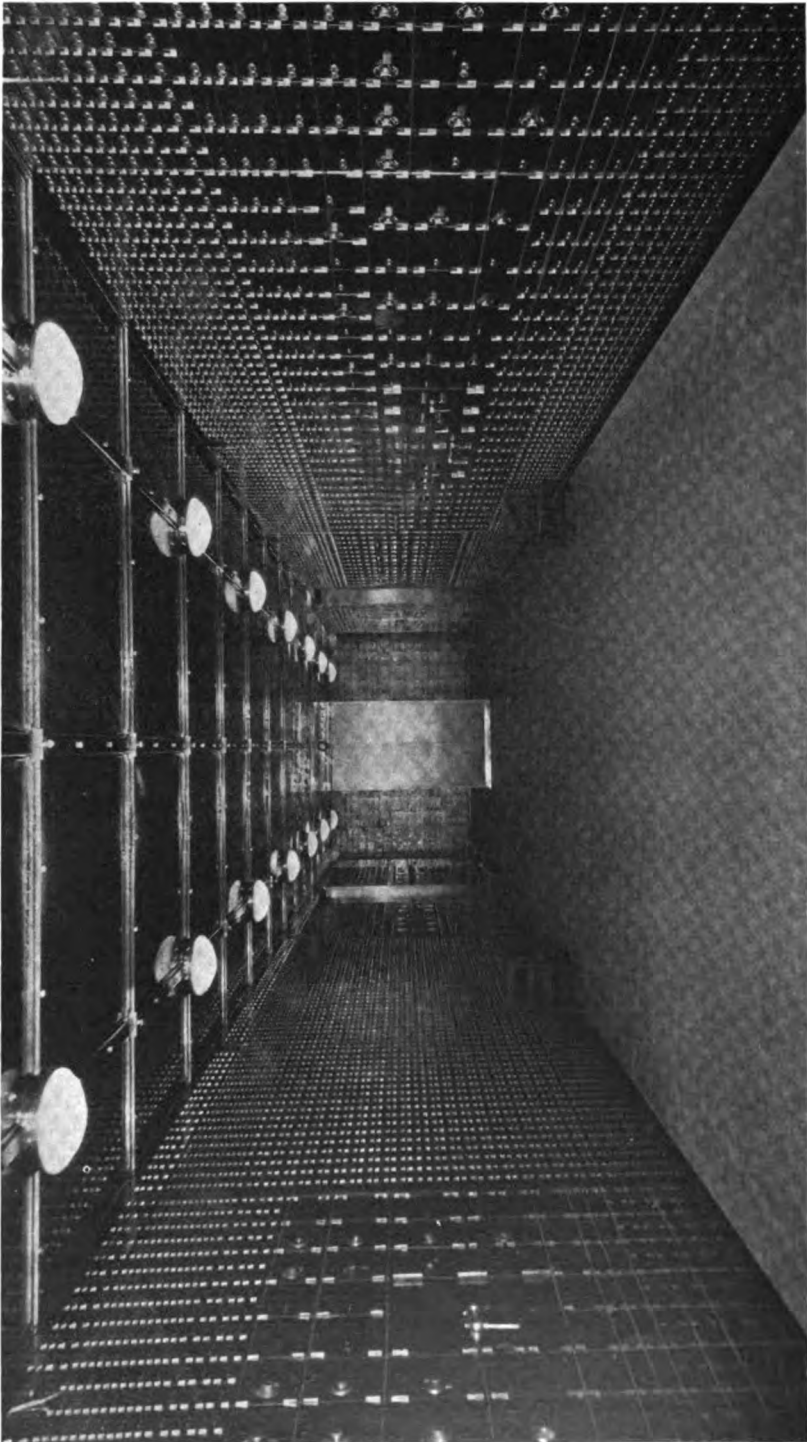
built and installed by the Herring-Hall-Marvin Safe Company of Hamilton, Ohio, has a floor area of over 4000 square feet, measuring, as it does, more than seventy-six feet deep and fifty-three feet in width. There is access to the many aisles of boxes by means of level approaches through three massive entrances. The light of the ceiling globes is reflected from bronze and silvered panels and from the doors of nearly 25,000 bronze-surfaced boxes.

The approach to this vault is through the three gates of a grill. Back of the middle gate is the main vault entrance, which consists of a massive circular door and vestibule having a clear opening seven feet two inches in diameter. At this entrance to the vault, as at the other two, the effect of a level walk is achieved by means of a mechanical device which lowers a section of the floor when the door is either opened or closed. The lowering platform, as it is called, remains at the floor level both when the vault is in use and when the door is locked shut for the night.

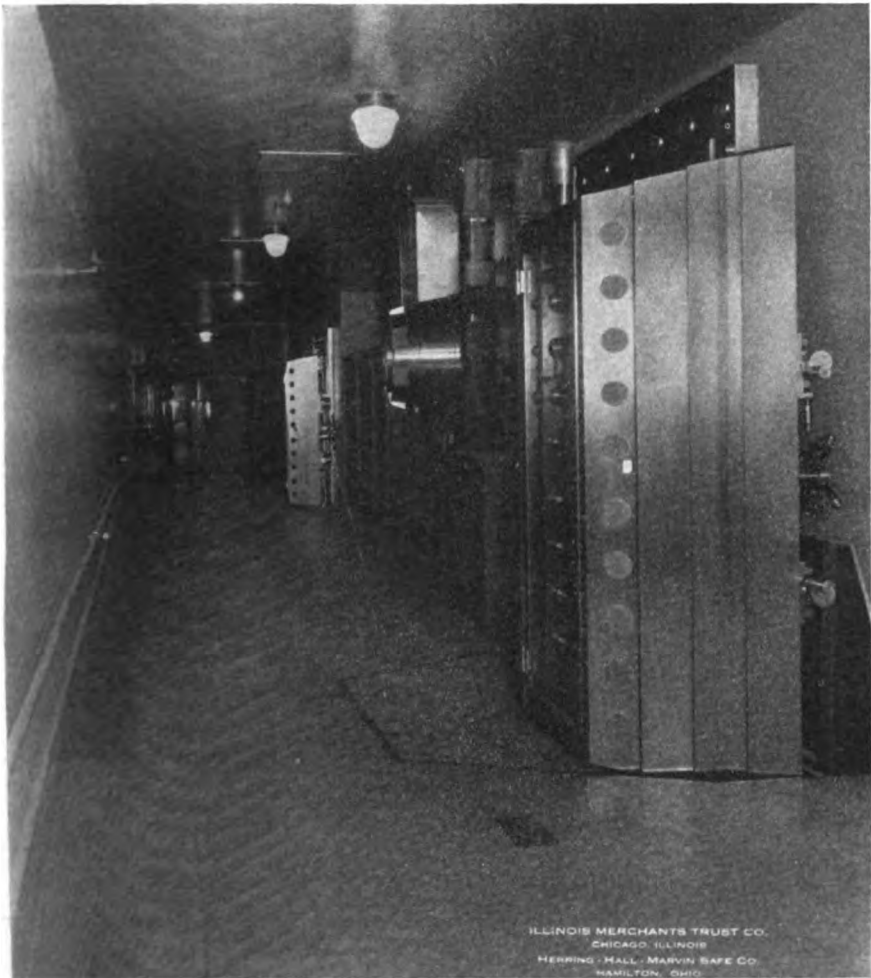
This immense entrance, with a total weight of fifty-four tons, is fitted with a door twenty-one inches in net thickness. Viewed in connection with its

bolt frames, this door has a total mass measurement to the eye of more than two feet and a half from front to back. The door, when closed, is locked into the vestibule by means of twenty-four bolts, each four inches in diameter, which are checked by the usual two combination locks and a large four-movement time lock.

Door and vestibule are thoroughly safeguarded against every known method of attack that might be employed by the burglar or the mob. Neither burning torch nor high explosive constitutes a menace against their capacity for defense. The door is of the compound type, consisting of two heavy steel castings between which is incorporated a plate of drill-proof 5-ply chrome steel, showing on the edge. Within the castings are embedded layers of torch-resisting metal and 5-ply chrome steel, together with an electric burglar alarm which is part of the very elaborate system protecting this entire vault as well as the others assigned to the use of the bank. Five and a half tons of copper alone entered into the construction of this door, 9000 pounds of which were used to form a single layer of metal inside the casting. No



The safe deposit vault as seen from the main entrance



Main and emergency doors of the bank vault, and entrance to truck vault

element of protection is overlooked to make this equipment impervious to every known method of attack.

**CLOSE TO A MILLION POUNDS OF
STEEL USED**

At either side of the vault and at the rear are two other entrances, closed by means of rectangular doors that correspond in every detail of defensive strength and equipment to the main entrance of the vault. Concrete walls two and a half feet thick are reinforced with courses of steel H beams and lined with 518,000 pounds of massive

openhearth steel plates. The size and strength of this vault are indicated by the fact that close to 1,000,000 pounds of steel entered into the construction of its doors and lining, and that their weight does not include either the reinforcement of its walls or its equipment of boxes.

Full ventilation is provided through removable hinged air ducts which enter the rectangular door entrances of this vault when they are open. These ducts are connected with a distributing system within the vault which insures a constant supply of fresh air at a fixed temperature.



A side entrance to the safe deposit vault, with ventilating duct

An additional feature of the safe deposit department is a very large burglar-proof storage vault fitted with steel shelving and having steel-wired sections and lockers for the reception of trunks and boxes of valuables.

MOVING INTO NEW QUARTERS

The removal of approximately 17,600 safety deposit boxes from the old vaults to the new had many interesting features. For the handling of this lot of boxes in transit, six steel cases were made and 122 sections in all were moved, 32 of them a distance of almost two city blocks.

The moving of the boxes was wit-

nessed by twenty well-known business men who volunteered their services for the purpose. Of these, three were placed in each vault and two followed each movement of boxes from one vault to the other. A group of seven men, comprising two employees of the bank, two volunteer witnesses, two armed guards and an extra man, accompanied each section of boxes from vault to vault. When a section was removed from its old position, a receipt was given by the squad of attendants who were engaged in moving it to those who remained in the vault. When the same section of boxes was delivered to the new vault, a similar receipt was given to its custodians by the witnesses there. These



Entrance to trunk vault

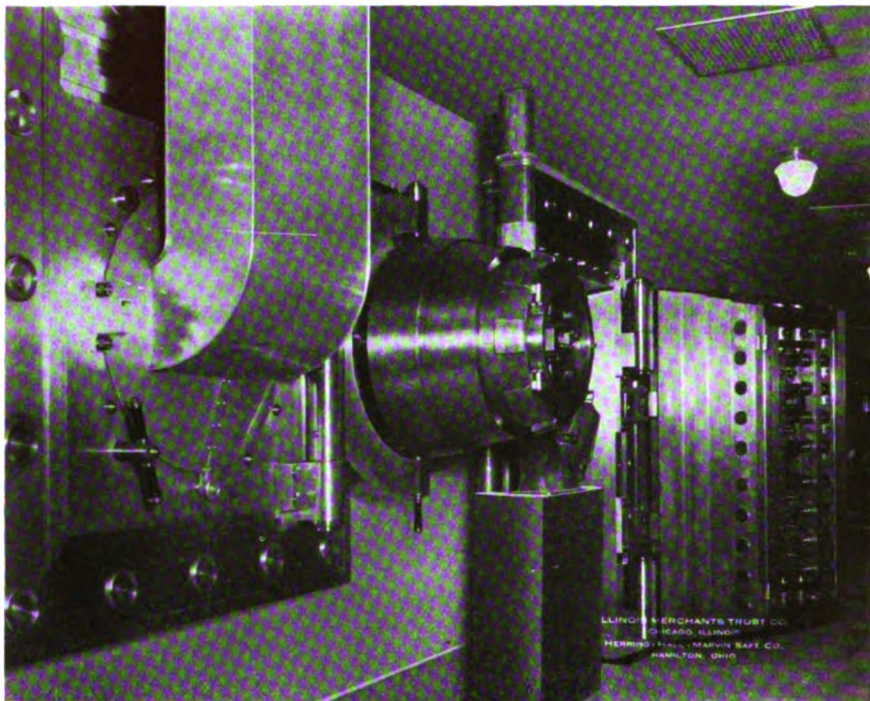
receipts were in the form of affidavits and were kept as a record of the continuous safeguarding of the boxes themselves. All the men concerned in this part of the work were armed with either rifles or pistols.

In addition to the guards and witnesses, a large number of men were employed in the actual handling of the boxes. This was effected by the use of special lowering devices which took each section from its position and lowered it mechanically to the platform of the truck on which it was to be carried. The work of moving was handled under the direction of the engineering-service

department of the Herring-Hall-Marvin Safe Company, who built and installed the vaults in the new building. From the moment when the first section was lifted to its truck until the last had been leveled permanently in its new quarters not the slightest interruption took place in the routine of the bank's work. Continuous access was afforded during regular banking hours without inconvenience to a single customer.

BANK VAULTS ALSO WELL EQUIPPED

The principal bank vault of the Illinois Merchants Trust Company is



Emergency door with ventilating duct in place, and main entrance to bank vault

also situated in the basement of the Illinois Merchants Bank Building and is built with concrete walls, reinforcement and lining of the same thickness and construction as those of the vault of the Illinois Trust Safety Deposit Company just described. Entrance to this main bank vault is through a rectangular door and vestibule exactly like those used in the side entrances to the safe deposit vault. A level approach is afforded by means of a lowering platform through an entrance seven feet five inches high by three feet six inches wide. The interior is divided into a lobby and eight separate compartments by means of heavy steel grills. The total floor area is approximately 2300 square feet.

This vault is equipped with an emergency vestibule and door through which there is an opening of twenty-seven inches in diameter. In strength and thickness this door corresponds to the main entrance. While the vault is in use, an air duct similar to those em-

ployed, in ventilating the safe deposit vault passes through the emergency entrance and affords, by means of a ventilating system, an ample circulation for the interior.

At a short distance from the entrance to the bank vault is placed a small trunk vault fitted with steel lining inside of reinforced concrete walls and closed by means of a twelve inch rectangular cast steel door. Like the heavier twenty-one inch doors used in the safe deposit and main bank vaults, this door is laid up inside the casting with drill-proof and burner-resisting metals, and heavy plates of pure copper are used as an additional defense against the cutting torch. This door is locked by means of twenty-four three inch steel bolts checked by the usual combination locks and by a 3-movement time lock.

SILVER VAULT

A similar type of vault of larger dimensions is placed on the second floor

of the bank and is known as the silver vault. This vault is twelve feet wide and nine feet deep. The entrance is similar to that of the trunk vault. Around the walls is an arrangement of steel shelving. Check, book, storage, and stationery vaults fitted with light steel doors are placed at convenient points for the services indicated.

This vault equipment was built by the Herring-Hall-Marvin Safe Company of Hamilton, Ohio, in accordance with plans and specifications prepared by Graham, Anderson, Probst & White, architects, and E. A. Strauss & Son, engineers. In it are embodied the most advanced features of mechanical operation and of resistance that have been developed by the engineering profession

and that at the same time have been proved by test and observation to be thoroughly practical in character. Both harmony of design and balance in strength of construction have been maintained throughout.

So carefully are operating parts fitted together that the heaviest doors are swung with practically no effort, and massive bolts are shot into place with little more than the weight of the hand. Noiseless elastic floor coverings are laid in the vaults, and communication with the outside is established by means of the telephone. The fine finish of every portion of the work, together with its mechanical quality, have placed it among the most notable achievements in modern vault building.



J. Henry Schroder Banking Corporation

THE statement of condition of the J. Henry Schroder Banking Corporation, New York, for the year ended December 31, 1924, shows total assets of \$27,869,090; customers' liability on acceptances (less anticipations, \$285,514) \$11,464,029; acceptances outstanding (less in portfolio, \$125,869) \$11,623,673; capital and surplus \$5,000,000; and undivided profits \$288,556. The statement of the corporation reads as follows:

Barnes, president Barnes-Ames Company, New York; Prentiss N. Gray, president; Gates W. McGarrah, chairman Mechanics and Metals National Bank, New York; Stephen Paul, vice-president; F. Seaton Pemberton, secretary; Manuel E. Rionda, vice-president Czarnikow-Rionda Company, New York; Baron Bruno Schroder, partner J. Henry Schroder & Co., London;

Statement of Condition, December 31, 1924

ASSETS	LIABILITIES
Stockholders' uncalled liability for subscriptions .....\$1,800,000	Capital and surplus fully subscribed \$5,000,000.00
Cash and due from banks\$ 1,857,439.33	Capital and surplus paid in\$ 3,200,000.00
Acceptances of other banks 5,750,921.24	Undivided profits 288,555.59
U. S. Government securities (maturing within six months) 4,250,000.00	Reserve for taxes, etc. 25,526.90
Other securities 264,313.30	Due customers and banks 12,383,326.83
Loans and discounts 1,063,269.66	Acceptances outstanding (less in portfolio, \$125,869.42)..... 11,623,673.62
Advances to customers 2,866,629.15	Accounts payable 133,752.73
Customers' liability on acceptances (less anticipations, \$285,514.28).... 11,464,028.76	Accrued interest payable and other liabilities 214,254.54
Accounts receivable 235,697.73	
Accrued interest receivable and other assets 116,791.04	
\$27,869,090.21	\$27,869,090.21

Baron Bruno Schroder is chairman of the corporation and Prentiss N. Gray is president. The directors are: Julius H.

Frank C. Tiarks, partner J. Henry Schroder & Co., London; and George A. Zabriskie, Pillsbury Flour Mills Co., New York.



Liberty Bank of Buffalo, Buffalo, N. Y.

THE New Home of the Liberty Bank of Buffalo, now being built, will not only furnish the bank with quarters that are in keeping with its reputation for financial service, but will provide the City of Buffalo with an office building unexcelled by any other in Northern New York.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
660 FIFTH AVENUE, NEW YORK



Main banking room of head office of Bank of Canton, Ltd., Hongkong, showing elaborate marble construction

Imposing New Building for Bank of Canton

RISING above the skyline of the buildings surrounding it, and crowned by a highly ornamental dome, the imposing new building of the head office of the Bank of Canton, Hongkong, China, presents an architectural effect second to none in the city. The building is erected on a reinforced concrete raft to give it all possible stability.

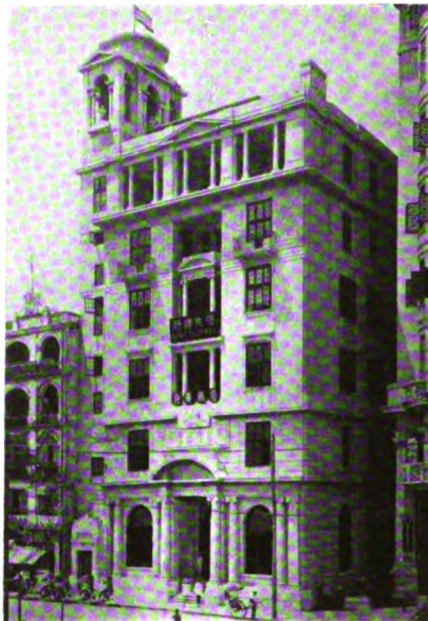
From the ground floor, the building rises to a height of 107 feet, the dome adding an additional 35 feet. It has a frontage of 100 feet and a depth of 95 feet. The facade, which is naturally the most ornamental portion of the building, follows the most modern commercial style of architecture. The first and second floors are of solid granite, quarried with exceptional care and set with artistic nicety. The superstructure, of brick panels filling a reinforced concrete framework, is faced with a new granite plaster composition that gives

the finished walls a most pleasing effect and offers to the elements a surface that is much more resistant than the cement plaster commonly used in local building operations.

The ground floor has large flat arched windows and the main entrance to the bank is highly ornamental. It is flanked by piers on which is inscribed, in large Chinese characters in gold, the name of the bank, and surmounted by a large semi-circular window. From the first floor two rusticated columns extend right up to the main cornice, forming a border to the handsome and unusual feature of oriel windows for each floor. The main cornice itself, which runs around the building, has a width of four feet and casts a deep shadow on to the face of the building, adding greatly to the interest in the general composition of the elevation. Above this is the attic story, with alternating piers and composite columns forming a verandah,



Head office Bank of Canton, Ltd., Hongkong



Canton office

broken in the center by strong piers to emphasize the central feature, this being surmounted by the dome.

On entering the ground floor to the banking hall, one notices the massive bronze sliding doors, containing twenty-four enamel panels giving, in Chinese characters, the history of the bank. The door is surmounted by an ornamental panel which, on the outside, is a bronze

decorative panel and on the inside an electrically controlled clock, one of a series in the bank.

On the left of the entrance is the chief manager's office and on the right the office of the exchange manager. The walls of both rooms are panelled in unpolished teakwood to a height of about eleven feet, while the floors are laid with teak and blackwood parquetry, the



San Francisco office



Bangkok office



Section of interior of main banking room of head office, Hongkong, showing tellers' booths

alternation of the two woods in the construction of the blocks giving an extremely handsome effect.

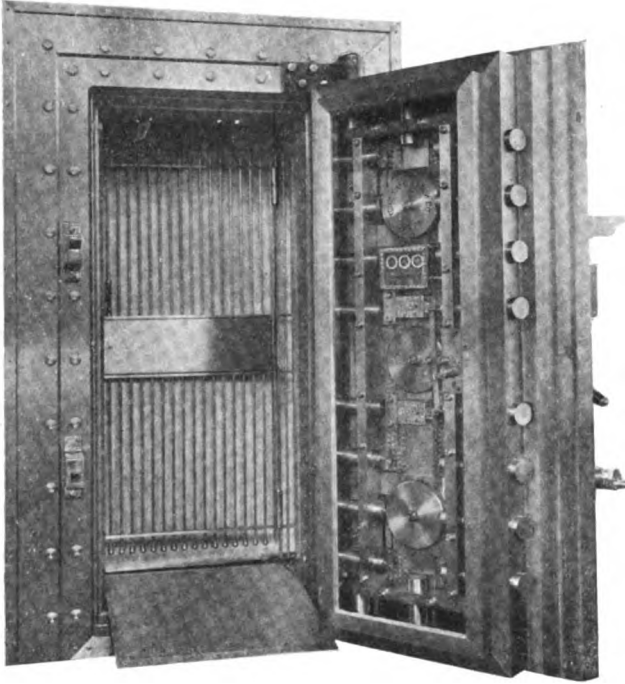
On entering the banking hall itself one is struck by the simple, proportionate and dignified design of the interior. An Italian marble counter runs around three sides of the public space, surmounted by a well-designed bronze grill indicating by means of enamel panels the location of the various banking departments. The lighting of the interior of the building is of the indirect type, the wiring being invisible and every nook and corner of the bank's premises being illuminated without the least evidence of cause. The electric light fittings have been specially designed to harmonize with the general scheme, being inverted alabaster bowls.

The floor of the public space in the banking hall is also in marble, the balance of the banking hall floor being teakwood parquet, as indeed are all the other floors in the building.

A marble staircase, surrounded by an



Office of manager of foreign exchange department at head office, Hongkong



Massive modern solid steel entrance to the safe deposit vault of the head office, Bank of Canton, Ltd., Hongkong. This door contains heavy plates of the York torch-resisting metal "Infusite," which, in conjunction with other special steels, gives it the maximum of resistance to any method of burglarious attack. Built by the York Safe & Lock Co., York, Pa.



Part of the interior of safe deposit vault at head office, Hongkong

enriched bronze railing, leads from the public space in the banking hall down to the public safe deposit vault in the basement. The massive modern solid steel entrance to the safe deposit vault, built by the York Safe & Lock Co., York, Pa., contains heavy plates of special York torch resisting metal known as "Infusite," which in conjunction with other special steels, gives it the maximum of resistance to any method of burglarious attack. The modern safe deposit vault, also built by the York Safe & Lock Co., contains 1260 boxes. As regards the bank's vault, this is served by means of an electric bullion hoist, supplied by Marryatt and Scott, and is protected by a two and one-half ton door constructed of undrillable steel. Both the main vault and the door were built by the York Safe & Lock Co. In the rear of the banking hall and on the same level is a two-story treasury, specially constructed with double walls heavily reinforced.

Over the center of the public space



Hew Fan Un, New York agent of the Bank of Canton, in his office



A corner of the main banking room of the New York office of the Bank of Canton



Section of the foreign exchange department, New York office of the Bank of Canton

is an artistically designed lay-light in leaded glass, in the four corners of which are symbolic figures, representing agriculture, shipping, engineering and finance. This forms the base of a large square light shaft which leads up to the roof of the building, and which, being faced with white glazed tiles, gives excellent lighting to all the offices looking upon it as well as providing very efficient ventilation.

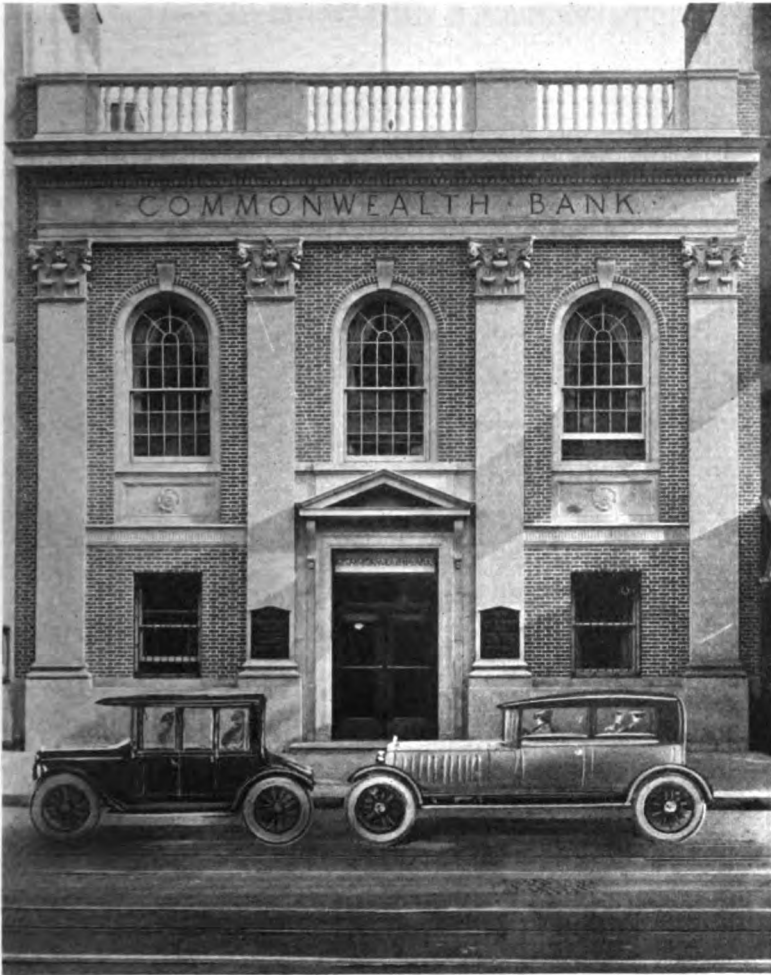
Perhaps the most striking feature of the building, when it is completely finished, will be the entrance to the upstairs offices. The vestibule is paved and paneled in Italian marble, two beautifully marked marble columns supporting an intermediate landing of the staircase. On either side of the vestibule and in the center of the marble panels are bronze "notice boards" on which will be the names of the firms

occupying offices on the various floors. The entrance is something unique in Hongkong and will readily excite attraction and admiration. A marble balustrade surmounts the columns, with a finely carved cartouche in the center. The staircase up to the first floor is lined with a marble dado, adding greatly to the attraction of the entrance scheme.

Two high-speed passenger elevators serve the upper floors, these being supplied by the Waygood-Otis agents. There are five floors for general offices, the top floor of the building and the tower having been taken over by the Chinese Club.

The New York office of the Bank of Canton, Ltd., has recently removed to 200 Worth street, to be nearer the Chinese business district of the city. Hew Fan Un is New York Agent of the bank.





New Lexington office of the Commonwealth Bank, New York

New Commonwealth Bank Office

ON October 29 the Commonwealth Bank, New York, opened its new office at Fifty-seventh street and Lexington avenue, in charge of Edwin B. Fraser, assistant vice-president, to serve that district of rapidly increasing financial and commercial importance. Modern banking facilities have been provided in a new building especially constructed for the purpose. This building has been treated in the Colonial manner, with a classic front done in limestone and brick. For the interior a simple Colonial style has also been used,

with fixtures in American walnut. A modern burglar-proof, fire-resisting safe deposit vault, with a capacity of 5000 boxes, has been installed in the basement, together with coupon and conference rooms, by the York Safe and Lock Company of York, Pa.

This is the fourth office of the Commonwealth Bank to be opened in New York. All have operated consistently and effectively under the policy of fostering feelings of intimate relationship between the bank and its clients. On this basis the new office



Banking floor, looking toward entrance, Commonwealth Bank, New York



Banking floor, looking inward, Commonwealth Bank, New York

has already established itself as a factor in the community.

Mr. Fraser is recognized as being particularly well fitted to promote this policy in the new office, and the institution has been heartily welcomed by business men and others in the community it serves.

In addition to the usual commercial banking facilities, a fully equipped foreign department is maintained. Investment counsel and information, trust functions and special interest accounts have all been provided for, and a women's department has also been installed.

In the short time during which it has been in operation the new office has established itself as a vital force in the district and a valuable aid to those having interests of various sorts in the community. This has been due in some measure to the banking ability of Mr. Fraser and his associates, and the substantial standing of the Commonwealth



EDWIN B. FRASER
Assistant vice-president in charge of
Lexington office



Office of Mr. Beinecke, chairman of the board



Entrance to safe deposit vaults. All vault work was done by the York Safe and Lock Company of York, Pa.

Bank, but also through the efficient adaptation of the various services provided to the requirements of the section, a careful study of which was made during the erection of the building.

With the opening of the Lexington office, appointment of the following officers of the Commonwealth Bank was announced: Louis P. Bach, chairman of the executive committee; Julius R. Von Sternberg, George S. Arciero and Hugh F. Donnelly, vice-presidents; Paul W.

Hoenaek, assistant cashier; Peter T. Blank, George F. Keckeisen and Edwin B. Fraser, assistant vice-presidents.

The bank was organized in 1869 and is capitalized at \$600,000. Bernhard Beinecke, chairman of the Plaza Operating Company, is chairman of the board. Charles A. King is president. As of December 31, 1924, deposits were \$15,872,366.50 as compared with \$11,899,970.07 for the corresponding date of 1923.



Automobile Finance Companies Meet

THERE was a meeting of five to six hundred representatives of automobile finance companies throughout the United States at the Hotel La Salle, Chicago, on December 10 and 11.

The Chicago meeting was the result of previous meetings called by bankers and held in Chicago, New York, Baltimore and Pittsburgh, at which meetings representative bankers suggested the necessity of considering and re-establishing certain fundamental principles in connection with the financing of the retail sale of automobiles upon the monthly time payment plan.

At the Chicago meeting the following resolutions were adopted:

Whereas, for some time past, in the stress of competition there has been a growing tendency on the part of the many companies which finance or guarantee paper covering the retail sale to individuals upon time of passenger automobiles, to depart from certain recognized and fundamental principles:

And Whereas, realizing the necessity of maintaining this class of business in high credit standing with the banks, which are called upon to lend large sums of money in connection therewith, there have been recently held in Chicago, New York, Baltimore and Pittsburgh meetings attended by representatives of automobile finance companies, bonding companies which guarantee automobile paper, and bankers, those principally in attendance being located in nearby territory, at which meetings the bankers suggested the necessity of re-establishing certain fundamental principles, after a thorough discussion thereof;

Now, Therefore, Be It Resolved; That, effective on or before February 1, 1925, in the territory east of the Rocky Mountains, and as soon thereafter as may be feasible in the territory west of the Rocky Mountains, all finance companies and bonding companies which guarantee automobile retail paper be and they are hereby urged only to purchase, discount, lend upon, or guarantee automobile retail paper covering the sale, lease or mortgage upon new or used passenger cars for individual use, as follows:

- (a) On monthly instalment paper covering new passenger cars, the maximum maturity of such paper shall not exceed twelve months, payable in equal monthly instalments.
- (b) On monthly instalment paper covering new passenger cars, the minimum down payment by purchasers shall not be less than either one-third of the cash or 30 per cent. of the time selling price at point of delivery, including accessories and equipment.
- (c) On monthly instalment paper covering used passenger cars, the minimum down payment by purchasers shall not be less than either 40 per cent. of the cash or 37 per cent. of the time selling price at point of delivery, including accessories and equipment, with a maximum maturity of twelve months, payable in equal monthly instalments.

And Be It Further Resolved: That all manufacturers and distributors of and dealers in passenger cars be and they are hereby requested to co-operate in a sincere endeavor to confine the sale of new and used passenger cars for individual use within the aforesaid limitations, in order to continue to keep the manufacture, distribution and retail financing of passenger automobiles on time upon a safe and sound basis.

The finance companies present at Chicago further decided to and did organize the National Association of Finance Companies to carry forward the interest of its members.

Chicago was selected as permanent headquarters of the national association, and invitations will be sent to all finance companies throughout the United States to become members of the association.

At the suggestion of the bankers, a form of questionnaire was agreed upon between committees of the bankers and committees of the finance companies, which form shall be submitted by finance companies to their depository banks to develop the nature of the assets of and class of business done by each finance company and such other data as the banks feel that they should obtain from their finance company customers.



New building of the National Bank of the Republic, Chicago

New Building of National Bank of the Republic of Chicago With Which National City is Merged

ON December 15, The National Bank of the Republic of Chicago opened for business in its new home, The National Republic Bank Building, at La Salle and Adams streets. On December 22, The National City Bank of Chicago joined The National Bank of the Republic, when the institutions became formally merged under the title of The National Bank of the Republic of Chicago.

The consolidated bank has total assets of around \$90,000,000, which will make it one of the three largest national banks in Chicago.

The new home of the consolidated institution is one of the finest in the West. The interior of the building has been completely rebuilt and everything has been arranged for the convenience and comfort of the bank's customers.

The bank occupies four floors, the savings department being on the ground floor, the commercial department on the second or banking floor, the foreign department on the same floor as the commercial department, while the trust and legal departments and all important clerical departments have quarters on the third floor. The bond department is located temporarily on the fifth floor, and a little later will be moved to the ground floor. A mezzanine floor has been built in on the main banking floor, which is occupied by the banks and bankers division, the credit department, auditing department, and service and publicity departments. The safe deposit department is located on the basement floor.

On the mezzanine floor the bank has provided a club room for the use of its customers and bank correspondents, when they are in the city. Here the out of town customer will find a private desk for his individual use. Each desk

is equipped complete all the way from pen and ink on up to push buttons for a stenographer, messenger, or any other service the visitor might desire. In addition there is a special service rendered through the service department, which will provide the visitor with hotel and Pullman reservations, railroad, theater tickets, etc. In fact, anything from a home town newspaper on up.

John A. Lynch will become chairman of the board of the consolidated institution; David R. Forgan and George Woodruff will each serve as vice-chairman, and Hugo E. Otte will be president.

John A. Lynch was one of the original stockholders and directors of the National Bank of the Republic, and served as president of the institution from 1892 until January, 1924, when he became chairman of the board. Mr. Lynch is one of the best known bankers in the Central West, and has served the banking fraternity in many directions. He has been president of the Chicago Clearing House Association, and has been a member of the Clearing House Committee for many years.

David R. Forgan's career as a banker had its beginning in the old Clydesdale Bank of Scotland when Mr. Forgan was but a boy of fifteen. In 1880 he emigrated to Halifax, Nova Scotia, where he entered the Bank of Nova Scotia. Eight years later he became assistant cashier of the American Exchange Bank of Duluth, Minnesota, and in 1890 he took up the cashiership of the Northwestern National Bank of Minneapolis. Later he came to Chicago and served as vice-president of the First National Bank. In 1907 he organized the National City Bank of Chicago and became its first president, which office he held until January, 1924, when he became



JOHN A. LYNCH
Chairman of the board



DAVID R. FORGAN
Vice-chairman

chairman of the board of that institution.

George Woodruff represents the third generation of a family of bankers. At the age of 26 he became president of the First National Bank of Joliet, at that time being the youngest bank president in the United States. He held this office until he became vice-president of the National Bank of the Republic in 1922. Under Mr. Woodruff's supervision the Joliet Bank grew from a small institution of \$500,000 in 1906 to the largest bank in Illinois outside of Chicago. A year ago Mr. Woodruff succeeded Mr. Lynch as president of the "Republic," and he now becomes vice-chairman of the consolidated institution. During the last twenty years Mr. Woodruff has studied banking practice and finance in practically every country in the world. In 1909 he inspected all the railroads in China in the

interest of a group of international bankers. The next year he studied conditions in every country in South America for a group of American bankers who were interested in establishing foreign branches. In 1913 Mr. Woodruff visited the principal countries in Europe as a member of the Rural Credits Commission under the Taft administration. Mr. Woodruff is an ex-president of the Illinois Bankers Association, and in 1919 he organized and became the first president of the Illinois State Chamber of Commerce.

Hugo E. Otte, who becomes president of the consolidated institution, like Mr. Forgan, began his banking career at the age of 15, when he entered the employ of the old Union National Bank of Chicago, which institution he followed to the First National Bank. After some years with this latter institution Mr. Otte organized and became first presi-



GEORGE WOODRUFF
Vice-chairman

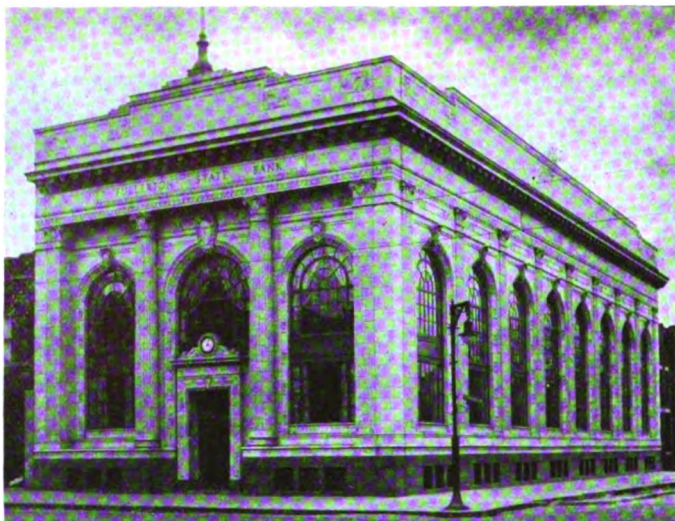


HUGO E. OTTE
President

dent of the Union Stockyards State Bank of Chicago. He later organized and became president of the Lake View Trust and Savings Bank of Chicago. When Mr. Forgan organized the National City Bank of Chicago in 1907,

Mr. Otte became cashier. He was later advanced to the vice-presidency, and a year ago became president. Mr. Otte has worked his way from office boy, and now becomes president of one of the largest banks in the West.





New building of the Fullerton State Bank, Chicago, designed and built by Vitzthum & Burns, architects, of Chicago

Some Recent Bank Building Operations

FULLERTON STATE BANK, CHICAGO

THE formal opening of the new Fullerton State Bank building, on Chicago's northwest side, occurred on December 6. The accompanying illustrations indicate its attractive appearance.

The growth of the Fullerton State Bank in the ten years since its founding has been remarkable. On December 31, 1914, three months after its founding, deposits were \$94,592.45; on November 15, 1924, they were \$2,680,219.93. This development is similar to that of others of the more favored neighborhood institutions in Chicago.

The publicity material sent out by the bank from time to time during the course of construction was calculated to keep the interest of its customers alive. Just prior to the opening attractive invitations were sent to all people residing in the neighborhood and to a considerable list of bankers throughout the city. An attractive brochure describing the many attractive features of the new building, the bank's various services to the public, and its record of devel-

opment, was distributed on the opening day.

The architects for the structure were Vitzthum & Burns, a Chicago organization that has built several of the neighborhood bank buildings in different parts of the city.

Officers of the bank are John F. Smulski, chairman of the board; Walter J. Raymer, president; William H. Schmidt and Anthony I. Miktyl, vice-presidents; Elizabeth A. Conley, cashier; Walter P. Mack, assistant cashier; and Paul D. Tomy, manager foreign department.

NATIONAL DEPOSIT BANK, BROWNSVILLE, PENNSYLVANIA

AN excellent example of a bank with office floors designed with infinite care and attention to every detail without detracting from the principle object, the bank, is shown in the National Deposit Bank at Brownsville, Pa. This institution, the largest bank in the upper Monongahela Valley, combining successful experience, strength, and com-

Interior of the Fullerton State Bank, Chicago's most recently opened neighborhood bank building



plete facilities, is a member of the Federal Reserve System.

The exterior of the building is of selected Indiana limestone with a granite base. A heavy stone cornice marking the end of the limestone at the

second floor level sets off the large pilasters and graceful fluted columns to good advantage. From the second to the sixth floors the building is faced on all sides with selected Beldon face brick, presenting a pleasing contrast to the



This six story structure houses the largest bank in the upper Monongahela Valley—the National Deposit Bank, Brownsville, Pa. It was designed and built by the Griswold Building Company of New York.



Interior of the National Deposit Bank of Brownsville, Pa., showing the entrance to the safe deposit and security vault at the rear, which was built and installed by the Herring-Hall-Marvin Safe Company, Hamilton, Ohio

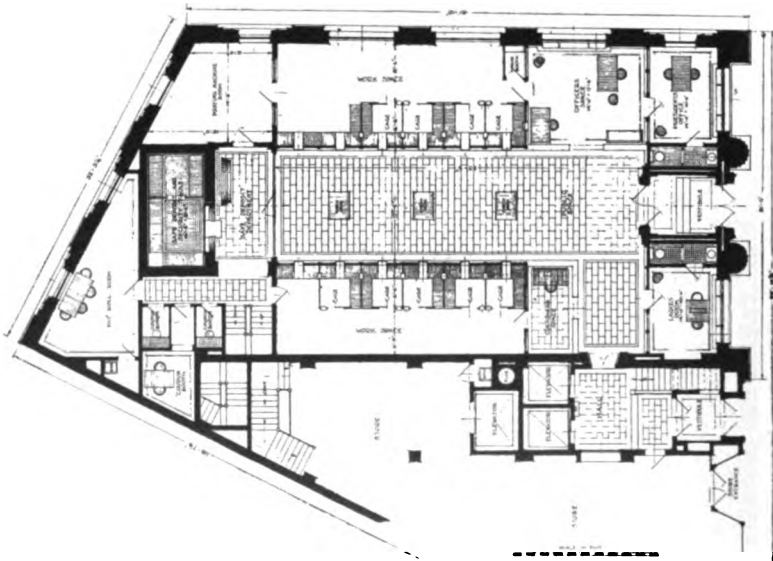
limestone. The highly ornamented terra cotta cornice above the sixth floor is securely fastened by heavy galvanized steel anchors. Designed with reasonable simplicity, the structure is of an imposing and commanding nature.

The banking quarters embody the most modern ideas in this type of construction. At the main entrance are two heavy cast iron grided sliding doors with two double-acting doors directly behind them. These open into the vestibule, which has a gray Tennessee marble floor with San Russell rose marble

walls, trimmed with San Bonita marble, extending to the ceiling. The ceiling of the vestibule is of ornamented plaster decorated to conform with the balance of the banking quarters.

The entrance doors from the vestibule to the banking room proper are of mottled Mexican mahogany, as is the balance of the woodwork in the banking room. A well appointed ladies' retiring and rest room on the left of the entrance is partitioned by marble and mahogany with obscure glass paneling. Mahogany wainscoting and wicker fur-

Floor plan of the National Deposit Bank, Brownsville, Pa., designed by the Griswold Building Company of New York



niture make the room most attractive. On the opposite side of the vestibule is the president's room, complete with mahogany furniture and wainscoting. The officers' space adjoins this room. The customers' alcove, conveniently located directly across the lobby and in front of the counter-screen, has a marble floor and wainscot.

The spacious public lobby, 53 by 17 feet, has a gray Tennessee marble floor which adapts itself readily to the general tone of the room and to the Texas

San Russell rose marble of the counter-screen. A counter of cast bronze surmounts this marble. Telephones, stationery, tilting pass baskets, reflector lights and glass cash guards make the six tellers' cages complete in every detail. The floor of the cages as well as of the work spaces is covered with one and a quarter inch battleship linoleum. This well equipped banking room is so arranged as to give customers prompt and efficient service.

A well lighted and ventilated interior

THE North Side Savings Bank, Bronx, N. Y., has an individual bank building in the Italian Renaissance style, with an exterior facade of Bedford Indiana limestone. It is 66 feet wide by 105 feet in depth. Built on an inside lot, it receives its light through the large arched windows in the front and skylights in the ceiling. Messrs. Holmes and Winslow of New York were the architects who designed the building



An unusual feature of the North Side Savings Bank is that the active officers are located on the mezzanine floor, with an unobstructed view of the entire banking room. This institution features its safe deposit business, having a large and well protected vault of the latest design



Three views of the new building of the Citizens National Bank of Baltimore: the main banking lobby; the exterior of the twenty-story building, the highest in Baltimore; and the president's office. The architects were Graham, Anderson, Probst and White of Chicago, and the builders, the George A. Fuller Company, New York

is effected by the expanse, on two sides of the building, of steel casement windows extending the height of the banking room, and operated by pivot sash. This abundance of light emphasizes the refinement and the warmth of color of the interior decorations. The walls, of highly glazed Caen stone with raked out joints, blend with the heavily beamed and ornamented ceiling which is decorated in the Greek order of architecture. Appropriate drapes at the windows lend themselves to this harmonious coloring and decorating plan.

On the main axis of the banking room and directly to the rear, under the mezzanine floor, is the safe deposit and security vault. The vault lobby is separated from the balance of the room by a solid steel grill running to the height of the lobby ceiling and to the hall on either side. The massive door guarding the entrance to the vault is of the latest laminated construction, being 82 inches in diameter and 21 inches thick over all, weighing 19 tons. The walls, floors and ceiling to the vault are of heavily reinforced concrete and threaded with the most modern of electric burglarproof protection cables spaced 4 inches apart. Three thicknesses of half-inch chrome steel with polished steel face plates line the inside of the vault. Electric fixtures, 812 safe deposit boxes, a battery of currency chests, and the interior grill, make a handsome and sturdy appearing interior. Coupon booths and the safe deposit department adjoin the vault. The Herring-Hall-Marvin Safe Company, Hamilton, Ohio, installed the vault.

In the rear of the banking quarters on the main floor there is also located the posting machine room, a pay-roll room, and a committee room for the use of the bank's patrons.

On the spacious mezzanine floor is additional work space and the directors' room, the latter being decorated with quiet taste befitting the dignity of the room. The ladies' locker and toilet rooms find sample space on this floor.

The Griswold Building Company of



ALBERT D. GRAHAM
President Citizens National Bank of Baltimore

New York City, who specialize in bank work, were the architects.

CITIZENS NATIONAL OF BALTIMORE IN NEW HOME

THE new home of the Citizens National Bank of Baltimore is twenty stories high. It is the highest and most modernly equipped skyscraper in Baltimore, rising 285 feet above the street level. The total floor area is 180,000 square feet.

Bedford Indiana limestone has been used in the construction of the Light street facade and the Redwood street side, while Bedford Indiana limestone and Kittanning brick is used on Wine alley.

Standing at the main entrance of the bank, one sees eight massive rose Tavernelle marble fluted columns with Corinthian caps, forty feet in height and four feet in diameter, supporting an elaborately decorated ceiling, divided into innumerable domes and merging into a wall frieze of unusual beauty.

Eighteen hundred ivory tinted lamps,



State & City Bank and Trust Company,
Richmond, Va.

set like jewels in nine beautifully designed bronze chandeliers, shed a lustre of soft light, effecting a harmonious blending of shades and colors.

The bank screen extending along either side of the banking room is built of marble imported from Tavernelle, Italy. All the metal work is solid bronze.

The president's office depicts a treatment of American walnut and Belgian blue marble—the officers' quarters adjoining are separated from the public space by a balustrade of rose Tavernelle marble.

The draperies at the fifteen arched windows and those forming a background for the bronze grill work on the mezzanine floor lend a note of true artistry.

The directors' suite, consisting of a reception room, chairman's room, committee room and directors' room, is on the sixteenth floor, overlooking the Patapsco River and the Chesapeake Bay. It is finished in Belgian blue marble and American walnut.



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., New York, architects and bank engineers, designed the building



The Peoples Bank of Potsdam, N. Y.

Immediately upon entering the bank, one approaches an exceptionally impressive stairway of Tavernelle marble and bronze leading to the safe deposit lobby below.

Between the safe deposit lobby and the vault extends an impressive bronze grill screen. This department covers 4000 square feet. It contains twenty-six coupon booths of varying sizes, two large committee rooms, and a special vault for silverware and trunks.

The safe deposit vault, with capacity for 12,000 boxes, is equipped with a massive circular door of chrome steel, eight feet in diameter and three feet thick. It weighs sixty-two and one half tons. The vault walls have a uniform thickness of three feet and are composed of four rows of open hearth steel beams embedded in especially hardened concrete, interlaced with wires leading to police headquarters. The entire safe deposit department is equipped with every approved modern safety device and convenience known to the art.

Graham, Anderson, Probst and White of Chicago were the architects, and the George A. Fuller Company, New York, were the builders.

STATE AND CITY BANK AND TRUST
COMPANY OF RICHMOND, VA.

THE new quarters of the State & City Bank and Trust Company of Richmond, Va., into which this old Southern bank was moved on December 15, are among the largest and most completely equipped in the South. The building is located at Ninth and Main streets, in the heart of the financial district of the city, and only a few minutes' walk from the Richmond Reserve Bank. It is fourteen stories high, with an exterior of white Indiana limestone.

The main floor of the building covers more than 8000 square feet of space. This floor, finished in marble, comprises the banking lobby, although the bank will occupy in addition all of the mezzanine floor, the third floor and the basement.

A feature of the building is the group of massive vaults and storage chambers of solid concrete and steel, protected by the latest electric devices. The entrance is guarded by a steel door weighing more than 54,000 pounds. These vaults were built and installed by the Herring-Hall-Marvin Safe Company, Hamilton, Ohio.

The State & City Bank and Trust Company, has a background of more than half a century of experience and growth. The first office was located in a corner of a down-town dry goods store. The capital of the institution is now \$1,200,000, with a surplus of \$1,200,000 and resources exceeding \$21,000,000. Its service covers every phase of banking, trusts, investments and real estate loans, custody and safe-keeping, travel, foreign exchange and collections.

The collection system of the bank covers the entire South and reaches all the principal financial centers of the North, the East, and in Europe. In Virginia, West Virginia, and North and South Carolina the State & City Bank and Trust Company maintains direct connections with every banking point.

THE FIRST NATIONAL BANK OF TAMPA,
FLORIDA

THE proposed new building of The First National Bank of Tampa, Florida, is to be located at the southwest corner of Franklin and Madison avenues, on a plot measuring 52 feet frontage by 140 feet in depth. The building is to be eleven stories in height, including the mezzanine floor in the main banking room. At the rear the banking room will continue into an ell 50 by 50 feet, and two stories in height. The prominent corner location makes possible a generous supply of natural light through the large windows on two sides of the room.

It is proposed to use limestone on the exterior for the first three stories, the remaining stories to be in tapestry brick of variegated colors, and glazed terracotta. The building is to be thoroughly fireproofed throughout, the framework



The proposed building for the First National Bank of Tampa, Fla., to be located at the corner of Franklin and Madison avenues, was designed by Messrs. Holmes and Winslow of New York, architects

being of steel skeleton construction. Three high speed electric passenger elevators will serve the office floors, the entrance to the offices being on Madison avenue.

Every modern convenience is to be planned to facilitate the bank's service to the public and to meet the rapid growth of the institution.

The building has been designed by Messrs. Holmes and Winslow, bank architects of New York.

CHRISTMAS NUMBER OF THE
DIEBOLD NEWS

THE Christmas number of the *Diebold News*, which is published

quarterly by the Diebold Safe & Lock Company, Canton, Ohio, contains a number of interesting articles describing recent vault installations. An interesting feature of this number is the republication of a letter written in 1871 describing how a Diebold safe, of that period, stood the test of a thirty hours' fire, all of the contents being saved without a paper discolored.

Among the list of recent safe deposit purchasers it is interesting to note a large number of banks in the state of Florida. This would seem to be another indication of the prosperity now being enjoyed by that state.

BOOK TALKS

Special Section of The Bankers Magazine

JANUARY 1925

How the Woman Manager Brings In Business

By Anne Seward

"Does the women's department justify its sudden popularity?" is the question that is answered in full in 120 pages of "The Women's Department" (Bankers Publishing Co., \$1.25). Miss Seward proves that it has, in every case in which it has been tried, from the largest metropolitan bank to the smallest suburban bank. Reprinted here is a short chapter from the book showing how the woman manager can bring to the attention of the women customers the service of the bank as executor.

IN THESE days when clever business women are making lots of money or when husbands and fathers are leaving their estates unencumbered to the women beneficiaries, the details of handling property are more and more being turned over to banks and trust companies. In featuring these functions of their institutions the women's departments in banks play an active part.

Not long ago an interior decorator of pronounced success in New York City came to her trust company and said: "I might just as well give up making money if I can't have more time than I do to take care of it." She had never heard of the trust company's facilities to act as personal trustee. But when the manager of the women's department explained to her that she could be relieved of all routine in the care of her affairs and that her securities could be watched and exchanged, her "called bonds redeemed," her dividends collected and her "rights" exercised without her having to take any time away from her decorating business, she immediately put her affairs into this custody service department and, being spared all worry of financial details, made even more money and a greater success of her decorating than before.

Teach Women Depositors

Sometimes women would rather have other women explain the intricacies of investment technicalities than men. They mind, perhaps, appearing slow or dull before men, and they know that the woman manager has also had to make a study of this work. Tax-exemption blanks, stock waivers and even correct endorsements are mysteries to the average society or even professional woman.

It is fast becoming an important function of the modern women's departments to teach their women depositors the different capacities in which the bank is able to act for

them. One bank in the Middle West had not the slightest idea how many of its women depositors were utilizing the trust services of the bank until it appointed a manager of the women's department. She made an analytical survey of all the accounts in the bank and found that not one in 200 women had ever heard of a living trust or a custodian trust or knew that the bank could and should act as executor under her own or her husband's or father's will.

To talk will-making or even gift-making is a ticklish job. Women of fortune have to be approached very gingerly on the subject. A woman bank officer often has a better opportunity to bring up this subject than a man. The old superstition still prevails that to make your will is to hasten death, or if it does not prevail in a given case, the subject is thought distasteful.

Persuading Women to Make Wills

But a woman manager in a bank department, who is constantly discussing business matters, anyway, can weave it into conversation with such tact as to open up an avenue of investigation and action. The woman of property can easily be made to understand that the only executor who will not die, take vacations, be sick, or be proof to temptation, is the bank. Moreover, she can probably be persuaded to make her will without further delay, and she soon realizes that in the discussion of property and its disposition it is a far more agreeable task to talk matters over with a comparative stranger in the form of a bank official than with the family doctor or "best friend".

A half-hour's conversation in the women's department has resulted in: Resolved—I Shall Make My Will Today, and it has been done. Procrastination and bank atmosphere do not go together. Even changeable women become resolute under the right influence.

THE BANKERS MAGAZINE—BOOK TALKS

BOOK TALKS

EVELYN M. PRICE, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JANUARY 1925

Shop Talk

WHEN we think of banking literature we think of voluminous treatises on banking laws and the economic phases of bank operation; we totally forget (or, rather, never think of) that side of banking that has made it the supreme interest in life for many men. Just as journalism has its thrill, just as engineering has its joy of creation, so banking has its romance. It is this romance that Thomas P. Kane recorded from his 37 years of banking experience when he wrote his *Romance and Tragedy of Banking*. No banking library should be without this book, which will develop in those who read it a love for and interest in their chosen profession which cannot be gained by study alone. Write for a circular describing the book fully.



"HAVE you a copy of 'Who's Who and What's What,' by Jerome?"

"No, sir; but we got 'Who's He and Vat's He Got,' by Bradstreet."—*Greenville Piedmont*.

We have "What's What and Who Uses It," known by the business title of the *Encyclopedia of Banking and Finance*, which is described in the advertisement on page 7.—*Bankers Publishing Co.*



THE author of *A Century of Banking Progress*, William O. Scroggs, Ph. D., has been, for a number of years, a member of the financial staff of the "New York Evening Post". His daily column on business and financial conditions is

carefully followed by the most progressive men of the country. Read about his book on the following page of BOOK TALKS.



AMONG the books on credit which are recommended by the Special Libraries Association in its pamphlet "Your Bank and the Organization of Its Library" is *Commercial Paper* by W. H. Kniffin. This book was recently completely revised, and some material added to parts. The latter half of the book gives actual credit statements with their analysis. The price is \$2.50.



THE author of *The Bank Credit Investigator*, Russell F. Prudden, is now a state bank examiner, located at present in the New York district. It will be recalled that at the time of writing his book on credit investigation he was connected with one of the largest New York City banks. We might add that just when we are convinced that every credit investigator in the United States has a copy of this book in his pocket, more orders prove that there are still some who have been overlooked.



A VALUABLE suggestion is given by T. D. MacGregor in the *New Business Department* about having "understudies". He says, "In an institution large enough to warrant it, the tasks of the department should be so systematized that at least two persons are familiar with the work of each desk. Thus there would always be an understudy in case of the absence of the officer or clerk regularly in charge of that part of the work."



WE will be glad to send circulars about any of our publications. Write for the one which gives prices and description of all our books.

A Century of Banking Progress

By WILLIAM O. SCROGGS, Ph. D.



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DURING the past hundred years the banking system of the United States has passed through many different phases, and it is still in process of evolution, like all other living institutions.

THE story of these changes has been frequently told and in various ways, but it has never been presented in the form of a continuous, non-technical narrative covering the whole period of American banking. It is to supply such a deficiency that this book has been prepared.

WHILE instructive of the banking progress of the country, the book is made exceedingly interesting by an author who holds the interest of the reader by his excellent selection of material, making a story, well told, of historical facts.

FOR purposes of illustration events in the history of a large number of individual banks have been cited, and one century-old New York bank was selected, whose career could be used for illustrative purposes.

THE chapter headings given here show how thoroughly the author has covered his field, and suitable illustrations, some taken from old prints, give an added interest to the volume.

THE author, William O. Scroggs, has been for a number of years a member of the financial staff of the *New York Evening Post*. His daily column on business and financial conditions is carefully followed by business men throughout the country.



BANKERS PUBLISHING COMPANY

71 Murray Street

New York



THE BANKERS MAGAZINE—BOOK TALKS

First Copies of "Recollections of a Busy Life" Bring \$100 Each

FRIENDS of the Scottish Old Peoples Home at Riverside, Ill., have paid \$100 each for special numbered copies of James B. Forgan's *Recollections of a Busy Life*. This price was unsolicited, Mr. Forgan wrote to his publishers, and the money, of course, was turned over to the Home to which all royalties to come from the sale of the book had already been assigned before the death of the author.

his book, when he turned them over to be added to the royalties which would be paid to the Home at regular intervals.

The Scottish Old Peoples Home was started many years ago by the Illinois St. Andrews Society. At first about 30 could be accommodated, but after a new building was acquired the capacity was increased to about 60. Many interesting persons have been cared for, among them being a chemist,



Scottish Old Peoples Home at Riverside, Ill., which is to be benefited by the royalties from James B. Forgan's autobiography

All readers of BOOK TALKS who ordered copies of this book, and the many other purchasers throughout the country, have been giving money to the Scottish Old Peoples Home, and to these persons the photograph of the Home which is reproduced here will be of interest.

Mr. Forgan was keenly interested in this Home, and was very much delighted to write about the unsolicited checks for \$100 each which he had received for copies of

who lived to the age of 99. He had been an interne in the Royal Infirmary at Edinburgh when Sir James Simpson for the first time used chloroform as an anaesthetic in performing an operation, and to the last could give a vivid description of that great event in surgical history. Careful attention is given to the moral, mental and physical standing of the inmates, remembering that it is really a home and that those who live in it must live as a family.

Progress of Advertising Agencies

A PAMPHLET entitled "Agency Association Progress in the United States," which is a reprint of an address delivered by Newcomb Cleveland, vice-president of the Erickson Co., New York, is being distributed by the American Association of Advertising Agencies (headquarters at 247 Park Avenue, New York). This address was delivered in London before the advertising convention last July, and is of interest to firms whose advertising is in the hands of agencies, or may be contemplating making use of one.

Cotton, Wool and Silk

THE three textiles—cotton, wool and silk—enter so into the daily life of every man, woman and child that the International Acceptance Bank, Inc., of New York has sub-

mitted, in booklet form, a description of the three industries represented by these materials. "Three Textile Raw Materials and Manufacture" is the title given to this 126-page booklet, which by writing and excellent illustrations presents these industries in an extremely interesting and instructive way to the public. Each material is taken from its raw state to the finished product, and actual photographs are reproduced.

New Books

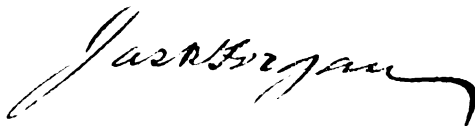
ELEMENTS OF BUSINESS STATISTICS. By Robert Riegel. Appleton. \$4.00.

AN exposition of the principles of statistics as they apply to the solution of business problems.

PRINCIPLES OF IMPORTING. By W. E. Butterbaugh. Appleton. \$5.00.

A facsimile of the autographed page which is included in each copy of this edition of "Recollections of a Busy Life" is shown at the right. This book is bound in full leather with numerous illustrations. The price is \$6.00.

"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."



Recollections of a Busy Life

By JAMES B. FORGAN



It is only necessary to bring attention to the fact that this book is a really fascinating narrative of the steps by which James B. Forgan, late chairman of the board of the First National Bank of Chicago, rose from a bank apprentice at St. Andrews, Scotland, to the head of one of this country's greatest banks. More than half a century spent in the banking business is covered in its pages.

BOOK REVIEWS AND NEW BOOKS

[Recent Announcements of Other Publishers

HAGUE RULES EXPLAINED: CARRIAGE OF GOODS BY SEA ACT 1924. By Sanford D. Cole. England: Effingham Wilson. The Stockholm Conference on general average and the York-Antwerp Rules, 1924, with notes.

THIS book, an English publication, gives the standard clauses of the Hague Rules which define the liabilities to be assumed for the period of the voyage by sea carriers under bills of lading. They will supplant clauses hitherto commonly inserted in bills of lading relieving sea carriers from liability, and will impose on them an irreducible measure of liability for the safety, during the voyage, of goods carried under bills of lading. In this way these statutory rules will alter the legal position so materially that they will require the close attention of all those who are concerned with bills of lading transactions—that is, of cargo owners, ship-owners, underwriters, bankers and commercial lawyers.

The general scheme of the rules is outlined in the opening section of the introduction, which, in further sections, describes the events leading on to the passing of the Carriage of Goods by Sea Act. In the United States and other maritime countries similar legislation is under consideration. If these legislative proposals are passed, the rules, which were embodied in an international convention with the idea that they should become universally operative, will then attain that status. Part of the conditions in bills of lading will then be standardized the world over.

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PRINCIPLES OF AUDITING. By E. L. Kohler, M. A., C. P. A., and P. W. Pettengill, C. P. A. Chicago: A. W. Shaw Co. \$4.00.

IN THIS new book the authors outline clearly the actual working procedure in making an audit of the various accounts of a business. Step by step, they explain just how the auditor proceeds in determining the financial condition and earnings of a business for its officers or directors, partners or stockholders, bankers or investors. Moreover, they fully describe the methods of the auditor in detecting errors of commission or omission, of a clerical nature, or, most important, of principle.

The authors show exactly how to start an audit, explain in detail what procedure to use in auditing the accounts of a business

and give special attention both to closing the audit and preparing the exhibits and certificates as well as preparing the text of the audit report.

A complete set of auditing working papers (79 in number) and a 17-page audit report written in connection with the illustrative audit, as well as 207 review questions on auditing, are contained in the book.

+

RAILWAY TRANSPORTATION: PRINCIPLES AND POINT OF VIEW. By Sidney L. Miller. Chicago: A. W. Shaw Co. \$4.00.

HERE is a work that presents in readable, comprehensive form the fundamental principles of railway transportation. Writing from several years' study of the railroads under changing conditions, and from intimate experiences in railway employment, the author outlines the factors which appear in the railroad problems. After a discussion of the relation of transportation costs to social and trade development, he discusses the growth of the railway system of the United States and shows the financial ownership grouping of railways as well as the territorial grouping. He explains the organization of personnel, discusses the duties of important officers, and sets forth the pivotal points in rendering and developing freight, passenger and incidental services.

+

DICTIONARY OF NATURAL COMMODITIES. By R. Osborne. London: Effingham Wilson.

THIS dictionary is an English publication which describes as briefly and lucidly as possible the most important properties of the main natural commodities, so that the reader can see almost at a glance the part each one takes in present-day industry. The principal commodities of the following sections are defined: Acids, alkalies; alcohol, spirituous liquors and wines, beers and yeast; cereals; fuel, coal, coke and by-products; minerals, iron and steel, lead, etc.; oils and fats, resins, gums, varnishes, paints; precious metals, precious stones; tea, coffee, cocoa, milk, sugar, etc.; tobacco, amber, asbestos. The following particulars of each commodity are given: Origin, composition, how produced, the important physical and chemical properties and the commercial application. For additional information a list of reference books is given.

How many of these terms can you define?

Every banker and business man should have a wide knowledge of all terms and phrases used in business, banking and finance. Here are a few of the terms described and defined in this encyclopedia.

Amortization	Disagio	Guaranty fund	Long pull
Barratry	Distribution of risk	Hypothecation	Fee simple
Books close	Drive	Indeterminate bonds	Naked reserve
Blue-sky laws	Escrow	Irish dividend	Par clearances
Bonanza	Equipment trust	Index-number	Sola bill
Buoyant	Exhaust price	Listing	Puts and calls
Business cycle	Flat	Limit of tolerance	Prior preferred stock
Carry over	Flier	Living trust	Recapture clause
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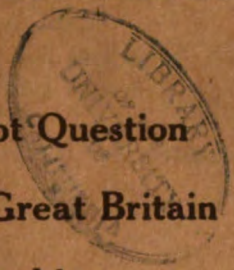
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Vol. CX

FEBRUARY 1925

No. 2

MAR 12 1925



- The Inter-Allied Debt Question
- Investment Trusts in Great Britain
- Co-operative Banking
- The Community Survey in Bank
Agricultural Work
- What About the Philippines?
- Selling the Trust Department to
the Public

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U. S. Bonds and Certificates	6,552,200.00	
Other Bonds and Investments	11,682,602.54	
Banking House	1,500,000.00	
Customers' Liability account of Acceptances	9,547,719.02	
Cash due from Banks and U. S. Treasurer	49,653,020.90	
Interest earned	333,468.04	
Other Assets	335,275.00	
		<u>\$192,138,823.55</u>

LIABILITIES

Capital Stock	\$ 4,500,000.00	
Surplus	15,500,000.00	
Undivided Profits	1,524,108.49	21,524,108.49
Reserved: Taxes, Interest, etc.		522,935.73
Circulation		349,997.50
Acceptances		9,874,135.27
Bankers' Acceptances and Foreign Bills		4,165,986.69
U. S. Securities Sold under Repurchase Agreement		3,903,500.00
Other Liabilities		98,766.25
Deposits, viz.:		
Individuals	\$111,296,068.84	
Banks	40,005,024.78	
United States	398,300.00	151,699,393.62
		<u>\$192,138,823.55</u>

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Volume CX

FEBRUARY 1925

No. 2

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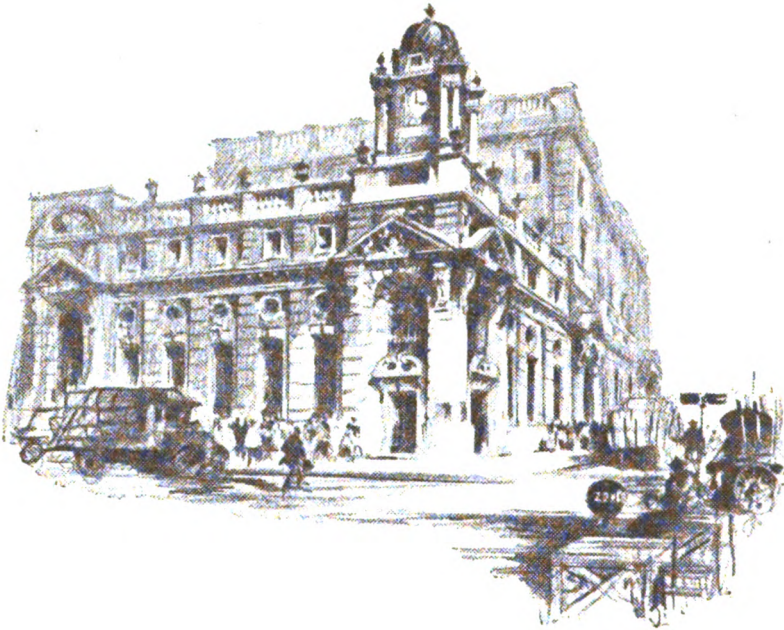
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The Publisher's Page

IN his article "The Changing Economic Position of the United States," which will appear in the March number, O. P. Austin, statistician of the National City Bank of New York, says that the late James Stillman, so long head of the National City, remarked to him in the course of a conversation some years ago, that the future of the export trade of the United States would be determined by the activities of the manufacturers. The growing population of the country, Mr. Stillman added, was consuming more and more of its natural products, and the increasing activities of the manufacturers suggested that their exports would hold the United States at the head of the list of the world's exporting nations. Dr. Austin remarks in his article that the years which have swiftly passed since Mr. Stillman's prediction have fully justified it. The capital of the manufacturing establishments of the United States, which stood at \$10,000,000,000 in 1900, was \$44,000,000,000 in 1919; the output of manufactures has advanced from \$13,000,000,000 in 1900 to \$62,000,000,000 in 1919 and will probably show \$65,000,000,000 when the figures for 1923 have been arrived at. The share which manufactures form of our exports has advanced from 35 per cent. in 1900 to 54 per cent. in 1924. Meantime the value of farm products of the United States, based on prices on the farm, has, according to the figures of the Department of Agriculture, advanced from \$3,549,000,000 in 1900 to \$12,000,000,000 in 1924.

T

WILLIAM P. Helm, Jr., has for several years made a careful study of the question of taxation. His article "The Heart of the Tax Problem" which will appear in the March number is both comprehensive and enlightening. Mr. Helm says that he wonders if readers of THE BANKERS MAGAZINE have caught the full significance of the cost of American government. He says that we all know that taxes are high. But do we realize how high they are? Do we realize, for instance, that those who dwell in our chief cities are paying more per capita today for government than they are for food? Mr. Helm has, with the help of accurate data compiled by government and business analysts, prepared a comparative statement showing the per capita costs of government and of food in fifteen of the chief cities of the United States. In every one of these cities the per capita government cost in one year was more than the

per capita food cost over the same period of time.

THE ever increasing bid for new trust business by trust companies and trust departments of national and state banks through the medium of newspaper publicity will make Theodore Tefft Weldon's article "Newspaper Advertising as Part of the Trust Selling Campaign," which will appear in the April number, of particularly timely interest. This will be the second article of a series prepared by the author for THE BANKERS MAGAZINE under the general heading of "A Complete Campaign for New Trust Business." Mr. Weldon, as advertising manager of the Northern Trust Company of Chicago, has had unusual success with newspaper and other forms of publicity which he used as aids in securing new trust business.

THE history of few fortunes carries with it as much of legend and romance as that of the Rothschild family. When great fortunes are thought of that of the Rothschilds is usually one of the first to come to mind. The story of this famous fortune, its vicissitudes and the legends which have sprung up regarding it, is interestingly told by Withers Woolford in his article "The Romance of the Rothschild Fortune" which will appear in an early number of THE BANKERS MAGAZINE. One of the several interesting legends related in Mr. Woolford's article is that of Nathan Rothschild's method of obtaining private information in London regarding the outcome of the Battle of Waterloo before the news reached the rest of the city, and of his putting this information to such use that it netted him a profit estimated at \$2,500,000.

THE article in the law department of our January number with reference to stopping payment on a certified check was evidently appreciated by one of our subscribers, who writes us as follows: "I want to thank you for publishing that information regarding stop payments on certified checks. It was just what I wanted to know, and by reading the article I feel that I have accomplished something and have added to my elementary knowledge of banking and its functions. I have found your magazine very interesting and quite an encyclopedia of learning, relating to books, bankers and banking."

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Our Foreign Department is still located at No. 48 Wall Street where it has been since its beginning. The banking offices lately occupied by our domestic department are being remodeled and adapted to the needs of our Foreign Department, whose entire staff on the completion of this work will be consolidated on the banking floor.

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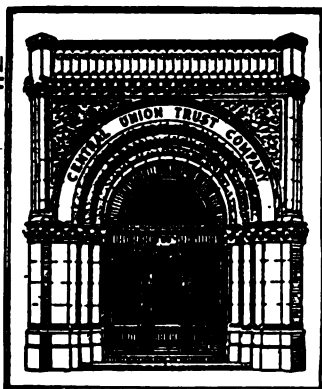
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OF THE CITY OF NEW YORK

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...at a glance”*

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“It was enacted,” read the archives, “that every baker shall have a mark of his own for each sort of bread, so that all people may know at a glance that which they buy.”

Since far-away times—not merely in these modern days of advertised trade-marks—the maker’s name or mark on a piece of goods has been a *pledge* in which the public has placed great confidence.

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JOSEPH SEEP	<i>Chairman, South Penn Oil Co.</i>
S. STERN	<i>Vice-President</i>
JOSEPH B. TERBELL	<i>President, American Brake Shoe & Foundry Co.</i>
C. C. THOMPSON	<i>New York</i>
HENRY WHITON	<i>President, Union Sulphur Company</i>

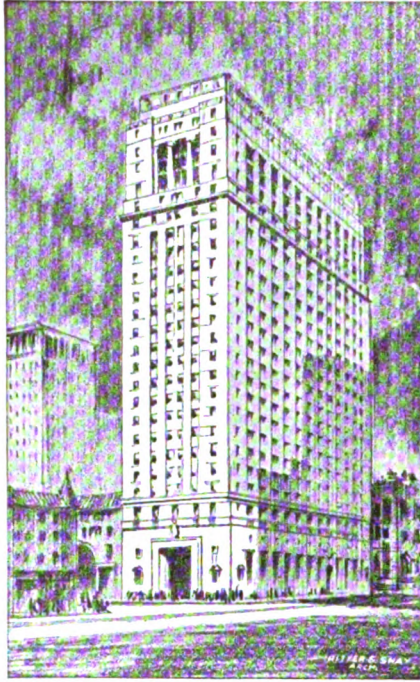
The Seaboard National Bank

OF THE CITY OF NEW YORK

Mercantile Branch
115 BROADWAY
at Cedar Street

MAIN OFFICE
BROAD and BEAVER STREETS

Uptown Branch
74 EAST 45th STREET
near Madison Avenue



A New Monument to Philadelphia enterprise

The new Packard Building, twenty-four story home of the Pennsylvania Company, towering above the Philadelphia skyline, is a monument to the integrity and enterprise of an institution that for one hundred and thirteen years has steadfastly proved its capacity for the highest responsibilities.

For one hundred and ten consecutive years this Company has never failed to pay a dividend, despite the wars, crises and financial upheavals through which the country and the world have passed.

Since 1872 the Pennsylvania Company has devoted its entire attention to Banking, Trust and Safe Deposit business. Today the Capital, Surplus and Undivided Profits of the Company amount to over \$20,000,000.

The Pennsylvania Company

for Insurances on Lives and Granting Annuities

PACKARD BUILDING, PHILADELPHIA

Equipped to Meet Every Banking Need

Main Office
S. E. Cor. 15th & Chestnut Streets

Down Town Office
517 Chestnut Street

STRENGTH

The strength of a bank may be indicated by its statement of condition, but it is also measured by the extent and quality of the services it is prepared to render.

Add to the facilities at the disposal of your customers by placing an account with this strong, well-equipped institution.

THE
PHILADELPHIA
NATIONAL
BANK

Capital, Surplus and Profits, \$16,900,000



CAPITAL and SURPLUS
\$9,000,000.00

GOVERNED
BY
SOUND
PRINCIPLES

CENTRAL TRUST
COMPANY OF ILLINOIS
CHICAGO



Main Office
Fifth Ave. at 32nd Street

**The Bank of
United States**

Member Federal Reserve System

Resources Over
\$60,000,000.00

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

The CONTINENTAL and COMMERCIAL BANKS

CHICAGO

Statements of Condition December 31, 1924

CONTINENTAL and COMMERCIAL NATIONAL BANK of CHICAGO

Resources

Time Loans	\$136,340,303.69	
Demand Loans	112,305,424.21	
Acceptances	8,923,180.04	
Bonds, Securities, etc.	19,871,126.45	\$277,440,034.39
U. S. Bonds and Treasury Notes		47,787,390.81
Stock of Federal Reserve Bank		1,200,000.00
Bank Premises (Equity)		7,900,000.00
Customers' Liability on Letters of Credit		6,232,204.52
Customers' Liability on Acceptances (as per Contra)		1,094,266.04
Overdrafts		34,993.26
Cash and due from Banks		133,125,923.69
		<u>\$474,814,812.71</u>

Liabilities

Capital		\$ 25,000,000.00
Surplus		15,000,000.00
Undivided Profits		5,714,734.88
Reserved for Taxes		2,173,405.29
Circulation		50,000.00
Liability on Letters of Credit		6,878,470.10
Liability on Acceptances		1,697,756.11
Deposits { Individual	\$260,447,265.11	
{ Banks	157,853,181.22	
		<u>418,300,446.33</u>
		\$474,814,812.71

CONTINENTAL and COMMERCIAL TRUST and SAVINGS BANK

Resources

Demand Loans	\$ 13,410,554.38	
*U. S. Gov't Bonds and Treasury Notes	36,141,083.49	
*Bonds due in 1925 to 1927 inclusive	14,891,074.70	
*Other Bonds	9,549,464.89	
Cash and Due from Banks	18,131,158.06	\$ 92,123,335.52
Time Loans		19,531,921.69
		<u>\$111,655,257.21</u>

*Adjusted to cost or market price whichever is lower.

Liabilities

Capital	\$ 5,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	1,013,914.08	
Reserved for Taxes, Interest and Dividends	1,618,613.82	\$ 17,632,527.90
Demand Deposits	\$29,390,110.52	
Time Deposits	54,885,667.82	
Special Deposits	9,746,950.97	
		<u>94,022,729.31</u>
		\$111,655,257.21

Total Deposits \$512,323,175
Total Resources 586,470,069
Invested Capital over 61,000,000

Banks and Trust Companies are offered the cooperation of this institution in attending to any local matters in which our connections, long experience and familiarity with conditions in and around Chicago might be of benefit.

THE NORTHERN TRUST COMPANY

Capital and Surplus - \$5,000,000.00



LA SALLE AND MONROE STREETS, CHICAGO

HARRIS, FORBES & CO

Successors to N. W. HARRIS & CO. New York

Pine Street, Corner William
NEW YORK

BONDS FOR INVESTMENT

Harris Forbes & Company
Incorporated
Boston

Harris Trust & Savings Bank
Bond Department
Chicago



Meeting the Requirements of Out-of-town Banks

WITH a clientele embracing every line of business and a board of directors composed of leaders in every branch of commerce and industry, the Illinois Merchants Trust Company has an unusually intimate contact with modern American business.

Our officers consequently have a wide experience and are peculiarly fitted to give effective and intelligent attention to the needs of our correspondent banks.

Inquiries regarding our services and our ability to meet your particular requirements are welcome and incur no obligation.

Capital and Surplus - Forty-Five Million Dollars

ILLINOIS MERCHANTS TRUST COMPANY

*A consolidation of the Illinois Trust & Savings Bank,
The Merchants Loan & Trust Company and
The Corn Exchange National Bank*

LA SALLE, JACKSON, CLARK AND QUINCY STREETS - CHICAGO



Main Office

SOUTHWEST CORNER
FIFTEENTH and CHESTNUT
STREETS



PIONEERS~

America's Largest Exclusively Day-and-Night Bank

FRANKLIN TRUST COMPANY

Southwest Corner Fifteenth and Chestnut Streets

Capital and Surplus \$3,250,000.00
Resources, over . . \$25,000,000.00

First Phila. Office
52nd and Market Sts.

Delaware Ave. Office
Delaware Ave. and Market St.

Germanstown Office
5708 Germantown Ave.

Frankford Office
Frankford Ave. and Paul St.

PHILADELPHIA, PA.



PRESENTED TO THE CORPORATION OF
NORFOLK BY 'GOV ROBERT DINWIDDIE
1817-88

Organized 1885

UNITED STATES DEPOSITORY

Capital - - - - \$1,000,000
Surplus and Profits \$1,310,000

- W. A. GODWIN President
- A. B. SCHWARZKOPF Vice-President
- J. B. DEY, Jr. Vice-President and Cashier
- C. S. WHITEHURST Vice-President
- I. T. VAN PATTEN Asst. Cashier
- E. D. DENBY Asst. Cashier
- R. H. MOORE Asst. Cashier
- H. B. REARDON Auditor

*The Oldest National Bank
in Eastern Virginia*

CORRESPONDENTS—National City Bank, New York; National Bank of Commerce, New York; Fourth Street National Bank, Philadelphia; Philadelphia National Bank, Philadelphia; National Shawmut Bank, Boston; Merchants National Bank, Baltimore.

Our growth is the direct result of the confidence of the business world in our bank—a bank that has cultivated an intimate appreciation of business problems and has tried to be helpful in up-building vital business interests of our country.



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 \$370,000,000
Corporate Trusts - \$1,500,000,000

GIRARD TRUST COMPANY

**BROAD & CHESTNUT STS.
PHILADELPHIA**

**CAPITAL AND SURPLUS
\$10,000,000**

**Effingham B. Morris
President**

**Member Federal
Reserve System**

DETROIT— Richest City

**Stands Highest for Its Size in
World, Revenue-Tax
List Shows.**

Detroit is the richest city of its size in the world and the second richest in the country, if the record of taxes paid into the United States Treasury, for the last fiscal year and just released by William A. Stancil, chief deputy collector of internal revenue for this district, may be accepted safely as a criterion of wealth.

New York City first in population, also is first on the list of taxpayers, with a total of \$369,752,605.50 for the fiscal year ending June 30, 1924. Detroit, fourth in population, follows with a total of \$207,131,389.50.

Detroit News, Dec. 21, 1924

DETROIT is the richest city in the country per capita. The large resources of The Peoples State Bank have helped in no small manner in the development of Detroit's industries and the prosperity of its citizens.

THE PEOPLES STATE BANK

DETROIT, MICHIGAN

Resources over \$140,000,000

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

CityState.....

A World Power In Banking

THE name of Barclays stands as a synonym of world banking. Aggregate resources controlled by the organization of Barclays Bank Limited are today in excess of \$2,000,000,000.

There are more than 2,000 offices in the British Isles, including over 1,700 branches of the parent bank in England and Wales. Throughout France, Belgium and Egypt, in Palestine, at Gibraltar, Malta and Khartoum, are banks allied with Barclays Bank. Correspondent relations are maintained throughout the world.

American banks are cordially invited to use Barclays' facilities for their overseas transactions.

BARCLAYS BANK LIMITED

Frederick C. Goodenough, *Chairman*

Head Office: 54, LOMBARD STREET, LONDON E. C. 3

Chief Foreign Branch:

168, FENCHURCH STREET, LONDON E. C. 3

Representative in America:

H. Poë Alton, 60 WALL STREET, NEW YORK CITY

International Banking Directory

Issued Annually

A Directory of the principal banks of the world under one cover giving names of principal officers, figures, list of correspondents, etc.

Also contains valuable information on the banking and currency system of each country. An indispensable book in the foreign department of every bank.

Contains maps of the leading countries of the world.
Price, \$10.

Sent to any bank on approval

BANKERS PUBLISHING CO.

71 Murray Street

New York, N. Y.



WHEN YOU NEED A MASSACHUSETTS FIDUCIARY

Individuals and corporations having fiduciary business in Massachusetts are invited to correspond with the President or other officers of this Company.

We are prepared to serve in any fiduciary capacity in the State of Massachusetts. We have had 46 years' active experience in this field and render expert service as Executor and Trustee under Will and under Trust agreement, acting as Guardian or Conservator of property, and also as Custodian.

BOSTON SAFE DEPOSIT & TRUST COMPANY

100 FRANKLIN STREET

At Arch and Devonshire Streets

Boston

Citizens Bank & Trust Co.

TAMPA, FLA.

Member Federal Reserve System



Capital	-	-	\$1,000,000.00
Surplus	-	-	300,000.00

DR. L. A. BIZE	.....	President
W. W. TRICE	.....	Vice-President
ISAAC MAAS	.....	Vice-President
L. L. BUCHANAN	.....	Vice-President
D. H. LANEY	.....	Cashier
W. W. BLOUNT	.....	Assistant Cashier
EUGENE KNIGHT	.....	Assistant Cashier
C. E. HESTER	.....	Auditor

Our extensive connections and complete facilities enable us to handle all branches of foreign and domestic banking with the highest degree of efficiency

Collections given special attention, and prompt remittances made

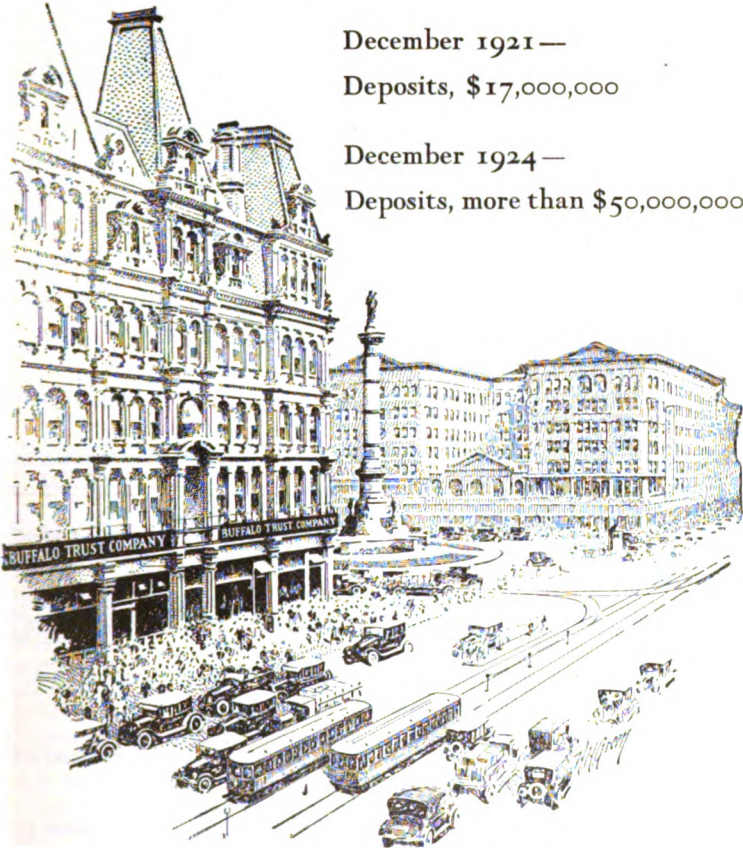
Proof Of Modern Service

December 1921—

Deposits, \$17,000,000

December 1924—

Deposits, more than \$50,000,000



BUFFALO TRUST COMPANY

Named for the City it Serves

RESOURCES MORE THAN \$50,000,000

Oldest Trust Company in Western New York



The A B C

of international banking is provided through our 62 branches and offices distributed as follows:

Argentina Brazil Chile

**ENGLAND
GUATEMALA
URUGUAY**

**FRANCE
MEXICO
VENEZUELA
SAN FRANCISCO, U. S.**

**SPAIN
PERU
COLOMBIA**

**NICARAGUA
ECUADOR
SALVADOR**

ANGLO-SOUTH AMERICAN BANK, LIMITED

and its affiliations

British Bank of South America

and

Commercial Bank of Spanish America

Represented by

**THE ANGLO-SOUTH AMERICAN
TRUST COMPANY**

Incorporated under the laws of the State of New York

49 Broadway, New York

Austin National Bank

AUSTIN, TEXAS

Capital \$300,000

Surplus and Profits \$726,000

Resources \$8,622,663

WM. H. FOLTS, President

JOHN H. CHILES, Vice-President

MORRIS HIRSHFELD, Vice-President

T. H. DAVIS, Vice-President

C. M. BARTHOLOMEW, Vice-Pres. & Cashier

S. B. ROBERDEAU, Asst. Cashier

LEFFLER CORBITT, Asst. Cashier

This old established bank is thoroughly equipped in every department. Its strong financial position, efficient management and reputation commend it to banks, bankers and individuals requiring a good banking connection at the capital of the Union's largest State.

We are at the center of an Empire of Business and would like to represent you here

H. A. WROE, President

R. C. ROBERDEAU, Vice-Pres.

L. J. SCHNEIDER, Vice-Pres.

A. D. THOMPSON, Vice-Pres.

L. D. WILLIAMS, Cashier

H. PFAEFFLIN, Asst. Cashier

D. H. HART, Jr., Asst. Cashier

For Prompt and Best Service Send Your
Texas Items Direct to the

American National Bank

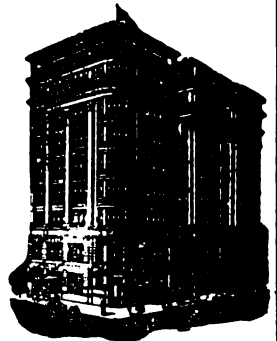
AUSTIN, TEXAS

Capital, \$300,000

Surplus, \$800,000

Directors' Responsibility Over \$8,000,000 United States Government Depository

Will remit in New York, Boston, Chicago, St. Louis, Kansas City or New Orleans Exchange when requested. We have unsurpassed facilities for collecting on all banking points in Texas.





Capital
\$5,000,000

Reserves
\$7,000,000

Head Office—TORONTO, CANADA

CANADIAN COLLECTIONS—

Special facilities through our Branches and arrangements with other Banks for making Canadian Collections for Banks and Business Houses in United States and Foreign Countries. Our service comprises close supervision and prompt remittance. Information will be gladly furnished when required.

CANADIAN ACCOUNTS AND BALANCES—

Deposits invited. Interest allowed on balances. Close rates of exchange given on amounts transferred.

THE BANK OF TORONTO

INCORPORATED
1855

JOHN R. LAMB
General Manager

WASH. SPOKANE ORE. IDA. MONT. CANADA

Washington

In the Pacific Northwest
Homeland!

Send Your Business Direct To

The Old National Bank

SPOKANE, WASHINGTON

MEMBER FEDERAL RESERVE SYSTEM



ESTABLISHED 1832

Banking Service in Canada, Newfoundland and West Indies

With 265 branches in Canada, 13 in Newfoundland, 10 in Jamaica and 9 in Cuba, Porto Rico and the Dominican Republic, we are well equipped to handle the accounts of banks and corporations wishing to do business with these points.

Capital Paid-Up - - \$10,000,000
Reserve Fund - - \$19,500,000
Total Assets over - \$220,000,000

The Bank of Nova Scotia

GENERAL MANAGER'S OFFICE: TORONTO, ONT.
 J. A. McLEOD, General Manager

NEW YORK AGENCY - - - - 49 WALL STREET
 P. W. MURPHY and F. W. MURRAY, Agents

LONDON BRANCH: 108 Old Broad St., E. C. 2

CORRESPONDENTS

**LONDON, ENG.—Midland Bank Limited, Bank of England,
 Royal Bank of Scotland**

**NEW YORK—Bank of New York & Trust Co.
 National Bank of Commerce in New York**



NEW YORK OFFICE

One of the World's Largest Banks

THE resources of this Bank exceed Five Hundred and Ninety Million Dollars. 544 Branches cover Canada from coast to coast and over 112 Royal Bank offices serve Cuba, the West Indies, Central and South America. Branches are also operated in New York, London, Paris and Barcelona.

We can be of material assistance to those who do business with Canada or with any of the countries in which we are represented.

*Write our New York Office at 68 William Street
for the information you desire*

**The Royal Bank
of Canada**

HEAD OFFICE—MONTREAL

Capital and Reserves 41 Million Dollars

Established 1875

Imperial Bank of Canada

HEAD OFFICE, TORONTO

Capital (Paid Up) \$7,000,000
 Reserve Fund 7,500,000

PELEG HOWLAND, PRESIDENT
 SIR JAMES WOOD, VICE-PRESIDENT
 A. E. PHIPPS, GEN. MANAGER G. D. BOULTON, ASST. GEN. MANAGER
 H. T. JAFFRAY, ASST. GEN. MANAGER

Agents and Correspondents

UNITED STATES

New York—Bank of the Manhattan Co.
 Boston—National Shawmut Bank.
 Philadelphia—Fourth St. National Bank
 Buffalo—Marine Trust Co.
 Chicago—First National Bank.
 San Francisco—Wells Fargo Bank &
 Union Trust Co.
 Seattle—Seattle National Bank.
 Minneapolis—First National Bank.

GREAT BRITAIN and IRELAND

England—Lloyds Bank, Limited.
 Scotland—The Commercial Bank of Scot-
 land.
 Ireland—Northern Banking Co., Limited,
 Belfast, and Branches.

FRANCE, BELGIUM and SWITZERLAND

Lloyds & National Provincial Foreign
 Bank, Ltd.

Having as its correspondents the largest and strongest banks throughout the world, the Imperial Bank of Canada is in a position to afford the most efficient banking service.

With 212 branches in Canada our facilities for handling business throughout the Dominion are unexcelled.

Bank of Liverpool & Martins Limited.

Head Office: 7, WATER STREET, LIVERPOOL.

London Office: 68, LOMBARD STREET, LONDON, E.C. 3.

Capital Subscribed	\$5=£1 \$93,955,600
Capital Paid Up	11,744,450
Reserve Fund and Surplus Profits.....	9,209,310
Deposits, etc., at 31st Dec., 1924	306,450,100

365 BRANCHES AND SUB-BRANCHES.

All descriptions of Banking, Trustee and Foreign Exchange Business Transacted.

The Bank is prepared to act as Agents for Foreign Banks on usual Terms.

Banca Nazionale di Credito

Capital - - - Lit. 300,000,000

HEAD OFFICE: MILAN, ITALY

Over 60 Branches and Agencies Throughout Italy

Correspondents

in all the Principal Cities of the Kingdom

**Every Description of Domestic and International
Banking Business Transacted**

**Special Travelers' Letters of Credit and
Money Order Departments**

Inquiries and Correspondence Solicited

AFFILIATED BANKS

BANQUE ITALO-FRANCAISE DE CREDIT
Paris Marseilles Tunis

ITALIAN DISCOUNT & TRUST COMPANY
New York City

BANCO ITALO-EGIZIANO
Alexandria Beni-Mazar Beni-Suef
Cairo Fayum Mansura
Mit-Ghamr Port Said Tantah

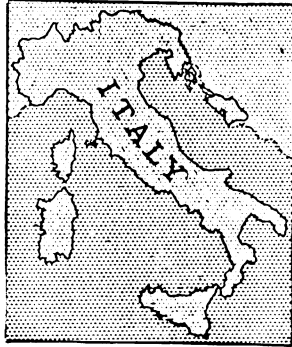
BANCA DALMATA DI SCONTO
Zara Sebenico

BANCA COLONIALE DI CREDITO
Asmara Massaw

In Every Important Italian Market

IN EIGHTY commercial and industrial centers of Italy a branch of the Banca Commerciale Italiana performs all the functions of a local bank, with its services closely interwoven with the business affairs of the community it serves.

The New York Agency of this institution, therefore, brings to American bankers and business men an intimate knowledge of Italian commerce and industry obtained by constant and direct relationship with these eighty Italian business centers. Foreign branches and affiliations extend our service to England, France, Switzerland, Poland, Czecho-Slovakia, Austria, Hungary, Roumania, Jugoslavia, Bulgaria, Turkey and throughout South America. Facilities thus provided for American foreign trade are of exceptional breadth and scope.



Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital Lire 500,000,000

Paid in Lire 410,000,000

Surplus Lire 280,000,000

NEW YORK AGENCY, 62-64 WILLIAM STREET

Telephone John 1000

Recently organized

Banca Commerciale Italiana Trust Company

Capital \$1,000,000

Surplus \$500,000

62.64 WILLIAM STREET, NEW YORK

Telephone John 4666

All Banking Facilities

A Native Bank in Peru
for all Banking Operations
BANCO ITALIANO

LIMA, PERU

Established 1889

Capital Fully Paid Lp. 400,000 Surplus Lp. 450,831

BRANCHES

Callao—Arequipa—Chincha Alta—Mollendo—Trujillo

Representatives for the U. S. A.

Banca Commerciale Italiana

Agency in New York

62-64 William Street

Phone: John 1000



In Rhode Island
—the Industrial Trust

Branch offices in the principal centers throughout the state, and headquarters in Providence, equip the Industrial Trust for prompt and satisfactory service. Your first transaction with us will prove this to you.

INDUSTRIAL TRUST COMPANY*Member of Federal Reserve System***Main Offices: Providence, Rhode Island****BOOKS THAT BANKERS NEED**

Write for our new circular describing books
that you need for your banking library

BOOK DEPARTMENT**THE BANKERS PUBLISHING Co.**

71 Murray Street, New York, U.S.A.

The National Bank of New Zealand, Ltd.

Authorized Capital, \$30,000,000
 Subscribed Capital, \$22,500,000
 Paid-up Capital, \$ 7,500,000
 Reserve Fund, \$ 7,350,000

Head Office

8 Moorgate Street, London, E.C. 2

Manager, ARTHUR WILLIS

Chief Office

In New Zealand at Wellington

General Manager, ALFRED JOLLY



80 Branches and Agencies Throughout New Zealand.

Bills of Exchange Collected. Wool and Produce Credits Arranged.
 All Classes of Banking Business Undertaken.

The Anglo-Egyptian Bank, Limited

(Affiliated with Barclays Bank, Ltd.)

Subscribed Capital	. . .	£1,800,000
CAPITAL PAID-UP	. . .	£ 600,000
Reserve Fund	. . .	£ 720,000

Head Office : 37 to 39 King William Street
 London, E.C. 4

BRANCHES

EGYPT. Alexandria, Cairo, Port-Said, Suez, Tantah,
 Zagazig, Mansourah, Assiut, Beni-Suef, Minieh,
 Musky.

SUDAN. Omdurman, Khartoum, Port Sudan, Makwar,
 Wad Medani.

PALESTINE. Haifa, Jaffa, Jerusalem, Nazareth.

MEDITERRANEAN. Malta, Gibraltar.

The Bank transacts every description of Banking business in Egypt and other Countries where it has branches, grants letters of credit and affords facilities to travellers proceeding to Egypt and elsewhere. Deposits received for one year at rates to be ascertained on application.



THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

Head Office: TAIPEH, JAPAN

Capital Subscribed.....Yen 60,000,000
 Capital Paid Up.....Yen 52,500,000
 Reserve Funds.....Yen 13,780,000

KOJURO NAKAGAWA, Esq.
 President

HIROZO MORI, Esq.
 Vice-president

Directors

GUNJI KAWASAKI, Esq.

MASUMI ESAKI, Esq.

TADASU HISAMUNE, Esq.

DENKICHI TAKITA, Esq.

MASAKAZU SHUTO, Esq.

Branches :

JAPAN—Tokyo (General Manager's Office), Kobe, Osaka, Yokohama.

TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Mako, Naito, Shinchiku, Taichu, Tainan, Takao, Tansui, Taito, Toyen.

CHINA—Amoy, Canton, Foochow, Hankow, Shanghai, Swatow.

OTHERS—Hongkong, London, New York, Singapore, Semarang, Soerabaia, Batavia, Bombay, Bangkok, Calcutta, Dairen.

New York Office: 165 Broadway

K. YAMAMOTO, Agent

London Office: 25 Old Broad Street

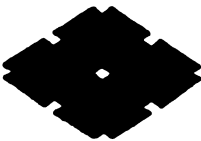
Cable Transfers, Drafts, and Letters of Credit issued; the Negotiation and Collection of Bills of Exchange and other Banking Business transacted through our various Branches as well as correspondents in all parts of the world; offers exceptional facilities for handling transactions in the Far East.

The Sumitomo Bank, Limited

Cable address: "Sumitbank"

ESTABLISHED 1912

(Successors to The Sumitomo Bank)

Capital Subscribed . . .  . . . Yen 70,000,000

Capital paid up " 50,000,000

Head Office : OSAKA, JAPAN

BARON K. SUMITOMO, President

K. YUKAWA, Esq., Managing Director

S. YOSHIDA, Esq., Managing Director

N. YATSUSHIRO, Esq., Managing Director

New York Agency, 149 Broadway, New York

G. HIGASHI, Agent

HOME OFFICES

Osaka (11)
Shimonoseki
Kurume

Tokyo (15)
Moji
Kure

Yokohama
Hiroshima (2)
Wakamatsu

Kobe (2)
Hakata
Kokura

Kyoto (2)
Hyogo
Yanai

Nagoya
Nihama
Onomichi

Foreign Branches—Shanghai, New York, London, Hankow, San Francisco, Los Angeles, Bombay
Affiliated Banks—The Sumitomo Bank of Hawaii, Ltd., Honolulu, T. H.; The Sumitomo Bank of Seattle, Seattle, Wash.

Bankers—National City Bank of New York, New York;

Lloyds Bank, Ltd. London; Lloyds & National Provincial Foreign Bank, Ltd., Paris.

Correspondents in All Important Places at Home and Abroad

The Bank buys, sells and receives for collection drafts and telegraphic transfers; issues Commercial and Travellers Letters of Credit available in all important parts of the world, and acts as Trustee for Mortgage Bond, besides doing general Banking Business.

THE MITSUI BANK, LTD.

Capital Subscribed . . .  . . . Yen 100,000,000.00

Capital Paid-Up Yen 60,000,000.00

Reserve Funds (June 1924). Yen 47,100,000.00

Head Office : TOKYO, JAPAN

(No. 1 Suruga-cho, Nihonbashi-ku)

President

G. MITSUI, Esq.

Managing Directors

S. IKEDA, Esq.

N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq.

R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

Home Branches :

Fukuoka, Hiroshima, Kobe, Kyoto, Marunouchi (Tokyo), Moji, Nagasaki, Nagoya, Nihonbashi (Tokyo), Osaka (4), Otaru, Shimonoseki, Wakamatsu (Kyushu), Yokohama

Foreign Branches :

Bombay

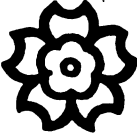
London

New York

Shanghai

The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 80,000,000
Capital Paid-Up . . .		Yen 50,000,000
Total Resources . . .		Yen 660,000,000

Head Office, Keijo (Seoul), Chosen (Korea)

Governor, K. NONAKA

Deputy Governor, S. SUZUKI

Y. KATAYAMA

Directors
I. IUCHI

M. HASHIMOTO

FOREIGN DEPARTMENT: TOKYO

(All communications relating to the arrangements of correspondents and the Bank's general foreign business to be addressed to the Foreign Department)

Principal Branches:

- CHOSŌN: (*Korea*) Chemulpo, Pyeongyang, Wonsan, Fusan, Taiku.
- MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung.
- JAPAN: Tokyo, Osaka, Kobe, Shimonoseki.
- CHINA: Shanghai, Tsingtao, Tientsin, Tsinan.
- SIBERIA: Vladivostok.

New York Agency, 165 Broadway

H. YAMASHITA, Agent

The Kajima Bank, Limited

Established in 1888

CAPITAL SUBSCRIBED		Yen 30,200,000.00
CAPITAL PAID UP . . .		18,875,000.00
RESERVE FUNDS . . .		5,300,000.00
DEPOSITS (June 30, 1924)		158,787,038.92

Keiso Hirooka, Esq., President

Yukinori Hoshino, Esq., Managing Director

Chusuke Yoshii, Esq., Managing Director

Seishichi Kawakami, Esq., Managing Director

Seijiro Gion, Esq., Director

Hikotaro Ohmura, Esq., Director

Tadanosuke Emura, Esq., Director

Kyuemon Hirooka, Esq., Auditor

Manroku Matsui, Esq., Auditor

Kin-ichiro Hoshijima, Esq., Auditor

Head Office, Osaka, Japan

Principal Branches:

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

General Banking, Foreign Exchange and Trust Business Transacted

New York Correspondents

- Yokohama Specie Bank, Ltd.
- Bank of Taiwan, Ltd.
- American Express Co.

London Correspondents

- Yokohama Specie Bank, Ltd.
- Bank of Taiwan, Ltd.
- London & Brazilian Bank, Ltd.

SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG STOCKHOLM MALMÖ

Branches
In All Parts of Sweden

PAID-UP CAPITAL AND RESERVES
KR. 182,000,000

Telegraphic Address: Kreditbolaget

Foreign Exchange bought and sold, bills collected, deposit
and current accounts opened and all kinds of banking
business transacted

Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

Head Office: Athens

*Branches: Piraeus, Argos, Pyrgos, Patras, Corfou, Cephalonia, Nauplie,
Vostizza, Calamata, Syra, Chio, Candia, Volo, Salonica, Larissa,
Triccala, Mytilene, Canea, Zante, Plomari and Tripolitza*

ASSOCIATED BANK in LONDON

The Commercial Bank of The Near East, Ltd.

4 London Wall Buildings, E. C. 2

with branch in CONSTANTINOPLE

Correspondents in the principal towns of Greece and in foreign countries
throughout the world

GENERAL BANKING BUSINESS TRANSACTED

Collections, Letters of Credit, Cable Transfers, Current
and Term Deposits, Etc.

Capital and Reserves . . . Dr. 58,106,143

of the above Dr. 25,000,000 are represented by assets of £1,000,000 evaluated at Dr. 25

Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

Capital Paid up.....f.80,000,000 Neth. Currency (£6,666,666)
 Statutory Reserve Fund.....f.20,045,032 “ “ (£1,670,419)
 Extraordinary Reserve Fund f.22,660,000 “ “ (£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

Branches in the NETHERLANDS INDIES: BATAVIA, SOURABAYA, SAMARANG, MEDAN, and further Principal Ports.

Branches in the STRAITS SETTLEMENTS, BRITISH INDIA, CHINA and JAPAN: SINGAPORE, PENANG, RANGOON, CALCUTTA, BOMBAY, HONGKONG, SHANGHAI and KOBE.

Grant Drafts and Issue Letters of Credit on all their Branches and Correspondents in the East, on the Continent, on Great Britain, Africa, America and Australia, and transact Banking Business of every description.

LONDON CORRESPONDENTS:

The National Provincial Bank, Ltd., LONDON.

DEUTSCHE LAENDERBANK

Aktiengesellschaft

Head Office:

78, Unter den Linden (corner Pariser Platz)

BERLIN N. W. 7

Telephone: Zentrum 10130/39. Trunk Calls: Zentrum 13640/44

Branch Office: 2, Börsenbrücke, HAMBURG

Telephone: Roland 2000/7. Trunk Call: Roland 2008

Telegrams: Länderbank

Codes used: ABC (5th Ed.) Marconi's, Rudolf Mosse, Bentley's, Lieber's (Five Letters)

*Every kind of Banking Business transacted
 Property Administration*

NATIONAL PROVINCIAL BANK

LIMITED
Established 1833

(\$5=£1)

Subscribed Capital - - -	\$218,085,400
Paid-Up Capital - - - -	47,397,080
Reserve Fund - - - - -	47,397,080

Head Office: 15, BISHOPSGATE, LONDON, E. C. 2
UNION BANK OFFICE: 2 Princes Street, London, E. C. 2

OVER 1,100 OFFICES in ENGLAND and WALES

The Bank offers special facilities for the conduct of accounts of
Colonial and Foreign Banks

AFFILIATED BANKS

COUTTS & CO., GRINDLAY & CO., LTD.

AUXILIARY: LLOYDS and NATIONAL PROVINCIAL FOREIGN BANK LIMITED

The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

Capital Authorized and Issued.....	£9,000,000
Capital Paid-Up	£3,000,000
Reserve Fund	£3, 50,000
Reserve Liability of Proprietors	£6,000,000

Head Office—71, CORNHILL, LONDON, E. C. 3

Manager—W. J. ESSAME Assistant Manager—W. A. LAING
Secretary—F. H. McINTYRE

193 Branches throughout Australia and New Zealand, viz.:—

*In Victoria, 47; In South Australia, 15; In New South Wales, 43; In Western
Australia, 20; In Queensland, 19; In Tasmania, 3; In New Zealand, 46.*

Agents and Correspondents in all parts of the World

The Bank offers facilities for the transaction of every description of
Banking business in Australia and New Zealand.

Bills negotiated or sent for collection. Commercial and Circular Credits
issued available throughout the World.



Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

HEAD OFFICE, SYDNEY



Head Office
Sydney, N. S. W.

Branches in all the principal towns and cities of Australia, at London (2), and Rabaul.

A Savings Bank Department at all Branches and 3,826 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

Agents and Correspondents throughout the World

Banking and Exchange Business

of every description transacted within the Australian Commonwealth,
United Kingdom, United States, Canada and Abroad

June 30th, 1924

General Bank Deposits	-	-	\$159,574,511.84
Other Items	-	-	35,222,469.96
Savings Bank Deposits	-	-	205,355,496.00
Note Issue Department	-	-	284,451,125.00
			<u>\$684,603,602.80</u>

Cable Remittances made to, and drafts drawn on United States,
Canada and foreign places direct

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened Interest on Fixed Deposits

Advances made against approved Securities

JAMES KELL, Esq., Acting Governor

*EVERY BANKING
FACILITY
AFFORDED
By*



**THE NATIONAL BANK
OF AUSTRALASIA LIMITED.**

458 Offices and
Branches throughout Australia
London Office, 7, Lothbury,
E.C.2

CAPITAL & RESERVES EXCEED \$30,000,000.

GROWTH OF THE BANKS ASSETS

1914. \$ 73,059,300

1924. \$ 191,046,130

CORRESPONDENTS IN EVERY IMPORTANT CITY IN THE WORLD
\$5 = £1

**English, Scottish & Australian Bank,
Limited**

Authorized Capital	\$15,000,000
Paid-up Capital	\$7,500,000
Further Liability of Shareholders	\$7,500,000
Reserve Fund	\$9,100,000

**HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3
and 370 Branches and Agencies in Australia**

Chief Office in Australia—388 Collins St., Melbourne

BANKING AND EXCHANGE BUSINESS of every description transacted with Australia. **BILLS NEGOTIATED** or sent for **COLLECTION**. **REMITTANCES** made by **TELEGRAPHIC TRANSFER**. **WOOL** and **PRODUCE CREDITS** arranged. **LETTERS of CREDIT** and **DRAFTS** issued on all the Branches of the Bank.

Chief Agents in United States

NEW YORK—Guaranty Trust Company of New York.
CHICAGO—First National Bank.
SAN FRANCISCO—Crocker National Bank.

E. M. JANION, Manager.



THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

Paid-up Capital - - - - - £4,000,000

Reserve Fund - - - - - £3,625,000

Reserve Liability of Proprietors
under the Charter - - - - £4,000,000

£11,625,000

Head Office, 4 Threadneedle Street, London, E. C. 2

EDMUND GODWARD, Manager

West End Branch, 17 Northumberland Avenue, London, W. C. 2

Branches in Australia

VICTORIA

Melbourne: 394 &
396 Collins St.; 384
Elizabeth St.; 71
Collins St. East

Brunswick
Burnley
Coburg
Collingwood
Esterwick
Malvern
Middle Brighton
Port Melbourne
Prahran
St. Kilda
Williamstown

Batrnadale
Ballarat
Benalla
Bendigo

Bright
Castlemaine

Charlton

Chiltern

Cobram

Corryong

Drouin

Euroa

Fish Creek

Foster

Geelong

Katamatite

Kingston

Koroit

Korong Vale

Korumburra

Leongatha

Mitroo North

Mooroopna

Morwell

Nathalia

Namurkah

Port Fairy (Belfast)

Rutherglen

St. James

Victoria, Contd.

Sale
Shepparton
Stawell
Stony Creek
Strathmerton
Tallangatta
Ternang
Traragon
Tungamah
Walwa
Warragul
Warrnambool
Wedderburn
Welspool
Wycheproof
Yackandandah
Yarram
Yarrawonga

NEW SOUTH

WALES

Sydney; Martin
Place, 85 Pitt St.;
535 George St. Se.;
Wentworth Ave.;
236 William Street
Bondi Junction
Hurstville
Kogarah
Leichhardt
Marrickville
Newtown
North Sydney
(84 Mount St.)
Peterham

Albury

Ballina

Bathurst

Bega

Bellingen

Berrigan

Blayney

Broken Hill

Cosmooc

Cootamundra

N. S. Wales, Contd.

Corowa
Crookwell
Dorrigo
Dubbo
Forbes
Glen Innes
Goulburn
Grafton
Granfell
Hamilton
Howlong
Jerilderie
Kempsey
Kyogle
Lismore
Maitland (West)
Maitland (East)
Moree
Murwillumbah
Murrumbidgee

Narrabri

Narromine

Newcastle

Nowra

Orange

Parkes

Peak Hill

South Grafton

Stroud

Tamworth

Tullamore

Wagga-Wagga

Wee Wee

Young

QUEENSLAND

Brisbane

Cairns

Charters Towers

Chillagoe

Cooyar

Crow's Nest

Herberton

Hughenden

Ipswich

Queensland, Contd.

Kingaroy
Longreach
Maryborough
Oakey
Richmond
Rockhampton
Roma
Toowoomba
Toowoomba
Townsville

SOUTH

AUSTRALIA

Adelaide
Kooronga
Mount Barker
Port Lincoln
Port Pirie
Warrabara

WESTERN

AUSTRALIA

Perth
Albany
Beverley
Bunbury
Fremantle
Gnowangerup
Kalgoorlie
Moora
Northam
Wagin
Wickepin

TASMANIA

Hobart
Burnie
Deloraine
Devonport
Fingal
Latrobe
Launceston
Sheffield
Stanley
Ulverstone
Wynyard

Branches in New Zealand

Wellington

Ashburton

Auckland

Christchurch

Dannevirke

Dunedin

Eltham

Featherston

Felding

Glisborne

Gore

Hamilton

Hastings

Hawera

Invercargill

Kaitia

Levin

Mania

Mangonui

Marion

Masterton

Motatuna

Morrinville

Napier

New Plymouth

Otaki

Palmerston Nth.

Patea

Raetihi

Rotorua

Stratford

Taihape

Taumarunui

Tauranga

Te Aroha

Te Kuiti

Temuka

Te Puke

Timaru

Waipawa

Waipukurau

Waioa

Wanganui

Waverley

Whakatane

Whangarei

Principal Correspondents in North America

CANADA:

Bank of Montreal
Canadian Bank of Commerce

UNITED STATES:

Bank of New York & Trust Co., New York
Hanover National Bank, New York
National Bank of Commerce, New York

UNITED STATES, Contd.:

National City Bank of New York
Continental & Commercial Nat. Bk. of Chicago
Illinois Merchants Trust Co., Chicago
National Bank of the Republic, Chicago
Fourth Street National Bank, Philadelphia
Wells Fargo Bank & Union Trust Co., San Francisco

Offer facilities for the transaction of every description of Banking Business in Australia and New Zealand. Negotiate or Collect Bills. Issue Telegraphic Transfers, Letters of Credit and Drafts, also Circular Notes and Circular Credits, on all parts of the world

THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the
AFRICAN BANKING CORPORATION, LIMITED)

Bankers to the Government of the Union of South Africa
in Cape Province; to the Imperial Government in
South Africa; and to the Administration of Rhodesia.

Authorized Capital	-	-	-	-	-	<u>£10,000,000</u>
Subscribed Capital	-	-	-	-	-	<u>£8,916,660</u>
Paid-Up Capital	-	-	-	-	-	£2,229,165
Reserve Fund	-	-	-	-	-	£2,893,335
Uncalled Capital	-	-	-	-	-	£6,687,495
						<u>£11,809,995</u>

BANKING BUSINESS TRANSACTED
IN ALL PARTS OF THE WORLD

HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.

London Wall Branch : 63, London Wall, E. C. 2

West End Branch: 9 Northumberland Avenue, W. C. 2 (Opposite the Royal Colonial Institute)

Rotterdam Branch : 15, Coolsingel

Hamburg Agency : Bank of British West Africa, Ltd., 49-53, Schauenburgerstrasse

Branches and Agencies Throughout
SOUTH and EAST AFRICA

New York Agency: 67 Wall Street

ROWLAND SMITH and R. GIBSON, Agents

Representing in } Bank of British West Africa, Ltd.
New York } Bank of New South Wales

The New York Agency

offers to Bankers and Merchants throughout the United States and
Canada its unsurpassed service for facilitating trade with
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

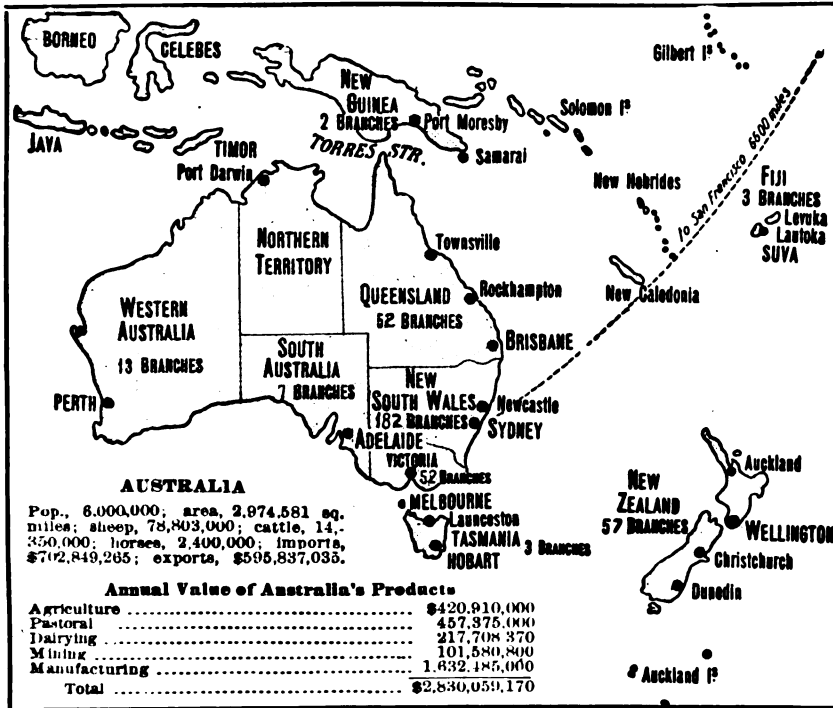
BANK OF NEW SOUTH WALES

AUSTRALIA

Paid-up Capital . . .		\$30,000,000
Reserve Fund . . .		20,750,000
Reserve Liability of Proprietors . . .		30,000,000
		\$80,750,000

Aggregate Assets, 30th Sept., 1924, \$370,242,890

OSCAR LINES, General Manager



403 BRANCHES AND AGENCIES

403 BRANCHES AND AGENCIES

Head Office—George St., Sydney London Office—29 Threadneedle St., E. C.

403 BRANCHES AND AGENCIES

In all the Australian States, New Zealand, Fiji, Papua (New Guinea) and London
 Cable remittances made to and drafts drawn on Foreign Places DIRECT
Foreign Bills Negotiated and Collected. *Letters of Credit Issued.*

NEGOTIABLE THROUGHOUT THE WORLD

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

Agents in New York: Standard Bank of South Africa, Ltd.
 National City Bank of New York.

Agents in San Francisco, Bank of California National Association, Crocker National Bank and Anglo and London Paris National Bank

Guaranty Trust Company of New York

NEW YORK LONDON PARIS BRUSSELS
LIVERPOOL HAVRE ANTWERP

Condensed Statement, December 31, 1924

RESOURCES

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers	\$194,648,819.37
U. S. Government Bonds and Certificates	56,808,529.69
Public Securities	21,788,242.92
Other Securities	33,562,625.38
Loans and Bills Purchased	390,453,243.37
Real Estate Bonds and Mortgages	1,772,500.00
Items in Transit with Foreign Branches	814,772.59
Credits Granted on Acceptances	37,856,498.72
Real Estate	8,088,446.04
Accrued Interest and Accounts Receivable	7,437,603.02
	<u>\$753,231,281.10</u>

LIABILITIES

Capital	\$ 25,000,000.00
Surplus Fund	15,000,000.00
Undivided Profits	4,366,386.15
	<u>\$ 44,366,386.15</u>
Accrued Interest, Reserve for Taxes, etc.	\$ 4,793,563.91
Acceptances	37,856,498.72
Outstanding Dividend Checks	676,047.00
Outstanding Treasurer's Checks	44,113,394.59
Deposits	621,425,390.73
	<u>\$753,231,281.10</u>

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-NINTH YEAR

FEBRUARY 1925

VOLUME CX, NO. 2

Editorial Comment

Inter-Allied Debt Question Revived

IN failing to include in its balance sheet, as presented by the Minister of Finance, the war indebtedness of France to Great Britain and the United States, the French Finance Minister, M. Clementel, has brought the whole inter-Allied debt problem to the fore. The situation was further intensified by the following statement made by M. Clementel.

"The inter-Allied debts represent an exchange of resources, and register the movements which took from one country to another the funds which each in its sphere could supply. If we abandon the juridical plane and look on the matter from the higher view of co-operation and fairness, strict justice seems to demand a general pooling of war expenditures and their allotment among the allied states proportionately to the riches of each one, and without taking count of the particular engagements which the necessities of the moment imposed. Thus only would be realized an equality among all in the total of sacrifices.

"And if the contribution of each state to the common victory could not be weighed against the blood which was spilled, at least France could hope that the rank she occupied on the long list of sorrows and devastations would give her the right to legitimate concessions in the domain of compensations."

Reported negotiations between France and the United States for the settlement

of the war debt owing to this country served to draw from the British Government a statement that as payments were made by France to this country it would be expected that Great Britain should receive like sums from the same source. This merely constituted a reaffirmation of the principle laid down in the Balfour note of 1922, which was to the effect that England would look to the countries indebted to her for the sums she was required to pay on her debt to the United States.

The position of the United States with respect to the French indebtedness to this country was thus explained recently in a speech made in the United States Senate by Senator Reed of Pennsylvania.

"During 1917 and 1918, while America was in the war, we borrowed from our own people and turned over promptly to France a vast amount of money. It was not money that lay in the American Government Treasury, handed over to France without an effort, but money which we borrowed from our own people for the benefit of France; and we borrowed it by giving our own endorsement on the French obligation. It was an American obligation that our people received when they advanced that money to France, and as an American obligation it must be honored by us.

"In that way we advanced to France in 1917 and 1918 \$2,933,171,672.48. After the armistice we sold her war material which amounted to \$407,341,145. The current interest on the latter debt

of \$407,000,000 has been paid by France regularly since the debt was incurred; but she has not paid one penny of the interest on the original war-time loan of \$2,933,000,000, nor has she paid one penny on account of the principal of that loan. Our Government, which had issued its bonds to raise that money, has met the interest currently; and that interest, since the money was advanced to France, which we have taken from American taxpayers to pay to those bondholders, has amounted, up to the 15th of November, 1924, to \$796,711,537.08. In other words, Mr. President, we have taken from our taxpayers, in order to pay the current interest which French taxpayers should have paid, approximately \$800,000,000 in the last six years.

"The principal of those loans, and the interest that comes due in the future, are still to be paid. The bonds are outstanding that were issued for the benefit of France and Italy and Belgium, and these other European countries to which we advanced money. That money still has to be paid. The question is, who shall pay it?—whether it shall be taken from American taxpayers through long years in the future or whether it shall be paid by the governments whose promise to pay it now lies in the American Treasury.

"We have not dunned those nations for the payment of their obligations. I do not think we should. It ought not to be necessary. But, Mr. President, we can not forget and we ought not to pretend to ignore the fact that a very large part of the high taxation that we are extracting from the American people today is extracted to meet the obligations on which those countries are the primary debtors.

"We have a full understanding of France's difficulties. We understand how hard it is for her and for Italy and for Belgium and these other countries to collect what is coming to them from Germany, and that is why our people have not wished to press unduly for the

payment of these foreign debts; but the debtor nations have taken no steps toward refunding the debt, they have paid no interest upon it, and they have not even given authority to any of their official representatives to come to any terms with our country toward refunding."

The difficulties of the French financial situation, and the views of the French Minister of Finance respecting the debt of France to the United States have served to place the inter-Allied debt problem again in the limelight. The problem presents many thorny economic and political aspects. Probably a frank discussion of all the details of the situation in the public journals would not tend toward a settlement of the problem but would have the contrary effect. Certainly heated argument and strong assertions do not make for a satisfactory adjustment. In a matter so grave as this all the wisdom and patience of the respective governments will be needed for its satisfactory working out. Senator Reed correctly stated the American position, which holds that the debt which France owes the United States is an obligation to be met, but in a way that will cause the least possible embarrassment to the French people.



Popular Character of American Banks

AMERICA not only has more banks than any other country in the world, but in their popular character they are unrivalled. This appears from the large number of officers, directors, shareholders and depositors. Truly the banks, more perhaps than any other single type of business institution, constitute a vital part of our community life. They are close to the people. The services rendered by them are not confined to receiving deposits and making loans, or even to financial transactions of any sort, but embrace a

wide range of business and personal dealings.

The democracy of our bank organization and the approachability of the officers combine to make these institutions the counsellor and friend of the people. It is an attitude which in these days nearly all banks seek by every legitimate means in their power to foster. Each bank strives to be known as the friendly bank.

Bank ownership is largely vested in the particular community where the bank functions. There are few absentee owners. The banks are in almost all cases controlled and managed by home talent. The directors and officers live and do business in the bank's home town. They are known of all men, women and children.

This popular character of the American bank has been a strong factor in its growth, and constitutes one reason why the numbers of depositors and users of bank checks are so great.

Manifestly, with the increase in production and wealth, and the growth in the size of manufacturing and other corporations, larger banks are required, and where the ordinary development of a bank is insufficient to meet this demand for increased banking facilities on the part of a single institution, consolidation must be relied on to provide them. Numerous bank mergers have been effected in recent years, and they are still taking place as a result of the demands of the times. They are an entirely legitimate outcome of the business growth of the country. But these amalgamations do not seem to reduce the number of banks, and they have not appreciably interfered with the democratic character of our banking system as a whole.

In reciting the advantages of our independent banking system it is not intended to institute a comparison with other countries whose systems are different. It has been well said that a country's banking should be allowed to develop in accordance with the traditions and habits of its people. Nor is it

claimed that a banking system such as we have in the United States is free from inherent faults. But apparently the American people have measured these faults and do not choose to surrender their independent banking system as the price of avoiding them.

No truthful historian of the progress of the United States can fail to note the important part played by our 30,000 local banks in this development. Institutions that have rendered such widespread service are worthy of the place they hold in public estimation.



Increase in the Number of Bank Failures

THIS statement, appearing in the Annual Report of the Comptroller of the Currency for the year 1924, can not fail to attract attention.

"More banks, state and national, suspended or failed during the past year than in any one year since the inauguration of the national banking system."

The Comptroller qualifies this statement by further saying that "national banks generally withstood the strain, and continue to maintain an outstanding influence in the financial system of the country."

In seeking for the cause of the increased number of bank failures in the United States, the readiest explanation that occurs is the increase in the number of banks. If we go very many years back, it is found that this increase has occurred; but in 1921 there were 30,812 reporting banks of all classes, against 30,389 in 1922, 30,178 in 1923, and 29,348 in 1924. The number of all classes of reporting banks in 1919 was 29,123, rising to 30,139 in the following year.

For the years under consideration the explanation of the increasing number of bank failures must be sought elsewhere than in the addition to the total number of reporting banks, for actually this

number was smaller in 1924 than in any year since 1920. Apparently the depression which set in early in 1920 did not have its full effect on the banks until three or four years later. The special cause which increased the number of bank failures in 1924 to the highest point on record probably lies in the fact that it required some three or four years for the depression of 1920 fully to work out its unfavorable consequences. The major number of bank failures occurred in those parts of the country where agriculture was greatly depressed. Palliatives of one kind and another were introduced to stay the liquidation which could not be avoided. When it could no longer be postponed, the banks in many cases found themselves unable to continue in business. They went down rapidly by scores.

But numerous as these failures were in a given time, they did not include any large banks, nor did they spread much beyond the section where agricultural depression existed. The banks in the great centers of the West were not affected.

In fact, the unfavorable effects of these failures was much smaller than their number indicates. But, as already stated, the unusual distinction which attaches to the year 1924 as establishing a new high record for bank failures in the United States, will attract attention. It may even set bankers and others to thinking how the number of these failures may be reduced.

The freedom of banking which prevails in the United States of necessity means varying laws and supervision, as it does a variation in the types of men engaged in the banking business. Frequent bank failures are the price paid for this freedom. The question is not, "Is this price too great," but "Can it be sensibly reduced?" To secure complete or even comparative immunity from bank failures, few would be willing to surrender our independent banking system. Besides, there is no certainty that bank failures could be prevented in this way. A certain degree of uniformity

exists in the national banking system—the national banks all operating under the same general law and being subject to a uniform system of supervision by the Government. But this does not prevent failures among the national banks, although it does no doubt tend to reduce their number. But that there should have been so many of these failures, after over sixty years, under uniform laws and supervision brings to the fore the efficacy of existing methods of banking control. Prior to considering this matter, we must remember that, paradoxical as it may sound, our free banking systems are already under more rigid control than is exercised over the banking business throughout the world generally. In few countries does government give itself anything like the concern about banking as is expressed in the voluminous state and Federal statutes in the United States. Methods of organization are carefully prescribed and all operations are scrutinized by examiners acting under authority of these statutes. But notwithstanding all this bother, bank failures do not decrease. On the contrary, they increase.

What is the cause? Are we to infer that the general standard of banking has been lowered? Or is it that the general business of the country is less carefully conducted than formerly, and that this laxity in turn is reflected in an increased rate of bank mortality? There is a good deal of evidence to show that the standard of banking is higher in many respects than it was a quarter of a century ago, but also the keen competition for business in recent years has been, to some extent, an offsetting factor. Undoubtedly the large number of commercial failures in the past three years have put a severe strain on the banks; but these numerous failures do not by any means indicate a lower standard of commercial honor or ability—they were the result of the conditions prevailing at the time. This is shown by the fact that for the years 1918, 1919 and 1920

the total was far below the average of a number of preceding years.

Very likely unprofitable farming was a prime cause of the unfavorable record of bank failures made during the past year. But this is a temporary condition, and already there are brighter prospects ahead for agriculture, and the banks will correspondingly benefit.

There is another question in this connection not so easily answered, and that has to do with the prevailing methods of bank inspection. This inspection, as a rule, is exercised by examiners appointed by the state and Federal governments. In some of the larger banks inspections are made by properly qualified auditors, but perhaps in the majority of banks the examinations made by officers and directors leave much to be desired. This is not due to willful neglect, much less to dishonesty, but arises from the lack of proper qualifications on the part of those to whom the examinations are entrusted.

There exists also a system of examination of members of the Federal Reserve System, made by examiners designated by the Federal Reserve Board, which essentially does not differ much from that exercised by the Comptroller of the Currency over the national banks.

In some of the larger cities banks, members of the local clearing-house, are under examination by an examiner appointed by the clearing-house. Substantially this represents an examination of local banks by their combined organization. Judged by results it is the most effective form of bank supervision yet devised. The question of its extension, in principle, so as to include all the banks of the country is one well worthy of careful study.

That supervision of banks under state and Federal authority has contributed to a higher degree of safety and has been of great benefit to the banks and the people, are matters not open to dispute. But this method of supervision has its limitations, and lacks the efficiency of organized super-

vision carried on by the banks themselves.

Bankers do not generally favor deposit guaranty, but they can hardly oppose a form of supervision that would increase the safety of banks as a whole. Here and there a banker may chuckle when his weaker brother fails, but most bankers realize that they have nothing to gain but much to lose by failures that tend, in however slight degree, to shake public confidence in the banks.

Can the principle of clearing-house examination be more widely extended? If so, the results already achieved by this method of banking control justify the belief that greatly improved banking conditions would follow. The Comptroller's statement indicates that this improvement is very much needed.



Proposed Reduction of National Bank Capital

IN the Annual Report of the Comptroller of the Currency appear the following recommendations for the issuance of charters for \$100,000 capital to banks operating in outlying districts of cities of over 50,000 population:

"Under the present law a national bank can not incorporate in a city of over 50,000 population with a capital of less than \$200,000. This provision was probably a wise one at the time the National Bank Act was passed, because at that time practically all large cities could be roughly divided into a large business section and a single residential section. On account of the growth of some cities and changed conditions, due to the introduction of automobiles and changes in transportation, community business centers have developed at various points through parts of cities that were formerly exclusively residential. The requirements in a banking way of these districts are practically identical with those of smaller

independent municipalities. There is necessity for banking facilities without the requirements of as large a capital as \$200,000. Inability to provide banking facilities on account of this \$200,000 limitation has had a tendency to deprive these communities of banking facilities and to promote the establishment of state rather than national banks and to create additional demands for branch banks. It is consistent with the general tendency of this bill to restrict branch banking that this alternative relief should be provided. Such a provision would be unobjectionable and in fact very advantageous to permit the establishment of banks with capital of \$100,000 in these outlying districts. The discretion as to the necessities of these outlying districts and the definition of what is an outlying district should necessarily be left with the Comptroller, as conditions vary so widely in different sections that it is impossible to lay down any definite formula. It is quite possible, and has been advocated by many, that it would be wise to reduce this limitation on capitalization to \$50,000. The unfortunate experience of the past year makes it undesirable to encourage the establishment of any more \$25,000 banks than are already provided for by law."

Where the state laws permit the organization of banks in cities of the size named with a smaller capital than is required for national banks, the tendency is undoubtedly, as the Comptroller states, "to promote the establishment of state rather than national banks." This high capital requirement for national banks also operates, as the Comptroller further says, "to create additional demands for branch banks."

Very likely, with the extension to national banks of the privilege of operating branches in cities where their head offices are located, this tendency of the branch bank to take the place of the community bank within the limits of such cities will be still further increased. In fact, already the growth of this ten-

dency has been observed. It is a matter of more importance perhaps than appears at first sight. The population of cities like New York, Chicago, Philadelphia, Detroit, etc., etc.—that is of the larger cities of the country where numerous smaller communities or towns exist within the limits of the municipality—constitutes a material part of the total number of inhabitants in the entire country. If in cities of this class, and a number of others not so large, national banks are given the right to have branches it will probably result in time in the branch banks supplanting the community banks now existing in these cities. This result the Comptroller would forestall by a reduction in the capital of national banks in cities of over 50,000 population from \$200,000 to \$100,000, or even \$50,000.

No doubt the proposed reduction of capital of these national banks would somewhat restrain the tendency of branches to crowd out the community banks, but whether in the long run the latter could hold their own in competition with the branches of the larger banks remains to be seen. Presumably the bank rendering the best service would endure.

Comptroller Dawes recognized the competition of branch banks with these city-community banks, and in the foregoing recommendations sought to restrict it. But with branch banking powers conferred on national banks, as proposed in pending legislation, it appears probable that at no distant day a large part of the urban dwellers of the United States, comprising a substantial percentage of the total population, will be transacting their banking at branches of larger institutions instead of the community banks with which they have been accustomed to deal.

The declared object of those who have been sponsoring the bill to grant branch bank facilities to national banks has been to bring branch banking within closer limits. This may result from the proposed legislation so far as it applies to the territorial extension of

branch banking. But should the branch banks drive out the community banks in the larger cities, as appears probable, the number of people served by branch banks will not be diminished or even kept within present limits, but greatly increased.

Even should this result be assured beforehand it would probably not affect the situation very much, since the practical matter to be dealt with is that of equalizing the branch privileges of the national banks with those of state banks.



Retiring National Bank Circulation

ARGUMENTS are presented by the Secretary of the Treasury in his Annual Report in favor of retirement of the circulation of national banks "as speedily as may be consistent with the Treasury's other fiscal policies and with due regard to the best interest of the national banks." The Secretary goes on to say:

"It has been suggested that this may not be the proper time to take such action because of the fact that there is already a widespread feeling among national bankers that they are considerably handicapped in their competition with state institutions by the fact that their banking powers generally are more restricted than those of the state institutions. But the proper answer to this suggestion would seem to be not to continue a bank-note currency which is generally agreed to be unscientific and of a more sentimental than material value to the issuing banks, but rather to amend the National Bank Act so as to give to those national banks whatever additional banking powers may be necessary in order to enable them effectively and properly to compete with state institutions.

"In this connection there are now pending before Congress two bills, known as the McFadden Bill and the Pepper Bill, both designed to grant

those very privileges to national banks. Under the proposed bills some of the present powers will be liberalized and other new powers granted. The Treasury approves the general features of these bills and believes that some such legislation is necessary, not only as a matter of justice to national banks, but also in order to preserve the essential strength and effectiveness of our central banking system. This is obvious when it is considered that approximately two-thirds of the total resources of the member banks of the Federal Reserve System are represented by national banks. In view of the likelihood of an early passage of such legislation conferring substantial additional banking powers upon national banks, it is believed that now is the appropriate time to formulate a permanent program for the ultimate retirement of the national bank circulation."

The Secretary argues against the contention that retirement of the national bank note circulation would result in currency shortage. He points out that if the Panama Canal loans callable in 1916 and 1918, respectively, and the 4's of 1925 should all be called at the same time, the resulting contraction in national bank circulation would not exceed approximately \$151,000,000, or less than 4 per cent. of the total paper money outstanding. Should this retirement cause any deficiency in circulation, the Secretary shows that this could readily be made up by the issue of Federal Reserve notes. He states that it is hard to contemplate a condition of the Federal Reserve Banks in which it would not be possible to provide sufficient currency for any emergency that might arise.



Governmental Policy Toward the Banks

THE discussion of the national bank note circulation by the Secretary of the Treasury brings up the larger question of the Government's pol-

icy toward banks as reflected in recent legislation. The matter is of very great interest, especially to the national banks. In some recent utterances by the former Comptroller of the Currency, Mr. Dawes, the opinion was expressed that in the absence of certain legislation the existence of the national banking system was threatened. This statement was made in connection with a plea for the enactment of a law that would confer limited branch banking privileges on national banks.

Granting that the legislation in question is both desirable and necessary, and of the importance that Mr. Dawes considered it to be, a further inquiry arises as to whether or not this legislation gets at the real root of the difficulty.

Are there some major causes at work tending to restrict the operations of the national banks to an extent that hinders their efficient functioning and impels them to seek refuge under the state banking systems?

This is an important question, and one which *THE BANKERS MAGAZINE* does not feel able to answer, but would like very much to have the views of its readers in regard to the matter.

Meanwhile some expressions of opinion may not be out of place respecting the general policy of the Government toward banking as expressed in recent legislation.

The national banks were created not only to provide a safe and uniform currency, to establish a system of banks under a uniform law and supervised by a central authority at Washington, but they were furthermore made instrumentalities to aid the Federal Government in conducting certain of its fiscal operations. The national banks, as a matter of fact, brought the Government into direct relations with the people at thousands of points in all parts of the country. They were truly national, as their titles implied. Their services to the Government during the Civil War were of very great value. They were of still greater value in the more recent war. Most of these services—perhaps

all of them—were rendered gratuitously. It would seem that the services thus freely given to the Government and people would have aroused a feeling of gratitude toward these institutions that would not only have rendered them immune against political attack, but would have secured for them fair and liberal treatment by Congress when enacting fresh legislation in respect to them.

For many years this expectation was fairly realized. The national banks increased rapidly in numbers and in size; and as it was seen that they were rendering important services both to the Government and the people, fair treatment was accorded them by Congress. True enough, there was always some hostility toward the national banks on the part of the "greenbackers"—those who believed that all currency should be directly issued by the Government. But the country never surrendered to this idea, and the national banks continued to issue a safe and uniform currency and to increase in popular favor. But as they grew in size they became the object of more or less political antagonism. Congress looked coldly on any suggestions for adding to their functions and was apparently reluctant to pass simple measures that would greatly have increased the efficiency of their operations. This was due to the fact that banking legislation offered slender opportunities for making political capital. Congress evidently did not want to legislate in a way that would injure the banks, but was almost equally indisposed to pass laws for their benefit. Neither party wished to incur the supposed odium that would have attached to a policy favoring the banks of the country. They were therefore let alone. In 1900 some important amendments to the National Banking Act were made, the most important being a reduction of the minimum capital from \$50,000 to \$25,000.

Excepting the emergency currency law of 1908, there was not much important banking legislation for nearly a

quarter of a century, when the Federal Reserve Act was passed.

Meanwhile there had developed a strong and numerous class of institutions—the trust companies—which generally conducted the ordinary deposit and discount functions and in addition administered trust estates, acting as executors, administrators, trustees, etc. While their competition with the national banks was clear enough, Congress was slow to act in passing the necessary legislation to put the national banks in a position where they could meet the competition of the trust companies.

The same is true in regard to branch banking. For years, in many states, the state banks had the privilege of branches, denied to the national banks except through a roundabout process which made it difficult for the national banks to acquire enough branches to put them on an equal footing with their state competitors. The result of this tardiness on the part of Congress was to give the state banks a decided advantage over the national banks in competing for local business in those cities where state branch banking was authorized and was in fact extensively carried on. All this is a matter of recent history. Finally, the situation has become so acute as to arouse the national banks to demand action of Congress that will remove this disadvantage.



The Federal Reserve Act

NO doubt the enactment of this important measure was hastened by the experiences of the panics of 1893 and 1907, which brought to light in a striking manner some of the defects in the country's banking system, especially with reference to the note issues and the method of handling bank reserves. It is a matter of record, however, that other real or ostensible objects prompted this legislation. Look into the political speeches of the time, and you will find a great deal of open

hostility disclosed toward the "money power," "Wall Street," and the banks at some of the money centers. It was made to appear that these banks were the instruments of credit centralization and of other practices detrimental to the public welfare. Therefore the Federal Reserve Act was devised to remedy this situation. Of course there were plenty of good reasons presented also for passing the measure, which proved to be largely of a constructive character. The Federal Reserve Act enlarged the privileges of the national banks in several respects. Trust company powers were made available to them, savings business was recognized, authority was granted to make loans on real estate, reserve requirements were lessened, rediscount facilities were provided, etc. All these provisions made it easier for these banks to do business and enlarged their ability to render public service.

Nevertheless the Federal Reserve Act took away some important functions of the national banks. They were deprived of the power to act as legal reserve agents, and preliminary steps were taken to cut off the circulation privilege which they had enjoyed from the time of their creation. One may frankly concede the superiority of both the present reserve arrangements and of the note issues over the old methods without at the same time admitting that the desired reforms were effected in the most desirable manner. If, instead of requiring the national banks to turn over all their legal reserves to the Federal Reserve Banks, only a fair percentage of such reserves had been thus taken over, it is quite likely that the reserve city banks would have suffered less serious disturbance than was occasioned by depriving them altogether of their reserve functions. It seems probable that in this way the Federal Reserve Banks would have had enough funds to take care of rediscounts and note issues, and that they would have been deprived of the large inflationary potentialities they now possess.

The capital and reserves contributed

by the national banks to the Federal Reserve Banks constituted an important part of the earning assets of the former, on which they were able to make such profits as they could. But when these funds were turned over to the Federal Reserve Banks the profit on them (so far as the contributing bank was concerned) was reduced to a maximum of 6 per cent., profit over that going to the Government.

As a practical matter, the banks might be satisfied with this modest profit, provided they felt themselves otherwise compensated by membership in the Federal Reserve System.

In substantially depriving the national banks of the right of note issues the Federal Reserve Act further curtailed the profits and the prestige of these institutions. No doubt a safe method could have been devised whereby the national banks as a whole, or at least those located in the reserve cities, might have issued their credit notes. This, instead of subtracting from their functions, would have added to them.

To say all this is not to attack the Federal Reserve Act, which represents a vast improvement over the banking conditions that existed prior to its enactment. The unification of the banks into a more compact system, the gold settlement fund, the better basis for note issues, speedier and more economical check collections, the rediscount facilities, etc., etc., are all substantial gains which no one wishes to surrender or impair. The only question is as to whether these improvements were achieved in the way least calculated to disturb the banking relations of the country. It is a most important question.

Recent reports of the Comptroller of the Currency have made it quite plain

that influences are at work tending to drive the national banks out of the national banking system into the state systems. The general opinion seems to be that this tendency is chiefly due to the fact that the state banks have greater privileges with respect to branches—a deficiency sought to be remedied by the McFadden Bill. If the passage of this measure does not arrest the tendency in question, the conclusion must be that other and deeper influences are at work. The whole banking situation will then deserve the most careful study.

The Federal Reserve System depends for its existence and strength upon the continued prosperity of its component members, and these are largely national banks. As membership of state banks is voluntary, while membership of national banks is compulsory, it is obvious that a decline in the numerical strength of the national banks would not only weaken but might destroy the Federal Reserve System itself.

The national and state systems of banking have existed side by side in complete harmony for over sixty years. Each has rendered invaluable service and the weakening of either would be a public calamity.

We are living in a time when stupendous economic changes are rapidly taking place. Possibly the state legislatures have acted more quickly in adapting the respective state banking systems to these shifting conditions than Congress has done with respect to the national banks. If this is the case, Congress should be alert to safeguard the banking institutions of its own creation, and neglect no steps essential to their efficient functioning as servants of the public.



Investment Trusts in Great Britain

By Paul Einzig

THE recent change in the attitude of American small investors toward European securities has given rise to a problem of great significance, namely, how to safeguard this class against losses arising through their inexperience and against traps laid by international financial adventurers. All is not gold that glitters, not even (or especially not) in Europe, and small investors, as a rule, do not possess a sufficient knowledge of the situation of foreign countries to enable them to select desirable classes of European securities. They are the easy prey of bucket-shops which, as it appears from press reports, have already begun their sinister activity, taking advantage of the new trend by passing worthless European stocks on the American public. It is of great importance that the latter should be protected from becoming the victims of the present wave of enthusiasm for European securities.

THIS study of British investment trusts will be found of particular interest at the present time, when this type of financial institution is being introduced in the United States. The article has been prepared purely for purposes of information, without any attempt to decide for or against the desirability of the investment trust and its adaptability to conditions existing in this country. The author, Dr. Einzig, is foreign editor of "The Financial News" (London) and Doctor of Political and Economic Sciences, University of Paris.—THE EDITOR.

It is desirable that small investors be enabled to distribute the amount they intend to invest abroad over a great number of countries, instead of linking their individual welfare with the fate of one particular country. The example of French investors, who lost the savings of a lifetime through placing them in one or the other of the countries which defaulted afterwards, is well calculated to serve as a warning to American investors not to stake everything on a single card. Facilities have to be pro-

vided for them to make it possible to avoid such risks, without having to divide their small fortunes into too small fractions.

Last, but not least, individual investors are usually unable to follow closely enough the developments likely to influence the yield and capital value of their foreign holdings; it is impossible for them to recognize the opportune moment for turning over their securities. Some means have to be devised to overcome this difficulty.

HISTORY REPEATS ITSELF

It appears that American financial circles are recognizing the right way to solve these problems. The fact that during the last few months several investment trusts have been established in the United States, where this institution was practically unknown before, indicates that they have chosen

the system which has been applied with much success in the country regarded as possessing the longest and widest experience in investing abroad, i. e., Great Britain. During the last few decades or so a powerful system of investment trusts has been developed in England and Scotland, mainly with the object of facilitating investment abroad through reducing the risk attached to it. If we attempt to trace the origin of this evolution, we cannot help noticing a striking similarity with the conditions which exist at present in the United States.

During the Napoleonic wars the British Isles remained protected against invasion, so that their industrial system, which was already in an advanced stage, could continue to progress under the stimulus of urgent war requirements, while competing countries—ally and enemy alike—suffered heavily through the devastations of the war. As a result, British export goods enjoyed a monopolistic situation abroad during the decades that followed the conclusion of peace, and the country was able to export in excess of its imports. The surplus which thus became available for external investment has actually been

capital exceeding £100,000. The result, as per December 31, 1923, is as follows:

Ordinary (or deferred) stocks	£27,424,907
Preferred stock	29,378,320
Debenture stocks	41,167,265
	£97,970,492

The average of the reserves of the same seventy companies is about 12 per cent. of their combined share and debenture issues.

The accompanying table gives the latest figures available for three typical British investment trusts:

	Investment Trust Corporation Ltd.	Industrial and General Trust Ltd.	Debenture Corporation Ltd.
Ordinary stock	£ 800,000	£1,250,000	£1,000,000
Preferred stock	1,200,000	1,250,000	1,253,708
Debenture stock	2,000,000	2,500,000	1,253,708
Net profit	266,639	205,233	150,688
Dividend on ordinary stock	10 per cent.	8½ per cent.	5 per cent.

invested abroad, though the choice of participation was not always fortunate. Some of the pioneers of the export of capital have suffered heavy losses, especially in the crisis of the foreign bond market of 1835, and in subsequent disasters of varying extension. To avoid such losses the method of indirect investment abroad, with the intermediary of the investment trusts, has been adopted.

The first two investment trusts were established in 1863, and since then there has been a gradual development, interrupted with temporary setbacks, the result of which is that investment trusts are today among the most important factors of the London market. Their number is believed to amount to several hundreds, if we include those held privately, or those of small magnitude which are not quoted on the stock exchange.

In order to give an idea of the strength of share and debenture issue of investment trusts, we have summarized the figures of the seventy leading companies, each one of which possesses a

NEW YORK'S TURN

It may well be asked how is it that New York, which has always proved to be a very ambitious pupil of its senior financial market, London, and has in many ways become able to give some lessons to its teacher, has so long remained backward as far as investment trusts are concerned. The investment trust, as it is known in Great Britain, is, with a few exceptions, non-existent in the United States. The reason of this is that in regard to external investment the United States has only recently reached the stage attained by Great Britain several decades ago. Being a relatively new country, there was too wide a scope for the employment of capital at home to necessitate investment abroad on a large scale. Yet, during the period 1914-1924, the United States has made revolutionary progress, similar to that achieved by Great Britain during half a century after the Napoleonic wars, and has become the biggest creditor country of the world. It is now New York's turn to follow the

British example of establishing investment trusts in order to reduce losses on external investments. There is much reason to believe that, within the next few years, this particular kind of financial institution will attract much interest in American financial circles, and therefore an article attempting to describe to American readers the scope and business methods of investment trusts as they function in Great Britain requires no apology.

NATURE OF THE BRITISH INVESTMENT TRUST

British investment trusts are also called sometimes "trust companies," and this is the reason why it is widely believed that they are similar to the American trust companies. In reality, however, British investment trusts do not as a rule carry on any of the activities of American trust companies; in so far as some investment trusts do touch the business of an investment bank, they exceed the sphere of activity of the investment trust proper, and may be regarded as a transitory type. Nor are British investment trusts identical with holding companies, although in some continental countries it would be difficult to draw a distinct line between both types. In Great Britain, however, investment trusts do not aim at the control of other companies; on the contrary, the maximum amount to be invested in one particular company or in one particular kind of security is usually limited by the statutes to five or ten per cent. of either the capital of the investment trust or of the company concerned.

The investment trust differs from the various types of financial companies called promoting companies, financing corporations, etc. It does not itself promote companies, although it may participate in the issue of shares as a member of underwriting syndicates. Nor does it finance other companies otherwise than through the acquisition of their debenture stock. Admittedly it is not always easy to discriminate, as

some investment trusts have taken up activities which, strictly speaking, are outside the scope of the investment trust as generally recognized.

It ought to be pointed out at this stage that, apart from their own statutes, there is no law or rule which would prevent investment trusts from extending their activities to other fields; but in spite of this, the majority confine themselves to the sphere generally recognized as that of investment trusts. Yet this sphere is by no means rigidly fixed; it follows the evolution of financial life.

METHOD OF INVESTING

The task of an investment trust, as conceived in Great Britain—the English and Scottish types differ from each other only in minor details—is to invest its capital and the funds raised by borrowing in a wide variety of securities, and to turn over its holdings whenever it appears desirable to do so. In order to fulfill the first part of the task, the holdings of most investment trusts are of an international character; sometimes they are confined to one particular category of securities, such as rubber issues, Government bonds, etc., or they embrace several categories. Thus, if the small investor acquires the shares or debentures of an investment trust, his holding represents a corresponding fraction of such type of security held by the company. Although investment trusts in Great Britain are by no means exclusively composed of the capital of small investors, nor are they necessarily concerned with foreign securities, nevertheless, the majority of them are based on small capitals, and this contributes to the popularization of foreign securities.

In order to be able to turn over the securities successfully the investment trusts are equipped with means for keeping a watchful eye upon the market. Apart from following closely the financial press, they are frequently in a position to obtain inside information before it is published, and are thus able to act before the market has been affected by

the knowledge or the anticipation of the event in question. Another advantage is that they can make themselves felt in shareholders' meetings and in the committees of foreign bondholders to a much greater extent than would small individual security owners.

CAPITAL OF THE INVESTMENT TRUSTS

The amount of capital resources of the British investment trusts is seldom below £100,000, and frequently exceeds £1,000,000. It is raised by means of issuing ordinary and preferred shares and debentures; the issue of collateral bonds is quite exceptional, as it is against the interest of investment trusts to abandon the right of turning their holding without the preliminary consent of bondholders. Nor do British investment trusts, as a rule, borrow from banks for the purpose of acquiring investments with the amount borrowed, for the speculative character of such transactions is directly opposed to the underlying principle of investment trusts. It is true that the balance-sheets of some investment trusts show outstanding loans from banks, but the amount of such loans is very small in relation to their total resources, and they are of temporary character. Some of them accept time deposits, but this is quite exceptional. The only form of borrowing practised systematically and on a large scale is the issue of debentures.

The proportion of debenture issue to share capital is not determined by law. The creation and working of investment trusts are regulated by the provisions of the various companies acts, and by their own statutes, not by any special legislative measures, and in this respect the policy of managements varies according to circumstances. If the market conditions favor the issue of fixed income securities at a low rate of interest, as was the case during the few decades preceding the war, it is obviously to the interest of shareholders to issue large amounts of debentures, because the difference between the rate paid on

debentures and the yield of the securities purchased for the amount obtained is their benefit. Thus in the early years of the twentieth century, when it was possible for well-known investment trusts to issue debentures bearing an interest of four per cent., while the amount re-invested in good-class securities yielded say six per cent., an amount of debentures of £500,000 resulted in a net profit of £10,000 per annum for the shareholders. In pre-war years there was consequently a tendency towards the increase of the debenture capital in relation to the share capital, and more especially in relation to the ordinary share capital. This tendency was stimulated by the growing confidence of the public towards the well-established investment trusts.

The situation underwent a fundamental change after the war. Partly because of the general rise of money rates, partly on account of the fact that the decline of the purchasing power of the currency has affected the real value of fixed interest securities to a greater extent than the securities with variable dividend, it was for some time far less profitable to issue debentures and to re-invest their yield in other types of securities. Apart from this, as the rise in money rates is likely to disappear within a few years, it would not be a wise policy on the part of investment trusts to undertake long term liabilities at the present temporary high rates. As a result the ratio of debenture stock to share capital underwent a decline as compared with its pre-war figure. In the course of 1924, there was, however, an increasing trend of debenture issues, because of the decline of money rates and the all-round increase of dividends. Mr. Leland Rex Robinson, American Trade Commissioner in London, in his pamphlet on "British Investment Trusts" shows that the present relation is about one third for ordinary, preferred and debenture stocks, while ten years ago the average relation was approximately twenty-eight per cent. for ordinary stock, thirty-four per cent.

for preferred stock and thirty-eight per cent for debenture stock. According to the writer's calculation based on the figures of seventy companies, the proportion is 28, 30, and 42 per cent. respectively. The difference is explained by the fact that the writer's figures are based on selected companies whose borrowing capacity is beyond that of the average investment trusts.

HOW INVESTMENT TRUSTS WORK

Owing to the nature of their task, investment trusts do not employ a large office staff, and the working costs are therefore at a minimum, all the more so as many investment trusts form groups so that a number of them can be carried on at the expense of one. The manager or secretary usually possesses wide experience in the security markets, and while the general policy of the company is determined by the board of directors, he plays an important part in working out the details of the application of the general policy. The number of the different issues held by an investment trust frequently amounts to 400, to 500, or more, a considerable part of which is foreign, and it is by no means easy to follow all of them closely, so as to know the right moment when they ought to be sold and replaced by other securities. In order to carry out this task successfully it is necessary to possess broad views as to general tendencies, which is at times even more important than the knowledge of individual factors affecting the particular securities. For example, during the years that succeeded the armistice, British investment trusts sold out a great part of their holdings of American securities—though individually they represented desirable types of investments—so as to take advantage of the appreciation of sterling in relation to the dollar, which was only a question of time.

One of the sources of income of investment trusts originates from the temporary reinvestment of their income until the date of the distribution of their dividends. There is no need what-

ever for them to lose interest on big cash reserves and current balances; they can afford to reduce their liquid assets to an insignificant percentage. A much more important though less certain source of income consists of profits on security transactions; as the managements of investment trusts are, generally speaking, better acquainted with market conditions than the general public engaged in such operations, more likely than not they are able to buy and sell at the right moment. Yet a conservative investment trust would not distribute such profits, but rather accumulate them as a reserve to offset losses on bad deals which are occasionally inevitable despite the greatest possible precaution and expert knowledge.

CAPITAL VS. INCOME

A depreciation of their holdings does not prevent investment trusts from distributing a dividend. For example, if the total value of the holdings of an investment trust declines during a business year by £100,000, while the income amounts to £80,000, they are none the less entitled to distribute the latter amount as dividend, apart from the usual additions to reserve funds. Most investment trusts do not as a rule avail themselves of this right—which has been confirmed by law court decisions—with the exception of cases where the capital depreciation is due to a quite temporary depression, while if it is of permanent character they reduce or pass the dividend on the share capital.

Underwriting commissions obtained through participation in new issues as members of underwriting syndicates constitute another source of income. This branch of business of investment trusts is only part of their general activity, and their rôle as underwriters is quite different from that of banks. While the latter underwrite any new issue if the commission is sufficient to compensate them for the risk of a partial failure of the subscription, the former participate in the underwriting of only such issues which they are pre-

pared to keep if they are called upon to take over their quota. Unlike other underwriters, investment trusts are in no hurry to sell out the securities they have to carry in case of the failure of the subscription; they are prepared to nurse them until their market price has improved. Consequently, the participation of a number of investment trusts in underwriting syndicates safeguards new issues from opening at an excessive discount even if only a small percentage was subscribed, and this is a very noteworthy advantage of the London market as compared with New York and other financial centers. As the extent of risk is less, underwriters in London are prepared to accept a smaller commission—other things being equal—than underwriters of other capital markets.

As to the dividend on the capital of investment trusts, it is about $3\frac{1}{2}$ to 5 per cent. for debentures—the recent issues approaching more the latter figure—4 to 6 per cent. for non-participating preferred shares, and anything up to 15 to 20 per cent. or even over for ordinary shares. The decline of dividend on account of the war was, on the average, about 1 per cent. only, while the percentage most investment trusts paid in the post-war years was well above the pre-war figures. Only a small number of investment trusts suffered serious losses through the war, so it may be safely stated that they passed most successfully one of the severest tests of financial history.

WHAT SHOULD AN INVESTMENT TRUST TELL?

The question as to whether investment trusts should publish the list of their holdings or whether they should confine themselves to indicating the main categories, has given rise to much controversy, and it may be said that the number of the adherents of both standpoints is about equal. Roughly, half of the investment trusts publish in their annual reports the full particulars of their holdings, while the other half decline to take the shareholders and the

public into their confidence to such extent, stating that the publication of their holdings would handicap their activity and would be as disadvantageous as if one of the players would consent to show his cards to his opponents, without claim to reciprocity. On the other hand, those favoring full publicity maintain that the refusal of an investment trust to disclose the complete list of its holdings is similar to an industrial enterprise which declines to tell its shareholders what goods it manufactures. Yet it seems that the public has the same amount of confidence in secretive companies as in those pursuing a franker policy, probably on account of the trustworthiness of the boards and management, which is in itself the best guarantee. Moreover, the difference between both policies regarding publicity is, strictly speaking, that of degree only, not of kind; for even those companies which in their annual reports disclose the full list of their holdings reserve the right to change them at any time, so that in a few months after the general meeting the composition of their holdings may be totally different.

An interesting phenomenon in the organization of British investment trusts is the forming of groups. Among the best known groups are those of Robert Fleming & Co., and of Lord St. David, each of which contains more than a dozen investment trusts. Moreover, the British Trusts Association (Ltd.) has been recently formed, with the participation of a great number of leading investment trusts, for the purpose of organizing co-operation among its members, and of acting as a central investigating organization. The capital represented by the association's shareholders is estimated at £70,000,000 to £100,000,000, which represents a very substantial power in the market. Those looking for capital have thus a channel through which the particular trusts can be approached with the least loss of time. Should the association approve the issue it provides a security to individual investors who will more readily

take up an unknown issue if they know that it has passed the scrutiny of expert judges.

This pioneer work of the investment trusts is, in itself, of great significance. Private investors are, and ought to be, cautious in regard to any newly-introduced security, even if it is perfectly sound. By the time it has become sufficiently popular to win the confidence of the private investor its price has probably risen to a multiple of the figure at which it could have originally been acquired. Consequently the exceptional profit that accompanies the introduction of a new security would be reaped by exclusively professional financiers and financial institutions. With the aid of the investment trust, British private investors are enabled to obtain such pioneer profits without running the risk of becoming the victims of fraudulent company promoters. All they have to do is to follow the lead of the investment trust, which of course does not safeguard them from occasional disappointments, but which provides a guarantee that the investment offered is bona fide, and not a trap laid for the inexperienced public.

This aspect of the investment trust system is of particular importance in relation to the acquisition of foreign securities; and, apart from the amounts directly acquired by the investment trusts, they encourage the purchase of newly introduced securities by individual investors.

THINGS TO AVOID

Yet it would be a mistake to believe that the history of British investment trusts is all plain sailing. Unfortunately, corrupt practice succeeded in finding its way also among investment trusts, and inflicted heavy losses upon many of those who thought that, in placing their capital in an investment trust, they were practically beyond any risks. One of the favorite methods of fraudulent investment trust management is the promotion of a new trust for the purpose

of acquiring the undesirable and unmarketable holdings of the old one. As the new company is legally independent, notwithstanding the fact that its board, management and offices are identical with those of the old one, its losses do not affect the financial position of the "mother" (or rather stepmother) institute. This, however, does not mean that the public ought to avoid every trust created by another trust. Very frequently this is done for the purpose of a more favorable distribution of capital. Let us suppose, for example, that the management of an investment trust wants to change the proportion between the share and debenture capital; one of the favorite methods which they can choose is the establishment of a new investment trust whose capital, combined with that of the old company, represents the proportion desired. In such case there is no reason to avoid the new company, if the past record of the old one, and especially the composition of its board, warrants the genuineness of the promotion.

There were many other methods employed by investment trusts especially at the earlier stages of their evolution, but their enumeration is beyond the scope of the present article. If American investors want to learn a lesson at the expense of their British predecessors, all they have to do is to follow this advice: Avoid every investment trust unless its board consists of personalities of high reputation. This, of course, is a commonplace, and it applies to every kind of company, but in no other category to such extent as in regard to investment trusts. In acquiring the securities of an investment trust, the question is more or less one of confidence in the board of directors and the management. The enumeration of the holdings is, in itself, not sufficient security, for the holdings may be changed without the preliminary approval of shareholders, and without the approval, preliminary or subsequent, of debenture holders. It is therefore of

great importance that the composition of the board and of the management should satisfy the investing public that

their good faith is beyond doubt. The term "trust" ought to be taken in its human sense.



Regional Savings Conferences

FOUR regional conferences will be held during the next few weeks under the auspices of the Savings Bank Division of the American Bankers Association. The meetings will take place in San Francisco, February 19-20; Minneapolis, February 26-27; Chattanooga, March 5-6, and Boston, March 12-13.

The San Francisco conference will be called at the St. Francis Hotel, and Paul A. Pflueger, assistant vice-president of the Humboldt Bank, San Francisco, will be chairman. All bankers in Washington, Oregon, California, Idaho, Montana, Wyoming, Nevada, Utah, Colorado, Arizona and New Mexico have been invited. Alvin P. Howard, president of the Savings Bank Division of the association, will deliver the introductory address. Talks and discussions on problems in the savings field will follow. On the evening of February 18 there will be a dinner at the Palace Hotel, in charge of E. V. Krick, national president of the American Institute of Banking, followed by a speaking contest on the subject "How Savings Banking Helps the Community." Other conference events will be a theater party February 19, a tour of San Francisco and vicinity and a banquet on February 20.

The Minneapolis conference will be held at the Radisson Hotel under the chairmanship of Thomas F. Wallace, treasurer of the Farmers and Mechanics Savings Bank of that city. All bankers in Michigan, Illinois, Wisconsin, Minnesota, North Dakota, South Dakota, Nebraska, Iowa and Missouri have been invited. The conference sessions will be held morning and afternoon. On February 26 there will be a luncheon, and an informal dinner in the evening at which men of national prominence will speak.

The Chattanooga conference will be held at the Signal Mountain Hotel under the

chairmanship of Taylor R. Durham, vice-president of the Chattanooga Savings Bank. This conference district includes Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Tennessee, Alabama, Florida, Georgia, South Carolina, Virginia, Kentucky, Ohio, Indiana, Kansas and West Virginia.

The Boston meeting will take place at the Hotel Somerset under the chairmanship of J. H. Solida, president of the Franklin Savings Bank, Boston. This conference district comprises Maine, Vermont, New Hampshire, New York, Massachusetts, Connecticut, Rhode Island, New Jersey, Pennsylvania, Maryland, Delaware and the District of Columbia.

The importance to which savings banking has risen in the United States is indicated by the fact that over half the individual deposits in the country are of this class, according to a statement by W. Espey Albig, deputy manager of the American Bankers Association in charge of its savings banking activities. He says:

"Savings deposits in banks and trust companies reached a high water mark June 30, 1924, with a total of \$20,844,506,000, which is 51 per cent. of the total individual bank deposits of the United States. Savings deposits constitute the one largest factor in the banking structure of today. The increasing importance of savings deposits is appreciated by bankers as evidenced by the rapid increase in banks doing savings business. The number of savings banks has not materially increased during the last few years, but the number of banks accepting savings deposits has grown by leaps and bounds. The regional savings conferences are held in order that bankers interested in savings business may have more opportunity to discuss the factors entering into savings deposits."

Co-operative Banking

A Development of the Building and Loan Idea

By Ernest A. Hale

Treasurer Suffolk Co-operative Bank, Boston

THE author of this article is retiring president of the Massachusetts Co-operative Bank League and is a member of the Massachusetts Bar. He has been interested in the national organization of Building and Loan Associations, having been on several national convention programs, and is to be a member of the resolutions committee at the Kansas City convention in June of this year.—THE EDITOR.

THE co-operative banking system in Massachusetts, as it is known today, is a comparatively modern application of the building and loan principles and ideals, that is, the function of these banks is to provide the method and place for the co-operative, systematic accumulation of the savings of many people that other co-operating members of the same group may borrow these funds to build or purchase their dwelling places.

EARLY BEGINNINGS OF CO-OPERATION

The beginnings of this movement are traceable, according to John Henry Gray, in his "History of the Laws, Manners and Customs of the People of China," to as far back as 200 B. C. where it is found that societies to help finance homes were in existence. There is also ample proof that these societies existed in early periods of Grecian history and authentic records show their existence in Germany and England over a century ago.

The first modern society seems to have been started in Birmingham, England, in 1781, and from legal records we learn that the "Greenwich Union Building Association" was established in 1809.

The first society in the United States was "The Oxford-Provident Building and Loan Association of Philadelphia

County," organized January 3, 1831, "To enable the contributors thereof to build or purchase dwelling houses."

From the Frankfort *Herald* of January 14, 1888, we are told that this association was "formed upon a plan as near that of the English clubs as could be arrived at without either written or printed guides."

In 1875 and 1876 leading men of Massachusetts petitioned the Legislature to pass an act authorizing the establishment of "Co-operative Savings Fund and Loan Associations," patterned after those in successful operation in Philadelphia. They were, however, unsuccessful in their efforts, but finally on May 14, 1877, the act became law and the first co-operative bank was chartered July 26, 1877 and began business August 6, 1877. In 1883 the original name of these institutions was changed to the shorter and more convenient name of "Co-operative Banks."

FORMATION OF A CO-OPERATIVE BANK

As the co-operative bank plan and system is typical of the general movement, throughout the United States, the Massachusetts plan will first be considered somewhat in detail and then the points of difference in the plans operating in other states will be examined.

In order to form a co-operative bank it is necessary that twenty or more persons associate themselves by a written agreement for the purpose, as stated in the statutes, "of accumulating the savings of its members in fixed periodical instalments and loaning such accumulations to them." Upon complying with certain laws and regulations they may become a corporation subject to all general laws relating to such corporations.

The statutes of the commonwealth

provide that the subscribers to the agreement must give notice to the Board of Bank Incorporation of their intention to form such an institution, and make application to said board for a certificate that public convenience and advantage will be promoted by the establishment of a bank of this kind. A public hearing is then held and if the board grants a certificate the applicants must become incorporated and begin business within six months after its date of issue, otherwise the certificate is considered revoked.

The meetings for incorporation, adoption of the by-laws and election of the officers are then held and the articles of the agreement of association are signed and submitted for approval and filed with the Secretary of State who issues a certificate of incorporation which has the force and effect of a special charter.

DUES CAPITAL

Unlike the capital of commercial banks which shows to what extent the bank is liable to its stockholders for funds furnished by them, to begin and conduct the business, the fund termed capital in the co-operative bank, or more properly, "dues capital," is of the same nature as the "deposits" in mutual savings banks. In other words it is the total accumulation of both saving shareholders, using the bank to deposit monthly savings, as well as the amount accumulated by the borrowing shareholders, to be used in repaying the principal of their real estate loans.

Capital is accumulated by the sale of serial shares and fully paid shares. Shares are issued in series annually, semi-annually, or quarterly, a deposit of one dollar per month as dues being required upon each share, payable on or before a certain date as specified in the by-laws of the bank. The monthly payments continue until they, together with the profits or dividends distributed thereon, reach the value of \$200 each; they are then considered to have reached

maturity and no further payments of dues thereon are permitted. The owners of the shares may then receive their value, or, if they so desire, and at the option of the directors may leave the matured shares with the bank in the value of \$200 each, but no person may hold more than ten in number.

Shares of a prior series may be issued after a new series, that is, a shareholder may purchase shares that have run a few months or years, even up to those maturing within a month or so, by paying the value of such shares at the time of purchase, consisting of the monthly payment made plus the profits or dividends distributed up to the date of purchase, and continue the monthly payments until maturity.

Paid up, or fully paid shares, may be issued at \$200 each, to be paid for by the purchaser at the time of issue.

PROFITS CAPITAL

The total of the dividends earned by the monthly deposit on shares is termed "profits capital." This dividend is never credited to the individual accounts but is computed upon the basis of a single share in each series, fully paid to the date of distribution, and is kept in this separate fund termed profits capital.

The shareholder making monthly payments is, therefore, the owner of part of the dues capital and part of the profits capital.

These two funds furnish the greater part of the capital with which to conduct the business.

MATURED AND PAID UP CAPITAL

Matured shares representing shares on which the monthly payments have been made over a period of time sufficient to mature them, form another source of capital.

Paid up shares or shares purchased for the full amount of \$200 at the time of purchase forms the final source of capital.

Both of these forms of capital are limited to \$2000 (i. e. ten shares) to

any one holder and the amount of paid up share capital that a bank may have is limited to 10 per cent. of its assets.

The capital of a co-operative bank is made up entirely of the savings of its members and the interest upon such savings.

GUARANTY FUND AND SURPLUS

The profits are distributed by the board of directors annually, semi-annually or quarterly to the shares in force at that time, or whenever a new series of shares is to be issued. At each distribution of profits on unmatured shares, dividends are also declared on outstanding matured shares and paid up shares, such dividends being payable to the owners thereof on demand.

There is reserved at each distribution as a guaranty fund not less than 1 or more than 5 per cent. of the net earnings for the period, until that fund amounts to 5 per cent. of the total liabilities. The fund thereafter is maintained and held available to meet any losses incurred in the business of the corporation from the depreciation of its securities or otherwise.

At such distribution of profits not more than 1 per cent. of the net profits for the period can be credited to the surplus account unless there has been credited to the guaranty fund the maximum of 5 per cent. of the net earnings. Whenever the guaranty fund and surplus account together exceed five and one quarter per cent. of the total liabilities, an extra dividend must be declared at such rate as may be necessary to apportion to the shareholders the accumulation in excess of 5 per cent. of the total liabilities.

OTHER LIABILITIES

The other liabilities usually shown on a co-operative bank statement are uncompleted loan account, representing the balance due on construction loans to shareholders building homes.

Forfeited share account, showing funds held until claimed by shareholders

who have ceased to make their monthly payments and whose shares have been forfeited after complying with statutory requirements. Such funds do not participate in the earnings of the bank but are simply held until called for by the owner.

Transfer fees, if and when charged and collected, being a small 25 cent fee allowed by statute for the transfer of shares from one owner to another.

Interest account, being the main source of the bank's earnings, coming from borrowing shareholders paying for the use of money loaned on first mortgages on real estate, or upon loans on the shares themselves.

Fines, being another source of income paid by the delinquent shareholders as a penalty for not making their monthly payments when due. All monthly payments must be paid on or before certain days each month, termed, "bank day," and if these payments are not made they are subject to a fine not exceeding 2 per cent. a month on each dollar in arrears. The fines are the same for one day or one month in arrears but are accumulative for a six months' period.

REAL ESTATE LOANS

The principal investment of co-operative banks is first mortgage loans on real estate. A person desiring a loan must make a written application stating the amount of loan desired and giving a description of the property offered, together with any other necessary information which may be required. The application is passed upon by the security committee, which reports thereon in writing, approving or disapproving the property according to its best judgment, and the report must be signed by at least two members of the committee. On any such loan the equity of the borrower, based upon the valuation by the security committee, must be at least 20 per cent. above all encumbrances when the security is improved real estate, and at least 50 per cent. when the security is vacant land.

A note is given for each loan, secured by a mortgage upon real estate situated in the Commonwealth of Massachusetts, the title of which is in the name of the borrower. As further security the note and mortgage contain a transfer and pledge of one share for each \$200 of the loan; \$8000 is the maximum amount of loan which can be made upon one parcel of real estate. The shares pledged are held by the corporation as additional security for the performance of the conditions of the note and mortgage. The note provides that dues on the shares and the interest upon the loan shall be paid monthly, together with all fines on payment in arrears until such time as the shares reach their matured value or the loan is otherwise cancelled or discharged.

Experience has shown that it is perfectly safe for a co-operative bank to loan up to 80 per cent. of the valuation of the property because the borrower begins at once to pay a little each month to form a sinking fund which over a period of about twelve years extinguishes the loan. This is accomplished by the payment of monthly shares, which accumulations together with the interest credited thereon, as previously explained under "dues capital," equals the amount borrowed in about twelve years.

REPAYMENT OF LOANS

A loan may be repayed in full at any time or by partial payments of \$50 or a multiple thereof, and for each \$200 repaid upon real estate loans one share is released from pledge.

SHARE LOANS

Loans may be made upon unpledged serial shares, matured shares and paid up shares to an amount not exceeding 90 per cent. of the withdrawal value of serial shares or 90 per cent. of the face value of matured or paid up shares. For every such loan a note is given, accompanied by a transfer and

pledge of the shares borrowed upon, as collateral for the loan.

OTHER INVESTMENTS

The directors may also invest any surplus funds in the public funds of the United States or any of the New England States. Investment may also be made in the bonds or notes of any county, city or town in the Commonwealth of Massachusetts, or in the bonds or notes of any county, city or town of the other New England States, under certain restrictions as provided in the statutes. The legal authorized bonds of certain other states, subject to certain statutory limitations and restrictions, are also legal investments for a co-operative bank.

OTHER ASSETS

Unpaid interest, is the amount of good and collectable interest due from borrowing shareholders whose accounts are in arrears. This interest is used as an "asset" in declaring dividends so that all shareholders may benefit just as though all interest had been paid to the date of distribution.

Unpaid fines are also used in like manner.

Permanent expense is the amount expended for permanent improvements in banking facilities, or in the case where the bank owns its building this account may be known as bank building account.

Temporary expense covers the expense of conducting the business and is charged off whenever the dividends are declared.

The amount of cash to be kept on hand is not regulated by law as the volume received each month is very large because of the payments due on the monthly payment shares, and amply sufficient to take care of the demand for withdrawals and loans.

ECONOMIC VALUE OF CO-OPERATIVE BANK

The co-operative bank is a type of financial middleman which brings to-

gether and makes available for assistance in home building or home buying, the idle funds of wage earners and others of moderate incomes. Individuals, each of whose savings is small, concentrate their holdings by making deposits, thereby benefiting themselves by building up resources against emergencies and creating funds to be invested by these banks in first mortgages on homes.

The co-operative bank is also the primary school of finance as it teaches the value of compulsory systematic savings of small amounts, helping the average man or woman to accumulate a larger amount of money than they would ordinarily expect to acquire, as well as furnishing a safe and attractive method of investing such accumulations.

It will thus be seen that this type of banking does not compete with the other established methods of banking, especially commercial banking, as it is creative of new capital, fulfilling a need not covered by others, thereby making it possible to finance hundreds of thousands of homes that would not otherwise exist.

MASSACHUSETTS PLAN TYPICAL OF NATIONAL SITUATION

As has been stated the plan in operation in Massachusetts is typical of the general movement and therefore of interest to all bankers, in fact, more and more the commercial and savings bank officers are identifying themselves with the directorate of these banks, or building and loan associations.

Some of the features of strength of the Massachusetts plan will be of interest in helping to solve the problems and questions arising not only in the minds of the building and loan men in other states, but also in the minds of bankers who are giving serious thought to the tremendous growth of this movement over the past few years.

In the first place the co-operative bank is an incorporated group of people

organized for the purpose "of accumulating the savings of its members in fixed periodical installments and loaning such accumulations to them." It necessarily follows that the shareholders of the co-operative bank, furnishing its capital, own the bank. The board of directors and officers are shareholders and manage the business and affairs of the bank not for themselves, or for a small group of stockholders, but for all the shareholders who have one vote each, regardless of the class, value or number of shares held. In other words these banks are mutual, profit sharing, co-operative institutions.

Some plans, in other states, are not mutual as to dividends, namely the stock capital associations, and some have shareholders subscribe to only one share of stock when borrowing, while still others do not make their borrowers members and have lost entirely any attempt at mutuality.

STATE SUPERVISION

The co-operative banks are under strict supervision and are thoroughly audited and examined at least once in each year by the commissioner of banks department. Every co-operative bank also must annually make a report to the commissioner in such form as he prescribes, showing accurately the condition at the close of business at the last business day of October. The commissioner may also call for other reports whenever he so desires.

Most state laws now require that the associations, by whatever name they are designated, be incorporated and be subject to the supervision and examination of the banking department or a special division where the growth of this type of institution has been such as to require it, and in most cases the supervision is good and is an additional safeguard for the shareholders' protection.

CAPITAL

The shares, furnishing the capital, are issued only for cash paid for by the purchaser at the time of issue.

The holdings of any one person are limited to forty unmatured shares requiring the payment of \$40 monthly; to ten matured shares representing the accumulation of \$2000; to ten paid up shares, representing the deposit of \$2000; in any one bank at the same time. Joint accounts may have double the holdings of single name accounts.

A bank is not permitted to issue paid up shares to an amount exceeding 10 per cent. of its assets.

In some states there is a wide variance in the method of obtaining capital as outlined above, for instance, in some plans there is no limit as to the number or amount of shares an individual may hold. In others there is a paid-in capital much like the non-mutual savings bank capital. In others there is the guaranteed capital stock plan similar to the capital stock of the commercial bank.

In still other states there is a combination of the serial, monthly payments, shares and savings deposits such as are found in any savings bank. Still others combine the paid in stock capital and savings deposits; in fact there are a great variety of methods for obtaining funds and in at least one plan stock or shares may be issued for other than cash.

LIQUIDITY

The monthly payments required on the unmatured shares furnish a large monthly receipt of money from which to pay withdrawals or make loans and provide the banks with sufficient money to meet all usual requirements. When there is an unusual demand for real estate loans or the withdrawals are unexpectedly large, the banks may borrow temporarily, subject to the approval of the commissioner of banks. They may borrow from any national bank, savings bank, co-operative bank or trust company for a period of not over six months, and may pledge any part of their resources as security for such loans.

WITHDRAWALS

The unmatured shares may be withdrawn upon giving thirty days written notice, but a ninety day notice may be required and at no time are more than one half of the funds in the treasury applicable to the demand of drawing shareholders without the consent of the directors, or such notices may be waived under restrictions imposed by the directors.

The matured shares and paid up shares are subject to a ninety day notice if the directors so desire. As a matter of practice many banks pay on demand or up to a certain amount on demand, requiring a notice for withdrawals above this limit.

GUARANTY FUND AND SURPLUS

The compulsory establishment of a guaranty fund and surplus account is also an added element of safety and stability, making as it does, "assurance doubly sure."

Under some state laws there is no provision for the establishment of a guaranty fund, reserve or surplus.

FIRST MORTGAGES ONLY

Then the limiting of investments to first mortgages on real estate to an amount not in excess of 80 per cent. of the appraised value of the real estate where it is improved property, and not over 50 per cent. where it is unimproved, and in no case to exceed \$8000 upon one parcel of real estate ensures great diversification of risk and limitation of loss through poor investments. The amortization plan of the loan furnishes additional security to this type of investment.

In some states there is no limit as to the amount that may be loaned either to an individual or on any one piece of real estate and in other states the associations are allowed to loan on second mortgages.

While the Massachusetts co-operative banking plan is not perfect in every de-

tail, it has marked elements of strength, while in some plans in operation in other places there is apparent weakness, and in others there are tendencies which under adverse contingencies might develop serious difficulties.

GROWTH OF THE MOVEMENT

The first co-operative bank in Massachusetts was established in the summer of 1877 and that these banks have an economic place to fill is amply demonstrated by the unparalleled growth from sixteen banks with assets of \$372,462 in

1881, to 217 with assets of approximately \$311,962,791 at the close of business in October 1924.

The great benefit of this co-operative plan to the people of the United States is shown by the tremendous growth of this movement from the first association organized January 3, 1831, to over 10,700 institutions of similar nature with total assets of \$3,942,939,880 in 1923, providing, as they do, the ideal plan of regular savings and enabling hundreds of thousands of our fellow citizens to finance their homes on fair terms with systematic repayment of the principal.



Secretary Mellon's Aphorisms

(From the Annual Report of the Secretary of the Treasury)

WITH the other nations of the world we are just emerging from that most difficult period of readjustment which is the inevitable aftermath of a great war. We are perhaps the first nation able now to present reasonable assurances that we have come through successfully.

* * * *

It is only through hard work, economy and sound policies that we have a right to expect true progress.

* * * *

Through the establishment of the Bureau of the Budget and the splendid co-operation of all Government departments in the program of economy, expenditures have been reduced from about \$6,500,000,000 during the fiscal year 1920 to about \$3,500,000,000 in 1924, a reduction of about 46 per cent.

* * * *

The country's banking and credit structure was never in a stronger posi-

tion and more able to support continued business and industrial expansion.

* * * *

The building and automotive industries are prosperous and in turn are big factors in maintaining the country's general prosperity.

* * * *

The maladjustment between agriculture and other industries has been removed, and the farmer is being rapidly restored to his proper status in the economic system.

* * * *

The effect of a more prosperous Europe means the broadening of our markets and opportunities and a quickening of our economic development.

* * * *

The situation in America looks more favorable for sound and orderly eco-

conomic development than at any time since the war.

* * * *

The gift tax is unworkable and unduly hampers legitimate business.

* * * *

The publicity provision in the revenue law, in my opinion, is a mistake of policy and will be detrimental to the revenue.

* * * *

Taxation should not be used as a field for socialistic experiment, or as a club to punish success, but as a means of raising revenue to support the Government.

* * * *

The power to tax has been well called the power to destroy. But the continued existence, not the destruction, of its source of revenue is the object of the Treasury.

* * * *

If experience shows that a policy of taxation has harmful consequences, and if we wish to maintain the particular source as a means of revenue, we must adjust our policy to meet the facts, regardless of how pleasant a different policy may have seemed.

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Taxation in America is not the simple question of garnering a tithe of the product of a purely agricultural people.

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With so many doors to the house, the effort to close them all has given us the most intricate tax law in history.

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The law now says to the man of large income: "If you lose on your venture, you will pay 100 per cent. of the loss; if you win the law will take 50 per

cent. of your profit." These are not the odds which encourage adventure or the production of income which will yield its revenue to the Government.

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The solution of the problem lies not in passing more laws, but in adopting laws with more reason.

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No man will continue to sow where he can not reap.

* * * *

If we are to continue to compete successfully abroad, we must be sure that our taxation system does not put too heavy a handicap upon our industry and our trade.

* * * *

A man will not seek to build up a large fortune just to have it taken away from his family at his death.

* * * *

When one group of the community gains at the expense of others, the efficiency and productivity of the community as a whole must inevitably suffer.

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The importance of Government economy may be seen from the fact that out of every \$100 of the national income about \$12 is paid to Federal, state and local governments in taxes.

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The nation which does not follow a policy of paying its debts, but allows them to accumulate, may be compared to an individual who follows a similar course. It is a sign of debility and denotes the absence of essential vigor and foresight.

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Debt reduction, in fact, is the best method of bringing about tax reduction.



The Community Survey in Bank Agricultural Work

Article II of a Series on the Agricultural Department of a Bank

By E. B. Harshaw

TO assure success in agricultural development in any community, it is necessary to survey the community to find out just what line of development is best adapted to it. Some communities are better adapted to the raising of certain vegetables, or tobacco while others might be best adapted to cattle raising and dairying.

Some otherwise good developments have failed in certain sections because of attempts to develop a line of agriculture not adapted to the community. In Adams County, Pennsylvania, I am told, a very peculiar situation arises. The state highway divides quite a large section into two parts. On one side of this highway the farmers grow the finest kind of fruit, mostly apples, while on the other side fruit cannot be grown successfully. Attempts have been made to grow as fine fruit on one side as they grow on the other, but it seems impossible. I am told that the difference in the soil accounts for the difficulty. Of course the soil which can produce the most is of the most value. In this fruit-growing section, the farm land has increased in value from \$150 to \$500 an acre.

It is possible that the soil on the side which cannot produce apples would grow some product which would be as valuable as the fruit on the other side. An analysis would reveal just what this should be. With the analysis made and the right development started it is surprising what a community or locality can do for itself.

FOUR THINGS TO CONSIDER IN SURVEY

In the analysis of any community for such a development, there are four things necessary. Climate and soil

form perhaps the largest determining factor. Nature plays an important part in the success of any agricultural project. Of course soils can be cultivated and made more productive, but the natural content of the soil and the climatic conditions of a certain area have larger control.

The soil conditions of areas can change abruptly. What is grown successfully in one county cannot be grown at all in the adjoining one. The products raised in some sections vary, many crops or products can be raised, one can be grown as well perhaps as another. In this case for a successful development, other factors will play a part. Supposing a section can raise successfully either fruit, vegetables, tobacco, wheat, or all of them, but the market for certain of them is too far away or the facilities for marketing certain of these products are not satisfactory; then the marketing question enters as one of the determining factors.

In the Grove City section the soil was not considered very fertile and there were no outstanding farmers. The Federal and State Departments of Agriculture furnished experts to make a soil survey. They found this could be made a dairy center, so the Federal Government located its experimental creamery here, and today we are operating a successful dairy industry. Of course most of the farmers were not really farming and cultivating the soil, which accounted to a large extent for the deteriorated condition of the farm land.

I have in mind another community in which the people thought it impossible to have a successful dairy development, but like the Grove City Community, after a thorough survey by the Federal

and State Departments of Agriculture, such a development was found to be possible, and today the community is being developed into an outstanding dairy center.

Climate also enters largely into a successful operation. Where the seasons are short it would be foolish to attempt to grow vegetables or fruits. Some sections are subject to long dry spells and others are subject to long wet spells, so all of these things have to be considered.

However, there is always some one thing in every community which is outstanding if properly developed, and if this one thing can be found and developed success is assured.

THE MARKET AN IMPORTANT FACTOR

The market is another important factor to be considered before undertaking a development of any kind. A market should be within easy reach of the community, and if there is not a market already established, it may be possible that one could be established. What, then, are the prospects for establishing such a market?

In Grove City we might say that we did not have a market for our dairy products and that was one of the problems in getting the development started, but the Government in locating its experimental creamery in Grove City placed a market at our very door. However creameries had been established here before and failed, so naturally the farmers were a little timid about the new market, and before they were willing to go along and invest in good dairy cows they wanted to be sure that there would be a market for their product. Of course where a development is undertaken on a large scale and covers a large area, it is possible for a community to establish its own market.

If a market is not and cannot be established within easy reach, then the product to be marketed should be carefully considered, together with the transportation facilities.

Your agricultural development will be largely governed by the market facilities. Different sections require different products, In the thickly settled Eastern states the market problems are much more simple than in the sparsely settled Western states.

In the Eastern states there is such a variety of products on the market, and the needs are so various, that it is perhaps easier for the banker to develop the banker-farmer movement.

However, in his preparation the banker should make a thorough study of what the larger cities and nearest market points demand, and he will then be able to handle the proposition more successfully.

It is much better to analyze the markets near at home, and produce if possible, the products which these markets demand, than to produce things which have to be shipped to distant markets. In this way freight rates are saved and a better price secured.

At the present time the State of Pennsylvania through its Extension Department is making a survey of some of the larger cities and farming communities, and in many instances they found that little attention is paid to local community demand. It was found that the farming sections around some of the larger cities were shipping their produce to distant markets because there was not a demand for these particular products in their immediate localities, while the survey shows that these farming communities could just as well and as easily produce the things which were demanded by their nearest markets, thus furnishing a larger and better supply of products and saving the farmer the large freight and shipping costs required to get his product to the market farther away. This also enables the farmer to get a better price for his product. Through these surveys and maps, the situation will be greatly improved and financial betterment will be realized by both the producer and the consumer.

THE FACTOR OF TRANSPORTATION

A good market at hand will, however, be of little value without good transportation facilities. There should be at least one railroad from the farming section to the market city, and if the section is provided with good roads, motor transportation will help in the speeding up of the project.

Transportation will determine largely what should be grown in certain localities. If one is fostering the raising of perishable fruits and vegetables, rapid and regular transportation is absolutely necessary.

The farmer located near a large consuming center has very little difficulty in getting his produce to market, and in that case it would be perhaps better for him to do truck gardening or raise some product which will be consumed in a large measure by the nearby city. An entirely different problem confronts him if he is situated a greater distance from the market and he is confronted with a still more serious one if he is not near a railroad.

If the community is far from a railroad, then it is necessary to look into the raising of some product which can be used on the farm in the way of feeding livestock or for dairying, and here the banker can be of assistance to his community. In a situation of this kind the farmer will need financial accommodation, as the stuff grown will have to be sold all at one time, such as livestock, which is perhaps the best to raise as it will consume what the producer raises on the farm. The banker can have a large part in seeing that the farmer gets the best livestock that is to be had. He can also keep his farmer patron advised as to the time to sell and often as to the best quantities to plant and raise.

Each year new methods of transportation are being developed which throw open to sections, heretofore cut off, crops which formerly could not be considered. New dairy sections have been made possible by the extension of the milk market many miles, and it is now

thought possible to have the western milk eventually shipped to consuming eastern markets by rail in specially constructed refrigerator tank cars. Even now the large motor tank cars are performing a service in many places through their rapid and regular distribution of milk.

ADAPTABILITY OF THE FARMER

Having decided upon the product which is most suited to the climate, soil and market, perhaps the most important factor is the adaptability of the farmer. This factor must not be overlooked. It is important in many ways, for unless the farmers are willing to go along on a project of this kind and can adapt themselves to its development it cannot be successful. Farmers as a whole are suspicious of a new project, probably and perhaps justly because they have been defrauded by the introduction of new and fake schemes. Merchants say that there is no use of trying to sell farmers a new device of any kind, because nine times out of ten they will not buy it. They will not be sold a new idea, they prefer the old and reliable until the new has been proved by someone else. So to sell them a new idea in farming one must prove to them its usefulness, and even then they sometimes hesitate. If they are willing another thing to be considered is, are they worthy of confidence and entitled to assistance, and are they suited to the work by temperament and likely to stay with it once the development is started?

Often, in working up a development some of the farmers become enthusiastic and go into the thing wholeheartedly, but after a year or two they lose their enthusiasm and become indifferent to the project or drop out entirely.

Although the farmer may not appear to have the aptness or the ability at the beginning of a development, many of them, as with others, will improve with the development and in proportion to how much the banker and business man do for them.

The farmer will have to be willing to start with such material as is available to him at the beginning. This material developed along with the project will improve the farmer, and those who do not fit in well with the development and cannot or will not adapt themselves to it will give way to people coming in who are interested in the project.

The farmer to be successful must be trained along certain lines. A dairy farmer cannot be successful unless he is of the dairy type, nor can a beef cattle farmer be successful as a dairy farmer. A dairy farmer must like cows, know cows and be interested in dairying.

In many sections the farmers are raising crops not suited to climate and soil of the section and not entirely suited to the market. The demand of the market is liable to change in a short time for the market for the farmers' produce is made up almost entirely by the towns. The growth of the town and the kinds of people living in it determine or change the demands on the market.

It is a very difficult matter to change a wheat farmer into a truck farmer, and it is practically impossible to change a wheat farmer into a grazier or a dairyman, so the farmers' inherent aptitude enters largely into the success of the project, and the more adaptable he is the easier will be your program.

AN OUTSTANDING EXAMPLE OF CO-OPERATION

In any intensive program there will be found farmers who cannot be successful along the line of development pursued but they will be found to gradually dispose of their farms to farmers interested, and this will result in a betterment of the community. As an outstanding example of this, in Franklin County, Pennsylvania, centering in Chambersburg the bankers and business men of the town have been for some years developing a banker-farmer movement. The co-operation shown in the work of developing a dairy industry has been remarkable and the farmers

receive prices far above those they formerly received. The amount of money the farmers received for fluid milk in 1928 was \$1,420,000, while in 1921 they were receiving about \$300,000.

When the farmers discovered the possibilities of the markets they began to improve and increase their herds, raising alfalfa, and are now interested in the dairy industry.

It was largely through the development of the co-operative spirit of the community that H. J. Heinz Company of Pittsburgh became interested in the growing of tomatoes in this section and the establishment of a Heinz plant. A survey was made and it was found that tomatoes could be grown successfully in this section, and after looking the field over carefully and interviewing the farmers and business men the Heinz Company decided to contract for 500 acres for 1924 at \$12 a ton; the average yield was estimated at fifteen tons per acre.

The Heinz plant during the winter provided facilities for raising the tomato plants which were distributed to the farmers in the spring at cost, thus insuring a healthy and a uniform variety of tomatoes.

After all of the four things are decided upon, the climate and soil, markets, transportation, and the adaptability of the farmer, then perhaps the most important matter remaining is the community attitude, for without a hearty co-operation of the people in town with the producer, the project cannot attain its highest development and success. The banker taking the prominent part in most cases will find his difficulty equally as great with the townspeople as with the farmers.

MUTUAL UNDERSTANDING NECESSARY

In too many communities there has been a long-standing animosity between the townspeople and the farmers, and the biggest success in a development of this kind depends upon their understanding each other's problems. But to

obtain this understanding will require great patience and forbearance on the part of both of them, and selling to the townspeople the proposition which in the first instance can be most easily done by demonstrating to them the large increase in the volume of business which the development will mean in the way of added buying power. Added to this must be the questions of the distance to the trade radius, and the needs of the people, all of which if rightly presented appeal strongly to the merchant. In addition to this, the fact that one is doing something worth while for his neighbor appeals to most people, and I know of nothing which will get such definite results and create more of a feeling of fellowship.

I have found in my experience that the farmers are always glad to have a business man from town attend their meetings and talk over with them their various problems, and a contact of this kind certainly gives one an opportunity with his rural patrons to establish a confidence impossible to get in any other way.

This new contact especially gives the banker an opportunity to protect his community in so many ways. Without this contact the farmer is not likely to consult his banker about investments and very many are taken advantage of by fake stock salesmen and promotion schemes of many kinds.

Any banker leading the movement and having the full support of the business interests and farmers can draw into his community an increased amount of business, and will have no difficulty in extending its trade, social and educational radii decidedly to its advantage.

Persistence is a large element of success, for while a program is likely to start off with a lot of enthusiasm, there will be times when it will require the closest attention, and no banker should undertake any program without determining that he will stay with it until he has thoroughly tried it out. When the survey has been made, the program thoroughly planned and the ground work firmly established, then, and then only, is he ready to start the details.



The Battle of Business

By Richard W. Saunders

TODAY books about war can almost be had "two-a-penny." People have grown tired of the subject; their recollections of the horrors and privations of the World War are too recent. But among books on war which we now mostly look at askance, more than one will be valued in time as real contributions to the world's thought.

In such a category may well be placed "The Principles of War" by Marshal Foch, ably translated by Hilaire Belloc. One might change the title of this work and, eliminating much of the detail of military movements,

call it, as Dickens did one of his books, "The Battle of Life."

The book opens with this quotation: "It is not some familiar spirit which suddenly and secretly discloses to me what I have to say or do in a case unexpected by others; it is reflexion, meditation."—*Napoleon*.

This is not only a good thought for some of our financial speculators to keep in mind, as, acting on some "hunch," they buy or sell on the stock exchange, but it is also a good thought for all of us at all times.

Another quotation from the book reads: "For want of safe and fixed

principles one falls into continuous changes, whether it is a matter of organization, formations or maneuvers."—*Lloyd.*

How many young men realize that the men promoted over them are learning these rules and principles, although they may not know it themselves.

These are the rules that cannot be imbibed from books but show themselves in the growth of the individual and in the expansion of his character.

Quoting from General de Peucker, "This quality of *will* is of course the prime element in a fighting man, but where can energy lead to, if one is not sufficiently educated to know what goal must be aimed at and what is the way to reach the goal?"

Entire books have been written on the subject of the goal toward which we should aim. But each individual must work out his own salvation, and strive as best he is able toward the highest standard he can attain. Will is the energy or powder that carries us forward, but just as a very slight variation in aiming the gun means hitting many feet away from the target, so must our aim in life be under proper control and direction if we are to reach our goal.

"What is necessary," writes Marshal von Moltke, "is, in the midst of particular cases, to discover the situation, such as it is, in spite of its being surrounded by the fog of the unknown; then to appreciate soundly what is seen, to guess what is not seen, to take a decision quickly, finally to act with vigor, without hesitation."

He might almost have been addressing a Robert Morris Club meeting of credit men. Then von Moltke goes on to say—and this is reassuring to those

who fear that possibly the very best decision has not been made—"Therefore any general who in each particular case takes, if not the best possible decisions, at least rational decisions, has always a chance of reaching his goal."

But after all the principles have been learned, there come occasions in the stress of battle, when there is doubt as to just which principles apply.

When Verdy du Vernois reached the battlefield of Nachod—"In the presence of the difficulties which faced him, he looked into his own memory for an instance or a doctrine that would supply him with a line of conduct. Nothing inspired him. 'Let history and principles,' he said, 'go to the devil! After all, *what is the problem?*' And his mind instantaneously recovered its balance." Yet of course, underlying his actions, the principles which, once learned, are never eradicated, were quietly guiding his course.

Two rules of the great Frederick were "To make war always means attacking" and "To conquer is to advance." And Joseph de Maistre wrote, "A battle lost is a battle one *thinks* one has lost; for," he added, "a battle cannot be lost physically." To this Marshal Foch adds, "Therefore, it can only be lost morally. But then, it is also morally that a battle is won, and we may extend the aphorism by saying: 'A battle won, is a battle in which one will not confess oneself beaten.'"

Following that thought, here is a little verse that is being reprinted here and there:

The man who once most wisely said:
"Be sure you're right, then go ahead."
Might well have added this, to wit:
"Be sure you're wrong before you quit."



What About the Philippines?

By Frederic E. Sturdevant

TO most Americans, the question of the Philippines is little more than a sentimental issue. Their views have been shaped and colored by party declarations, by vague ideas on "self-determination," and by artful and frequently misleading independence propaganda.

When the United States acquired the Philippine Islands "by an accident of war," as President Roosevelt succinctly put it, none of our statesmen of the time had more in mind than a transaction made necessary by political expediency. That is to say, the Philippines, utterly unable to take care of themselves, were left on our doorstep.

The very fact that the archipelago was, for entirely selfish purposes, coveted by others in the unharmonious family of nations, was all the more reason why the United States, uncovetous and actually reluctant, nevertheless must accept the heavy responsibility of protectorship.

Within three months after the exchange of ratifications of the Treaty of Paris by the United States Senate on April 11, 1899, we paid Spain \$20,000,000 and the Philippines, bankrupt and helpless, became the indisputable property of the United States. At that time, humanitarian considerations, in a broad way of speaking, outweighed our commercial or political motives. What the future held in store was largely problematical. The United States was shouldering the "White Man's Burden" for the first time.

THE PHILIPPINES TODAY

Twenty-six years have come and gone, and this is *today* in the Philippines. The "future" is here, and now. The Islands are no longer bankrupt. The erstwhile starvling has thrived under American sovereignty. In re-

turn for the care and expense incurred during these crucial twenty-six years, the Philippines are in a position to coordinate in the industrial and economic welfare of the United States and thereby sustain their own autonomy.

When freed from politics, prejudice and propaganda our responsibilities in the premises emerge clear-cut and positive. A course is charted which cannot but appeal to every conscientious and right-thinking American.

Through the Treaty of Paris the United States assumed sovereignty over the Philippines, and became obligated to the Filipinos and to the world for the orderly administration of justice in the Islands. This trust, deliberately undertaken, can be relinquished upon one ground, and one ground only. That is, the welfare and happiness of the peoples of the Philippines. To withdraw from the Islands simply because of real or fancied advantage to the United States, would stultify our honor as a nation and be a betrayal of every principle of decency and fair play for which our country stands.

Any grant of independence to the Philippines, now or later, must be predicated upon the capacity of the Filipinos themselves to administer—*without our protection or guidance*—a government wherein the rights and interests of the whole people, native and foreign, will be fostered and safeguarded.

THE PHILIPPINES UNDER SPAIN

Under Spain the Philippine people received no training or experience in self-government. When taken over by the United States less than 8 per cent. of the population spoke Spanish or knew aught of the world outside the confines of their immediate locality. They are split into eighty-seven "ethnographic"

groups, who speak diverse tongues and regard each other with mutual distrust and suspicion. One million of them, occupying 40 per cent. of the land area of the archipelago, are Mohammedan and Pagan, who came but remotely within Spanish influence and still remain much as they were in the days of Magellan. The great mass of the inhabitants is Malay, and shares the characteristics of that race. Neither in the Philippines nor elsewhere, throughout recorded history, has any Malay people ever constituted a nation or shown that spirit which goes "to form a homogeneous people and weld them together."

To expect or claim that the United States, through the tutelage of a mere handful of Americans, could overcome, within twenty-six years, the racial and other limitations of this heterogeneous population of 11,000,000 Malays, and transform it into material fitted to inaugurate and maintain that highest expression of individual capacity and self-restraint, "popular self-government," would be to require that it hurdle the processes of evolution, reverse the laws of Nature, and achieve the impossible. Such has never been done and cannot be done. President Wilson, while still a college professor, discussing Philippine conditions at Columbia University in 1907, stated this historical truth as follows:

Self-government is not a mere form of institution, to be had when desired if only proper pains be taken. It is a form of character. It follows upon the long discipline which gives a people self-possession, self-mastery, the habit of order and peace and common counsel, and a reverence for law which will not fail when they themselves become the makers of law—the steadiness and self-control of political maturity. And these things cannot be had without long discipline. We can give the Filipinos constitutional government, a government which they may count upon to be just, a government based upon some clear understanding, intended for their good and not for our aggrandizement; but we must for the present supply that government. But we cannot give them self-government. Self-government is not a thing which can be "given" to any people, because it is a form of character

and not of constitution. No people can be "given" the self-control of maturity.

Within our own borders we have a Negro and Indian problem, illustrating that contact for generations, if not centuries, of a primitive stock with a higher type civilization cannot materially change inherent characteristics. Immediately beyond our borders are the peoples of Latin-America, who, when undertaking governments of their own, had, to all intents, a common language, solidarity of territory, a large sprinkling of whites or mixed whites, and an indigenous population at least equal in natural ability to the Filipino-Malay. Their geographical location saved them from being overwhelmed economically by more energetic and industrious races, while they have been saved from foreign aggression and exploitation through the application and enforcement of our Monroe Doctrine. Despite these favorable conditions, however, the history of most of these countries for the last hundred years has been simply a record of revolution and bloodshed, with the "rights of the people" an unconsidered item.

Given the manifold limitations—geographical, political and ethnological—under which the Filipinos labor as compared with the peoples of Latin-America, to argue that they can succeed where these others have failed, and are now prepared to maintain, unaided, a stable and progressive government, is to belie human experience, and to enthrone sentiment and partisanship above the dictates of reason and common sense.

CAN PHILIPPINES STAND ALONE?

Filipinos have given no evidence that they can reverse natural laws, nor that they stand alone in matters governmental among analogous peoples. As pressure has been removed, or opportunity offered, they have run true to form, differing in no respect from like types wherever found. Despite the protection afforded them by American sovereignty, and the material and other

advantages accruing therefrom, their few brief years of license under Governor-General Harrison bore none but bitter fruit. Among the consequences were untold losses to the farmers through the spread of rinderpest; the sacrifice of tens of thousands of lives through an inefficient health service; the corruption of the courts; the almost complete paralysis of education as applied to the masses; the stagnation of the bureau of lands, bureau of science, and other agencies of public welfare; the wasting of public revenues on top-heavy personnel and politically managed "national companies;" the looting and wreck of the Philippine National Bank; the debasement of the Island currency; and, finally, the virtual bankruptcy of the government, some \$48,000,000 in bond issues having been floated to again place the machinery in working order.

Even under American sovereignty political power among Filipinos has vested in the hands of a few Spanish and Chinese half-castes, who pretend to speak for and in the interest of the inarticulate masses. Independence would not change this situation. It would simply mean that the protection and security now afforded by our authority, and the restraints exercised by our presence, would be removed, and the Islands given over to civil strife and bloodshed, fostered and perpetuated by the struggles of rival leaders and factions. The great body of the people would have no more voice or actual participation in government than have the peons of Mexico or Central America. There is no informed public opinion in the Islands, the total newspaper circulation for a population of 11,000,000 being less than 200,000. The rank and file have little or no civic capacity, nor have they any conception of the duties, responsibilities and burdens of government. At a liberal estimate the total number of Filipinos who have achieved importance in business or politics would not exceed 10,000. In contrast, some 45,000

Chinese now in the Philippines do 85 per cent. of the interior merchandising business of the Islands, and own, control and operate three substantial banks, while a lesser number of Japanese are served by a branch of the Yokohama Specie Bank in Manila. In the whole of the archipelago, however, there is not a single bank established or controlled by Filipinos. In 1920 there were 83,145 foreigners in the Philippines. Representing less than 1 per cent. of the population, they rendered 5852 income tax returns, whereas Filipinos, representing the remaining 99 per cent., rendered but 3667 returns.

WHAT ISLANDS WOULD LOSE THROUGH INDEPENDENCE

With independence, every advantage and privilege now accruing to the Islands through American sovereignty or by Congressional action would automatically terminate. These include, among others, preservation of internal order, backing of their currency system, Chinese exclusion, protection of the United States army and navy against foreign aggression, the free service of American diplomatic and consular officers, free entry of Island products to the United States and *vice versa*, and the unrestricted access of Filipinos of all classes to the United States and its territories.

The total insular revenues are now less than \$35,000,000. With the abrogation of free trade with the United States, and the inevitable paralysis of Island industries, this revenue would decrease rather than increase. After paying from its depleted store the salaries of multiplied public officials and employees, and meeting other outlays now incurred by the United States or saved to them because of our sovereignty, it is palpable there would be nothing left for education, sanitation, public works, or general uplift of the masses. In addition is the matter of a present bonded indebtedness of \$75,000,000, for

which payment would have to be provided.

The following can safely be enumerated as some of the things a Philippine Republic *could not do*, both from lack of numbers and revenue, to-wit:

It could not maintain an army and navy sufficient to maintain internal order and repel foreign aggression.

It could not (or would not) employ sufficient English teachers to furnish the masses a common medium of communication, thus perpetuating the present multiplied local dialects and tribal distinctions and destroying all possibility of ever creating a homogeneous people fitted for intelligent participation in government.

It could not preserve the present health and quarantine services, with result that the Islands would early revert to the deplorable sanitary conditions of Spanish times.

It could not float foreign loans except at usurious rates of interest or through a mortgage of its customs and other resources, thus depleting its revenues and rendering itself liable to foreign intervention and control in case of default.

It could not maintain a gold standard with necessary reserves—illustrated by the fact that during a brief financial excursion under Governor-General Harrison the currency of the Islands became 72 per cent. fiat.

It could not impose its rule upon the Mohammedan Moros, who would give short shift to Christian Filipinos in their midst and early dominate the great southern Islands of the archipelago.

It could not minister to the needs and wants of the Pagan tribes of the

Islands, who would early revert to their former head-hunting ways and make life a burden to their Christian neighbors.

It could not enforce Chinese exclusion, and the Islands would early be inundated by a flood of virile and industrious laborers against whose competition Filipinos would be helpless.

It could not prevent Japan from exploiting the tremendous latent resources of the Islands in the interest of her government and nationals, nor from securing, in due course, either through purchase or pressure, a naval base or bases in the archipelago, which would bring within her (Japan's) control the peoples and commerce of Eastern Asia and menace the peace of the Pacific.

It is to be noted that in all the voluminous "independence propaganda" fed the American public through the Philippine Press Bureau, Washington—which has gone far toward creating a belief in their capacity for self-rule—the difficulties and dangers of independence have been completely ignored. Search will be made in vain for the slightest attempt to outline a constructive program under which a Philippine Republic could preserve present gains, much less promote the future well-being of the Filipino people. The progress achieved by the Islands during the past twenty-six years (made possible through American sovereignty) has been and is enlarged upon by Filipino spokesmen, credit taken largely to themselves for what has been accomplished, and upon these premises a superstructure builded which they profess will prove glorious and enduring.



Should the Automobile Dealer Finance His Own Sales?

By Emlen S. Hare

Vice-president Hare & Chase, Inc.

In this article Emlen S. Hare, vice-president of Hare & Chase, Inc., points out why the finance company is better equipped to handle the notes of automobile purchasers than the individual dealers. He points out that by spreading the risk over many different makes of cars and also by spreading it geographically over different sections of the country the finance company is able to reduce the risk to a minimum and therefore reduce correspondingly the cost of financing.—THE EDITOR.

SOME automobile dealers seem to feel that if a non recourse finance company (a company which removes all liability from the dealer) can accept note liability that they can with equal safety. However, this is hardly the case for many reasons, a few of which I will endeavor to touch on.

Let us assume that if a note is not paid, the loss is the same whether it is borne by the dealer or the finance company. We may also assume that if a man's house burns, the loss is the same whether borne by the owner, who did not insure it, or by an insurance company. In both cases the actual loss may be the same, but the results are infinitely more serious to the dealer, or the non-insured house owner, who has not the advantage of the wide spread which protects the finance or insurance company, and through the law of averages on a great variety and volume of risks reduces the expense of any one loss to a very small fraction of that company's total assets.

If you toss a coin a thousand times, it is pretty sure to come down "tails" 500 times and "heads" the other 500. If you toss it once, it must come down "tails" or "heads." In the first instance, volume has permitted the law of averages to operate.

In addition to the comparatively small volume of the dealer in comparison with the finance company, his risks also lack spread in that they are confined to one or two makes of cars,

whereas the finance companies' risks are distributed among many makes. As an illustration of his greater risk on this account it may be pointed out that from time to time a defect will develop in a model of even the best of automobile



EMLEN S. HARE

Vice-president Hare & Chase, Inc.

manufacturers. The manufacturer will recognize and proceed to "campaign" and correct the defect. However, until this process is completed, the owner is apt to be dissatisfied and often is disinclined to continue his payments. Even though somewhat aside from the main thought, it might be pertinent to point out here that under these conditions the dealer who has sold the car is in a rather

difficult position to insist on prompt payments; also, that if a large number of payments are not prompt, he may become ever-extended even to the point of inability to meet his own notes at his bank, or his endorsements. If an owner is disappointed in a used car, the same results are apt to occur.

Price reductions are made by factories from time to time and these reduce the collateral value of the car as well as the purchaser's desire to pay for it.

Again, the dealer's business is confined to a city or at least to a limited geographic area. Therefore, it may be affected by local business depression, tending to delay payments as well as causing loss to him at a time when his bank is also apt to be feeling local adversity. The larger finance companies on the other hand are operating over a wide territory, thereby having the advantage of average general conditions.

The foregoing illustrations are only a few of many examples of risk, all of which are best guarded against by the wide spread as to volume, makes and general business conditions which protects the finance company.

It is true that many banks will lend a dealer against the notes of his purchasers. Obviously they do so believing the financial strength of the dealer is sufficient to protect them against notes which are not paid by the purchaser, for the banker recognizes far more clearly than any layman the safety and consequent advisability of the widest practicable spreading of risk and makes it a factor of prime importance in his appraisal of his own risks. I am quite sure that every banker with the best interest of his customer (in this case the automobile dealer) at heart will advise him for the above reasons and many others to avoid accepting liability in connection with the notes of his car purchasers.

Some dealers who recognize the truth of the foregoing still finance car buyers through their banks or by endorsing their notes, feeling that in this way they

reduce the cost of buying on time, and gain a certain sales advantage by so doing. This method may permit them to reduce the charge to the car buyer, but it *does not reduce by a single expense factor* the cost of financing time sales. It is then apparent that what has actually happened is merely that the dealer, and possibly the bank, is absorbing expenses equal to the difference in charges made to the buyer under banking or endorsement methods of financing against the charges which are made to the buyer by a finance company doing a non recourse business and thereby absorbing all expenses and losses.

To diverge again from the main subject, let me point out that good business requires that the buyer pay for all costs entering into anything he purchases, and that part of the soundness and desirability of the non recourse plan lies in a rate which places this full cost of financing where it rightly belongs, i. e., on the purchaser, not the dealer.

If the rates of a non recourse finance company are fair and based on experience and efficiency, they will not cause sales resistance. Too many thousands of dealers are using them to leave us in any doubt on this point. However, if a dealer wishes to make a lower finance charge, he will be better off by paying part of the non recourse rate himself. This will cost him no more than the cost he is put to under borrowing or endorsement methods, and he will have the additional advantage of eliminating all risk.

Generally favorable business conditions while they last may avert the dangers of unsound financing, but favorable conditions are never permanent and there is a tendency today to disregard this fact and minimize the risk and therefore the necessity to guard against it, thus reducing the expense of financing by reducing efficiency and thoroughness. This is probably a natural condition with a new industry, particularly as the great bulk of financing of cars bought on time has been done during the last few years, and the fact that credit

losses have been very moderate is, I believe, due far more to the excellent employment conditions existing during these years than to the thoroughness and efficiency of those financing time sales.

It is essential that banks, dealers and finance companies realize that the experience of the past is incomplete and that financing time sales may not be done carelessly, or even semi-efficiently, and that finance charges or rates should be based on a constant, very thorough and efficient handling of all the necessary factors of the business, prominent among which are credit investigations, collections, repossessions and replevins, garaging, advertising and selling repossessed cars, handling garage liens, absconded cases, wrecked cars, legal actions arising from repossessions, "boot-leg" cases and third party intervention, etc., etc. To handle these factors efficiently, a great deal of experience and an adequate organization are necessary, the cost of which is apt to be prohibitive to the dealer in view of his limited volume of business, while the finance company on the other hand can distrib-

ute this expense over a great volume received from not one but thousands of dealers and in this way absorb the necessary expense economically and without the necessity of making undue charges to the car buyer.

Desire plays a large part in judgment, and if a dealer passes his own credits he is apt to be tempted to pass a doubtful credit through his desire for the immediate profit from a sale, whereas the non recourse finance company has no such temptation. Again the dealer is in a much more difficult position to insist on prompt payments from his customers (all of whom are prospects for re-orders) than the finance company, and prompt payments are essential if the collateral value of the car is to be preserved.

In closing permit me again to point out that whatever the finance plan, the main elements of cost remain the same whether absorbed partly or entirely by the dealer or wholly by the finance company, and that the finance company through infinitely greater volume and for many other reasons is protected to an extent impossible for the dealer.



A Thirsty Customer

THE spirit of service, cheerfully and gladly given, is one of the greatest assets a bank has in building good will, but the service a bank is often called upon to perform by its customers is not always confined to routine banking. There are many sides to banking, as the manager of one of our British Columbia branches knows full well.

This branch is situated in a rather isolated spot and serves a large territory. During the manager's tenure of office, he has been called upon to arrange for the burial of old customers who have died away from their relatives and friends, also to arrange for the marriage of a customer and to act as the bride's sponsor, the marriage ceremony

being performed at an isolated spot on the old Caribou Road.

But the latest duty to be performed under the heading of service speaks for itself in the wording of the following telegram which was received quite recently: "Money at hand. Send by tomorrow three bottles best Scotch. Charge my account." Eager to be of service to an old and valued customer, the first doubt as to whether the fulfillment of the order might be construed as bootlegging was waived, and the order filled at the local government vendors and dispatched to our thirsty customer. —*The "Royal Bank Magazine" of the Royal Bank of Canada.*

How the Banks Voted on Branch Banking

Results of Branch Bank Poll to February 16, 1925

Total ballots received	2791
In favor of the bill:	
State banks	555
National banks	782
Unclassified	110
	<hr/>
Total in favor	1447
Opposed to the bill:	
State banks	964
National banks	227
Unclassified	153
	<hr/>
Total opposed	1344

A NNOUNCEMENT was made in the January number of THE BANKERS MAGAZINE of the results of a referendum conducted on the branch banking provisions of the McFadden Bill. Since the publication of these returns very few votes have been received, and the result stands substantially where it was, with slightly more than 100 majority in favor of branch banking as provided for in the McFadden Bill.

In the absence of more complete returns it can not be said just how far this vote may be considered as indicative of the sentiment of the banks of the country in regard to this matter.

From the table published in the January number it will be seen that the votes were widely distributed geographically, and to this extent they were representative; but as the entire number of votes received represented only about 10 per cent. of the aggregate number of the banks in the United States, it can only be surmised whether the voting, had it embraced all the banks, would have continued at the same ratio as shown in the table published above.

At the time this is written the McFadden Bill had passed the House and gone to the Senate where it was amended, but not yet passed by that body.

Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

1810



1925

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Banking and Commercial Law

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

Payment of Fraudulently Raised Check

United States v. National Exchange Bank
of Baltimore, Md., Circuit Court of
Appeals, 1 Fed. Rep. (2d) 888

IT is a general rule that a drawee bank, which pays a check after the same has been fraudulently raised, cannot recover the money from the person to whom the payment was made where the latter was not in any way responsible for the alteration and received the money in good faith.

This rule does not apply, however, where the drawer of the check and the drawee are the same. In such a case, the drawee is not allowed to recover.

In the present case, the check involved was drawn by the United States upon itself. The same rules were applied, however, as would be applied in a case involving a private corporation or individual. When the United States elects to become a party to commercial paper, it assumes all of the responsibilities of private persons under similar circumstances.

The facts showed that the United States drew a Veteran's Bureau Check on itself for \$47.50 and sent it to the payee, Beck. After Beck received the check, it was fraudulently raised by someone to \$4750. On June 3 Beck indorsed the check and cashed it at the Bank of Commerce of Spartanburg, S. C., which paid him the sum of \$4750. On the same day that bank indorsed the check, "Pay to any bank, banker or trust company, all prior indorsements guaranteed," and sent it to the defendant bank. On June 5, the defendant bank indorsed the check "Received payment through the Baltimore Clearing House, indorsements guaranteed," and collected it from the Treasurer of the United States through the Baltimore

Branch of the Federal Reserve Bank of Richmond. The defendant bank remitted the proceeds to the Spartanburg Bank and thereafter the United States discovered the fraud and gave notice thereof to the defendant.

For the reasons stated, it was held that the United States could not recover the amount paid on the check. The rule here expressed would apply particularly in the case of a cashier's check issued by a bank.

In error to the District Court of the United States for the District of Maryland, at Baltimore; Morris A. Soper, Judge.

Action by the United States against the National Exchange Bank of Baltimore, Md. Judgment for the defendant, and plaintiff brings error. Affirmed.

OPINION

ROSE, Circuit Judge. The parties will be designated as follows: the United States will be called the plaintiff and the National Exchange Bank of Baltimore the defendant. The District Court sustained a demurrer to the declaration. The plaintiff did not seek to amend, but, when judgment went against it, sued out this writ of error. The allegations of the declaration may be briefly summarized.

On June 1, 1922, the plaintiff at Washington by its duly authorized disbursing clerk drew a Veterans' Bureau Check for \$47.50 in favor of one Beck. After its delivery to him, it was by some one fraudulently raised to \$4750. On June 3 Beck indorsed it over to the Bank of Commerce of Spartanburg, S. C., and was paid \$4750 for it. On the same day that bank in its turn indorsed it, "Pay to the order of any bank, banker, or trust company, all prior indorsements guaranteed," and in the usual course of business negotiated it for

value to the defendant, receiving \$4750 for it. On June 5 the defendant indorsed it, "Received payment through the Baltimore Clearing House, indorsements guaranteed," and in the usual course of business negotiated it for \$4750 to the plaintiff's agent, the Baltimore Branch of the Federal Reserve Bank of Richmond, which sent it to the Treasurer of the United States, who paid it, without noticing that it had been raised.

It is not charged that demand for repayment was made upon the defendant until after it had in good faith parted with the money it received. Such a declaration, it is said, is bad, because it shows, first, that the defendant held the check for collection only; and, second, that the plaintiff, who was both drawer and drawee of the check, paid it upon presentation. It is not claimed that defendant is liable, if it was in fact acting merely as a collection agency. *National Park Bank v. Seaboard Bank*, 114 N. Y. 28, 20 N. E. 632, 11 Am. St. Rep. 612; *United States v. American Exchange National Bank* (D. C.) 70 F. 232; *Wells, Fargo & Co. v. United States* (C. C.) 45 F. 337, 2 Michie on Banks and Banking, 1497.

The plaintiff, however, denies defendant's contention that the indorsement put on by the Bank of Commerce, "Pay to the order of any bank, banker, or trust company," shows that the defendant was nothing more than an agent to collect. The defendant relies upon such cases as *Bank of Indian Territory v. First National Bank*, 109 Mo. App. 665, 83 S. W. 527; *Lippett v. Thomas Loan & Trust Co.*, 88 Conn. 185, 90 A. 369; *Citizens' Trust Co. v. Ward*, 195 Mo. App. 223, 190 S. W. 364; *National Bank of Rolla v. National Bank of Salem*, 141 Mo. App. 719, 125 S. W. 513.

The plaintiff answers that, since the enactment of the uniform Negotiable Instruments Act, if not before, such an indorsement is not restrictive, but, on the contrary, made the defendant a holder in due course, and cites *Inter-*

state Trust Co. v. United States National Bank, 67 Col. 6, 185 P. 260, 10 A. L. R. 705, and *National Bank of Commerce v. Bossemeyer*, 101 Neb. 96, 162 N. W. 503, L. R. A. 1917E, 374. It furthermore argues that, no matter what significance might at any time or anywhere have been given to such an indorsement, when unexplained, it was always permissible to show that the indorsee who took under it was in fact the real owner of the check, and that it says it tendered itself ready to do by alleging in its declaration that the South Carolina bank "negotiated the said check for value in the usual course of business to and received from the defendant the sum of \$4750." We do not find it necessary to pass upon these interesting questions, as well of substantive law as of pleading, because in our view the plaintiff, having been both the drawer and drawee of the check, may not, in the absence of special circumstances not here existing, recover back the money it has paid to a holder for value not chargeable with negligence or bad faith. *Bank of the United States v. Bank of Georgia*, 10 Wheat. 333, 6 L. Ed. 334.

It is, of course, clear that the plaintiff could not recover from such a defendant what it had paid upon a check to which there had been forged the signature of one of its officials empowered to sign for it. *United States v. Chase National Bank*, 252 U. S. 485, 40 S. Ct. 361, 64 L. Ed. 675, 10 A. L. R. 1401; *Gloucester Bank v. Salem Bank*, 17 Mass. 41; *Cooke v. United States*, 91 U. S. 389, 23 L. Ed. 237; *United States v. Bank of New York*, 219 F. 648, 134 C. C. A. 579, L. R. A. 1915D, 797. It is nothing to the point that one who pays his genuine check, upon which there has been forged the indorsement of the payee or of some intermediate holder in due course, may in the absence of negligence or estoppel compel repayment by him to whom he paid, no matter how innocent of carelessness or wrongdoing the recipient may have been.

United States v. National Exchange Bank, 214 U. S. 302, 29 S. Ct. 665, 53 L. Ed. 1006, 16 Ann. Cas. 1184.

Nor does it help plaintiff that, prior to the almost universal adoption of the uniform Negotiable Instruments Act, the general rule in this country was that, when a check or draft had been fraudulently altered after issue, and had been paid by the drawee in accordance with its altered tenor, the latter, if he were not also the drawer of the instrument, could recover from him to whom payment had been made, although the last named might have paid full value for it and was not chargeable with any fault either of omission or of commission. *White v. Continental National Bank*, 64 N. Y. 316, 21 Am. Rep. 612. In the instant case the plaintiff was both drawer and drawee, and therefore it is not necessary for us to inquire whether section 62 of the Negotiable Instruments Act has changed the law applied in the case last cited, as Professors Ames and Brannon believe and as Judge Fitzhenry has held. *Brannon on the Negotiable Instruments Act* (3d Ed.) 25; *American Hominy Co. v. Milliken National Bank* (D. C.) 273 F. 550.

Plaintiff is doubtless correct in contending that the Supreme Court and other American tribunals, state and Federal, have not carried to its logical conclusion all that Lord Mansfield said in *Price v. Neal*, 3 Burr. 1355. They have not been willing to hold that in no case can an innocent party, who pays forged or altered negotiable paper, recover from the equally innocent individual to whom such payment has been made. In some cases they have declined to say that, where neither party is to blame, the law will leave them as it finds them. For the instant purpose it is enough that the highest court of the land has expressly applied to a case such as that now before us that part of his opinion in which he said: "It was incumbent upon the plaintiff to be satisfied that the bill drawn upon him was

the drawer's hand, before he accepted or paid it." *Bank of the United States v. Bank of Georgia*, supra.

Many years later the same court reaffirmed its view that one who accepts and pays forged paper purporting to be his own, and pays it to a holder for value, cannot recall the payment. It went on to explain: "The operative fact in this rule is the acceptance, or more properly, perhaps, the adoption, of the paper as genuine by its apparent maker. Often the bare receipt of the paper, accompanied by payment, is equivalent to an adoption within the meaning of the rule, because, as every man is presumed to know his own signature, and ought to detect its forgery by simple inspection, the examination which he can give when the demand upon him is made is all that the law considers necessary for his protection. He must repudiate as soon as he ought to have discovered the forgery; otherwise, he will be regarded as accepting the paper. Unnecessary delay under such circumstances is unreasonable; and unreasonable delay is negligence, which throws the burden of the loss upon him who is guilty of it, rather than upon one who is not." *Cooke v. United States*, 91 U. S. 389, 23 L. Ed. 237.

It has been already pointed out that, where the drawer and the drawee are one, the cases make no distinction between a forged and a raised instrument. There is, it is true, much force in the plaintiff's argument that there is little ground to impute negligence to it merely because one of its thousands of clerks accepted at its apparent face a check originally drawn by another for a hundredth part of the sum. The number of the transactions in which it is compelled to engage and the army of employees through whom it must act are illustrated by the fact that the check in controversy bore the numbers 48,218,587. It asks, is it reasonable to suppose that every one of those whom it charges with the duty of paying its obligations can know the amount for which

each of them was in the first instance drawn?

It is not for us to say whether the business of making such payments can be so organized, distributed, and safeguarded as to insure that he who pays may surely and swiftly ascertain for what sum the check or draft was issued. It is enough that, when the United States elects to become a party to commercial paper, it assumes all the responsibilities of private persons under the same circumstances. *Cooke v. United States*, supra; *United States v. Bank of New York National Banking Association*, 219 F. 648, 184 C. C. A. 579, L. R. A. 1915D, 797. If the burden becomes too heavy, Congress can give relief. It may subject some or all classes of what would otherwise be negotiable paper when issued by the Government to statutory restrictions such as those imposed upon money orders. *Bolognesi v. United States*, 189 F. 335, 111 C. C. A. 67, 86, L. R. A. (N. S.) 143; *United States v. Bank of New York National Banking Association*, supra. Such action might entail much inconvenience upon the citizens and embarrass the operations of the Government itself, precisely as limitations upon the free negotiability of ordinary paper issued by private individuals might clog the arteries of trade. It is for Congress to choose.

Affirmed.



Liability of Accommodation Maker Where Note is Transferred After Maturity

Rylee v. Wilkinson, Supreme Court of Mississippi, 99 So. Rep. 901.

One who signs a note as maker for accommodation is liable to a holder for value only where the holder received the note before maturity. This rule applies to a person who signs a note for accommodation in any capacity.

Action by W. R. Wilkinson against W. J. Rylee. Judgment for plaintiff, and defendant appeals. Reversed and rendered.

OPINION

COOK, J.—On June 20, 1918, W. J. Rylee, defendant in the court below, executed and delivered to J. H. Cook his promissory note for \$200, payable on or before December 1, 1918, and bearing interest at 8 per cent. per annum from maturity. Cook indorsed the note, without recourse, and more than three years after its maturity, he delivered it to W. R. Wilkinson, plaintiff in the court below, in settlement of an account owing by Cook to Wilkinson. Payment of the note having been refused, the plaintiff instituted this suit for the recovery of the amount thereof, with interest and attorney's fees. The defendant filed a plea of the general issue, and gave notice thereunder that, as a defense to said note, he would offer evidence to show that there was no consideration whatever for said note, but that it was executed and loaned to the payee, Cook, solely for his accommodation, and under an agreement that it would be returned to the maker before the maturity thereof, and that the plaintiff received the note from the payee long after it was due. At the conclusion of the testimony the court granted the plaintiff a peremptory instruction, and from the judgment entered in pursuance thereof the defendant has prosecuted this appeal.

Other than the note sued on, the only testimony introduced was that of the appellant and appellee. The appellant testified that he made the note for accommodation of the payee, without receiving any consideration therefor, and that the payee promised that he would "take care of the note and return it" to the maker. This testimony is undisputed, and it is admitted that the note was negotiated to the appellee by the payee about three years after its maturity.

So far as this record discloses, the

negotiation of this note to appellee was the first negotiation thereof, and the question for decision is whether the accommodation maker of the note is liable to a holder for value who acquired it from the payee after its maturity.

On this question there is a conflict of authority, and there is an apparent conflict in the several controlling provisions of the Negotiable Instruments Law. Section 29 of the Uniform Negotiable Instruments Act (section 2607, Hemingway's Code) defines an accommodation party as "one who has signed the instrument as maker, drawer, acceptor or indorser, without receiving value therefor, and for the purpose of lending his name to some other person," and provides that "such a person is liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party." Section 26 of said act (section 2604, Hemingway's Code) provides that "where value has at any time been given for the instrument, the holder is deemed a holder for value in respect to all parties who became such prior to that time." If this definition of a holder for value, and the provision that an accommodation party is liable on the instrument to a holder of value, be considered alone, it would seem that where an accommodation note has been negotiated for value after it is overdue even though it be the first negotiation and to one having knowledge of the accommodation, the accommodation maker is liable to such holder for value, and it was so held in the cases of *Marling v. Jones*, 138 Wis. 82, 119 N. W. 931, 131 Am. St. Rep. 996; *Mersick v. Alderman*, 77 Conn. 634, 60 Atl. 109, 2 Ann. Cas. 254; and the three English cases of *Charles v. Marsden*, 1 Taunt, 224; *Sturtevant v. Ford*, 43 Eng. C. L. R. 61; *Caruthers v. West*, 63 Eng. C. L. R. 143.

It will be noted, however, that section 58 of the Uniform Negotiable Instruments Act (section 2636, Hemingway's Code) provides that:

In the hands of any holder other than a holder in due course, a negotiable instrument is subject to the same defenses as if it were non-negotiable. But a holder who derives his title through a holder in due course, and who is not himself a party to any fraud or illegality affecting the instrument, has all the rights of such former holder in respect of all parties prior to the latter.

By section 52 of said act (section 2630, Hemingway's Code) "a holder in due course is" defined as one—

who has taken the instrument under the following conditions:

- (1) That it is complete and regular upon its face.
- (2) That he became the holder of it before it was overdue, and without notice that it had been previously dishonored, if such was the fact.
- (3) That he took it in good faith and for value.
- (4) That at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it.

Section 28 of said act (section 2606, Hemingway's Code) provides that:

Absence or failure of consideration is matter of defense as against any person not a holder in due course.

In considering the question now presented, all the pertinent sections of the Negotiable Instruments Act should be construed together so as to harmonize them, if possible, and render them consistent with the scope and object of the act, and in construing these several provisions the intention of the Legislature and the design of the act should control, although this may, in some measure, conflict with the letter of certain of its provisions.

If it be held that by virtue of the provisions of section 29 of the act a purchaser for value of overdue accommodation paper, although cognizant of the conditions under which the paper was executed, is entitled to recover of the maker because he is a holder for value and need not be a holder in due course, then accommodation paper is placed in a class superior to all other negotiable paper, and this construction accords to the holder of accommodation

paper rights which are denied to the holders of other classes of negotiable paper, and brings about a hopeless conflict between that section and sections 28 and 58 of the act. The broad language of section 58 that, in the hands of any holder other than a holder in due course, a negotiable instrument is subject to the same defense as if it were non-negotiable, and of section 28 that absence or failure of consideration is matter of defense as against any person not a holder in due course, does not permit an exception in favor of accommodation paper, and we do not think that, by the use of the words "holder for value" in section 29, the Legislature intended to nullify sections 28 and 58 in so far as they might apply to accommodation paper. There appears no sound reason for the distinction in the two classes of negotiable paper, and it would seem that the makers, indorsers, or acceptors of accommodation paper should be permitted the same defenses as are guaranteed to the makers, indorsers, or acceptors of negotiable paper for value. As said in *Chester v. Dorr*, 41 N. Y. 279, the purpose and object of making or indorsing a note for the accommodation of another—

is to obtain credit for such other, or to enable him to do so. The very terms of the note declare the credit it is intended to procure, that is to say, until the maturity of the note. Within that range, the making or indorsement being unrestricted as to its use, the borrower may use it as his exigencies require, and a transferee may receive it in reliance upon the undertaking which is imported by its terms. But the very term of payment, contained in the note, imports that the accommodation party undertakes that the note shall be paid at its maturity; and that he who then holds the note, shall have recourse to him, if it be not then paid.

And accordingly, when such accommodation is given, it is a most material circumstance that the time during which the borrower is at liberty to obtain credit on

the note is fixed by the limitation of the time of payment therein.

In an article in 26 *Harvard Law Rev.* p. 498, Prof. Brannan expressed the same view in the following language:

When a man lends the use of his name to another by signing a bill or note payable at a certain time, it seems in accord with common sense to interpret the fixing of a definite time for payment as meaning an intention to limit the use of the name for the time mentioned in the instrument.

If this is the correct view, and we think it is, the rights of the respective parties are fixed as they exist at the date of the maturity of the instrument, and, since the Legislature has provided that absence or failure of consideration is a defense as against any person except a holder in due course, we are of the opinion that section 29 must be construed as rendering an accommodation party liable to a holder for value only when he became such before maturity of the instrument. In support of this view see the cases of *Chester v. Dorr*, 41 N. Y. 279, and *Cottrell v. Watkins*, 89 Va. 801, 17 S. E. 328, 19 L. R. A. 754, 37 Am. St. Rep. 897.

Finally, the appellee says that if we hold that the absence of consideration was available as a defense, the cause should be remanded for a new trial for the reason that there was certain testimony that appellant promised to pay the note after it was negotiated to appellee. We do not think there is any testimony in the record which will support a finding that there was a binding promise to pay the note, and consequently the peremptory instruction requested by the appellant should have been granted.

The judgment of the court below will therefore be reversed, and judgment entered here for the appellant.

Reversed, and judgment for appellant.



What Banks Are Doing to Prevent Failures

Progressive Institutions Are Seeking to Eradicate the Causes of High Business Mortality

By John A. Murphy

[Reprinted from the *Boston Transcript*]

LIFE insurance companies have shown, during the past decade, that they find it profitable to teach their policy holders how to live to a ripe old age. Bankers are beginning to wonder if they might not find it even more profitable to assist in lowering the commercial death rate. The best insurance risk must die eventually, but the business man does not necessarily have to fail. Yet fail he does, and the business death rate remains so high that centenarians are even more rare in business than among mankind.

Ignorance of accounting ranks higher as a cause of failure than either poor judgment in buying or lack of skill in selling.

There should be no excuse for ignorance on matters within the control of the merchant or manufacturer, especially as to the proper figuring of profits and the relation of production cost and overhead to net profits. The demands of the income tax law have compelled many business men to adopt proper systems of accounting; yet the great number of failures due to incompetence each year show how much is still to be done.

Ten years ago the expert accountant investigating a business was chiefly interested in its value as a going concern. The banker, while similarly interested, gave serious thought to its possible value in the event of its reaching the business junk pile. Their mutual experiences, however, have taught both banker and accountant a new theory of their relation to each other and to business in general. Progressive bankers are today developing accountants among their clerks with the sole object of giving practical aid in the task of lessening business mortality. They are encouraging their outside representatives to become intimately familiar with the important lines of business in their territories so as to be able to offer practical and helpful suggestions to customers, as well as to assist the bank in estimating credit and other ratings.

They are urging their depositors to bring their business problems to the officers of

the bank and are thus putting a vast store of valuable knowledge at the disposal of business, big and little, in the communities they serve. Bankers no longer scoff at the plea of the small merchant or manufacturer that they do not help the little fellow who needs it the most. The danger to business ventures resulting from lack of capital is being met by teaching business men how to prepare statements of condition, and by having the bank's experts go over the customer's business and show him how to eliminate the weaknesses that are due to his carelessness or lack of method. Audits made by accountants of the banks are disclosing to many merchants that their apparent prosperity is far from real, and based upon ignorance of their actual costs of production and distribution.

A number of the larger banks throughout the country employ the services of industrial engineers to make studies and recommendations with regard to the mechanical equipment and operation of business among the bank's customers. They go into every detail in determining the strength or weakness of the business under consideration; the relation of plant equipment, transportation, sales territory, and general distribution and merchandising to cost.

In short, the modern banker is placing at the disposal of his own depositors and of business generally all the practical benefits of a wide and varied business knowledge and a world encircling organization. No one can question the immense amount of good that results from the policy of the life insurance companies who are today urging their policy holders to take advantage of a thorough physical examination once or twice a year without cost to themselves. So are the progressive banks seeking by practical means to teach their customers, and the business men of their community, big and little, how to avoid those business ills and disasters that send thousands of promising and hopeful business ventures to early graves every year.

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

FEBRUARY 1925

The Complex Task of Selling Your Trust Department to the Public

The First Article of a Series on "A Complete Campaign for New Trust Business"

By THEODORE TEFFT WELDON

THIS is the first of a series of five articles prepared for BANKING PUBLICITY by Mr. Weldon, who is advertising director of the Northern Trust Company of Chicago. The second article of the series will appear in this department for April, and will have to do with the use of newspaper advertising as an aid to securing new trust business.—THE EDITOR.

THE procedure which is followed by trust companies in seeking to develop the business of their trust departments is somewhat uniform. There are few, if any, special and outstanding sales schemes. The main difference in the activity of any two given banks along this line is the extent of the new business effort.

Inasmuch as trust companies differ in the scope and quality of service and in trust experience, they cannot all enter into every avenue of appeal. Each must state its case with a view to what it is best equipped to give with greatest efficiency. In fact, the wisdom of relatively new and inexperienced trust departments claiming the same broad facilities and seasoned system which characterize the older and larger companies has been questioned. If the prospect possesses a keen analytical mind in proportion to his means, it is doubtful if he is impressed by such claims unless they can

be thoroughly substantiated.

Different state laws give companies in one state arguments which are of no avail in another. There are also local prejudices in some localities which may be profitably capitalized.

By looking at the total possible effort to get trust busi-

ness, any given company can pick and choose those elements which best adapt themselves to its own situation and apply them in its own particular way. Starting with the rudiments, perhaps the first points to have in mind are those which deal with the trust idea itself. They are:

1. Protection and conservation of property.
2. Assured income.
3. A perpetuation of the wishes of the testator.
4. The relief of heirs from worry and uncongenial work.

THE NORTHERN TRUST COMPANY


Which Will You Choose
to manage the money you leave by Will?

The Northern Trust Company	The Average Individual
Knows his duty It is his responsibility to make the best use of the money he leaves by will.	1 His life is uncertain He has no way of knowing when he will die.
Is never absent or distracted It is his duty to be present and attentive at all times.	2 May travel or become ill He may be absent or ill at any time.
Is abundantly responsible It is his duty to be responsible for the money he leaves by will.	3 Is often financially irresponsible He may spend his money carelessly.
Is free from prejudice It is his duty to be fair and impartial to all beneficiaries.	4 Is often prejudiced He may favor one beneficiary over another.
Has the experience It is his duty to have the experience of many years in the management of money.	5 Is usually unfamiliar with trustwork He has no experience in the management of money.
Has the facilities It is his duty to have the facilities of a large institution.	6 Must do everything himself He has to do everything himself.
Reports an regular and exact It is his duty to report the results of his management.	7 Often neglects his duty He may neglect his duty.
Makes a business of trustwork It is his duty to make a business of trustwork.	8 May be absorbed in his own affairs He may be absorbed in his own affairs.
Collective experience and judgment It is his duty to have the collective experience and judgment of many years.	9 One man's judgment He has only one man's judgment.

For over thirty years The Northern Trust Company has specialized in the administering of wills and estates. With all its advantages, the cost to your beneficiaries is no more and is usually less than what the testator would have to bear if he were to manage the estate himself. The fee is reasonable and is paid in advance. The fee for the Northern Trust Company is \$500.00 and upwards with more satisfaction to the beneficiaries.

Consult Your Lawyer About This

THE NORTHERN TRUST COMPANY

Northwest Corner
La Salle & Monroe Sts.  Organized 1889
Chicago, Illinois

A comparative estimate of the trust company as opposed to the individual in the administering of wills and estates. Reduced from full newspaper page.

TRUST DEPARTMENT



How one father provided for his daughter

His will provides that one third of his estate shall be held by us in trust for his daughter. The income is to be spent in her support and education under the direction of the mother should she survive; if not, then at our discretion.

When she marries we are authorized to buy and give her a home of her own choosing not to exceed a certain cost. At age thirty she is to receive outright one third of the Trust Fund as it then stands. The income from the remaining two thirds is to be paid her for life, and she is given the right to provide by her own will where the principal shall go upon her death.

By making a personal, experienced, and capable company as executor and trustee, it has secured the carrying out of his plan for the child.

THE NORTHERN TRUST COMPANY
Capital and Surplus \$5,000,000

NORTHWEST CORNER LA SALLE AND MONROE STREETS

The average man in many cases gives little thought to the actual disposition of his money. But he is very likely to give some thought to such a matter as guarding his daughter against the hardships and uncongenial work which the management of money matters might involve. In such a case the argument for the trust idea given in the above advertisement is apt to be effective. Reduced from three columns wide.

5. The accomplishment of special purposes desired by the testator.

To sell the trust idea there is no dearth of argument. Each of the points enumerated has immense potentialities and volumes may be written on it without exhausting its possibilities. Metaphors and aphorisms describing it may be found on every hand. Quotations from the great men in history say with Oliver Wendell Holmes:—"Put not your trust in money, but put your money in trust." Stories, anecdotes and experiences may lighten up the telling to the end that people generally may be sold and thoroughly sold on the trust idea.

But this does not necessarily sell the trust company idea.

Trusts are older than trust companies, the latter making a business of what used to be a friendly and natural co-operation between friends and old associates. Here a separate set of arguments must be used. In considering the desirability of corporate over individual executors and trustees, there are the following comparisons:

1. Responsibility.
2. Impartiality.
3. Special training.
4. Permanence.
5. Experience.
6. System.
7. Cost.

These are the bald, unadorned points of superiority of the trust company; points which need no amplification to one familiar with trust company practice. Besides these, there is the argument of the increasing difficulty in settling estates which requires time, energy and resourcefulness beyond the means of the average individual with work of his own to do. Inheritance tax laws have complicated executorship until anybody but an expert in this line of work is lost in a sea of red tape and bewildered by the maze of detail.

It is folly, indeed, to give one's executor his first experience at the expense of dependent heirs. There is a general underestimation of the amount of work in administering a will and managing an estate. A man who has himself been an executor or trustee would indeed hesitate to name a friend or relative to perform so important a task, as he knows that his estate or his friend's business would have to suffer.

Then, too, the trust company performs many other services somewhat out of the scope of individual trusteeship. Insurance trusts, living trusts, agency and safekeeping services all have their place in ca-

tering to the special needs of various individuals.

Trust company service even in its selling is doing a great deal of good. Trust companies are giving testators ideas on how to safeguard their heirs, showing them where this or that provision may work out well or ill, years after their death, pointing out tax economies, and bringing to them a wealth of experience far beyond the knowledge of any individual unpracticed in this highly specialized profession.

In going after business through newspaper advertising, in booklets, with special solicitors, or by means of trust officers, it is sometimes difficult to see that all these efforts work together with the utmost harmony. The subject is so big; the outside world knows little of its details; there is such a vast amount of interesting material that there is sometimes a temptation to keep too



"The temple of wealth and expense which consumes thousands of families left with modest estates points in the urgent need for a better understanding of Inheritance Taxes."

YOUR Inheritance Tax

The prevalent idea that only people of great wealth need bother over the question of Inheritance Taxes is an erroneous one; the average business man's family often pays a heavy price for this mistaken conception.

We have prepared a brief authoritative book on the subject which is of immediate importance to those who would spare their families trouble, delay and needless expense in coming into their inheritances.

Booklet entitled "The Vital Matter of Inheritance Taxes" will be sent you, upon request, without the least obligation.

THE NORTHERN TRUST COMPANY
Capital and Surplus \$5,000,000

NORTHWEST CORNER LA SALLE AND MONROE STREETS

A man may be so constituted that tax economies appeal to him greatly. Applying this to the matter of inheritance taxes, the above advertisement strives to interest certain individual prospects through approaching them on a subject likely to arrest their attention. Reduced from three columns wide.

close to the essentials and not go far enough into the colorful side issues. Most any advertising man who knows his trust department can sit down and write for a week without repeating himself and without becoming tiresome, and similarly trust officers with the slightest gift for conversation can keep a prospect interested for hours at a time. But in doing so, the theme will not be exclusively on the main fundamentals of trust service.

There are men who will not be convinced by logic and argument. They feel that they have erected a bomb-proof structure and have provided their own cyclone cellar; that a trust company can be of no use to them. And these men are not few. Yet they need not yet be taken off the list of prospects. Nine out of ten have a vulnerable point and if it can be found and worked upon, their business will come with remarkable ease.

Such men, like all of us, are governed in the main by notions, whims, prejudices. Where reason and logic fail to move them, their emotions may. If it is reasonable to assume that a man's notions play quite as important a part in his actions as his reason does, and this is a fair assumption, then perhaps listing and classifying the average man's notions as they bear upon trust company service may suggest ways of capitalizing them. Roughly they are as follows:

1. His notions about the various kinds of property. A man may have very fixed ideas concerning what constitutes good investments; he may feel that there is only one way to handle real estate.

2. His notions about his beneficiaries. He may have ideas about them which can be expressed in no other way as well as through provision for a trust.

3. His notions about his own and his wife's relations. He may find that it fits very well with his scheme of things to set up a trust in order that his money may eventually work back into one branch of the family rather than in other directions.

4. His notions about human nature as such. He may be of a suspicious nature; he may feel that few are prudent, far-sighted, able to withstand temptation. He may see that a trust is the best way to indulge these beliefs.

5. His notions about what constitutes life's greatest values. He may give little thought to the actual disposition of his money but more to guarding his wife or daughter against the hardships and uncongenial work which the management of

money matters might involve.

6. His notions about taxes and legal considerations as related to trusts and executorships. He may be so constituted that tax economies, though slight, appeal to him greatly. He may not appreciate how closely a trust company will work with his lawyer.

7. His notions about wills, laws of descent, trust companies and cost of administration. He may believe that he has to plan in his will for all the eventualities of the future. He may be ignorant of just what the discretionary powers of a trustee consist. He may have erroneous impressions of the manner in which his estate will be distributed if he leaves no will. He may have no conception of how much it may cost his heirs if the work of admin-

THE NORTHERN TRUST COMPANY

Capital and Surplus \$5,000,000



These fourteen rules safeguard every estate in our charge

TRUSTEESHIP is ethically and legally a great responsibility. To properly discharge it, more thoughtful care is sometimes required than the owner of property himself would exercise. This company's position in fiduciary service has been built up through a long period of years, by strict adherence to Principles and Practices which gauge the moral and legal responsibility it feels in the protection of dependent heirs and of property left for their support.

- 1 The full requirements required by this company to be met by its services. No estate is received here for consideration for the absence of its own.
- 2 This company will not permit the purchase from its Trust Departments of any securities, however desirable, the value of which is in doubt.
- 3 In the investment of trust funds an equal advantage is given to the purchase of securities of the same kind and grade as those which are recommended by a committee of the Board of Directors.
- 4 Investments of money are practically restricted to capital issues in domestic securities of high credit.
- 5 There comes to this company's care to under the personal direction of an officer or officers employed by the company, all the investments of the trust and the affairs and control of all trusts and other affairs.
- 6 Periodic reports are made to beneficiaries of the income and principal of the trust, and the same are accompanied by a photograph of the ledger page.
- 7 Investment of assets of a low dividend dollar in the case of large estates.
- 8 The interest when due the will and a direction to pay it to the beneficiary or to the trustee, and the interest when due to the beneficiary or to the trustee, and the interest when due to the beneficiary or to the trustee.
- 9 Investments of money are given to the personal care of beneficiaries, usually trustees and dependents of the estate. The company will not purchase securities of a low dividend dollar in the case of large estates.
- 10 Every effort is made to speed up the closing of an estate and to avoid delays frequently experienced in individual estates.
- 11 When authorized to retain the proceeds made by a capital investment in the purchase of securities, the company will not purchase securities of a low dividend dollar in the case of large estates.
- 12 The company will not purchase securities of a low dividend dollar in the case of large estates.
- 13 The value of the income is regularly reported to the beneficiaries and is brought to their attention in a brief and concise manner.
- 14 The company has been established for the sole purpose of the protection of property in our care.

These fourteen rules by no means exhaust provisions made for the protection of property in our care; they rather illustrate the care and attention used in the discharge of our duties as trustees. There are a very large factor in keeping trust funds intact and the income as large as can be safely realized. To fully appreciate these operations, an inspection should be made of our Trust Department, its organization and personnel. We believe a brief conference with one of our trust officers would be of profit to anyone having property in charge.

NORTHWEST CORNER LA SALLE & MONROE STREETS - CHICAGO

This advertisement outlines a number of well defined reasons why a testator should name the particular trust company to which the "fourteen points" given in the copy pertain. Reduced from full newspaper page.



**The National Bank of the
REPUBLIC
OF CHICAGO**

THE NATIONAL BANK OF THE
REPUBLIC
OF CHICAGO
141 LA SALLE AND ADAMS STREETS

TODAY is the day that
The National Bank of the
REPUBLIC
OF CHICAGO
is open for business in its new home at
LA SALLE AND ADAMS STREETS

Next MONDAY is the day that
The National City Bank
OF CHICAGO
joins the "Republic" in its new home at the
commodious bank at
LA SALLE AND ADAMS STREETS

A New Note in Bank Advertising and What It Means to You

IF you are a banker of today, in reality, a progressive department store. In "banking" just as truly as does any large Street department store or other mercantile. In fact, the bank has been leading the way in this regard, in the case of its Trust Department—just the modern bank serves the diverse needs of customers.

① The department store sells you a piece of furniture, a suit of clothes or a diamond ring, but very possibly the bank "sells" you the money to pay for them. In fact, it does even though it may not appear so on the surface.

② The department store sells you a piece of furniture, a suit of clothes or a diamond ring, but very possibly the bank "sells" you the money to pay for them. In fact, it does even though it may not appear so on the surface.

③ People save, as a rule, for some definite purpose. They save to buy a home, or a farm, or an automobile, or to send their children to college. They save to buy a rug for the parlor or an elegant washing machine for the laundry. Only a select saves for the sake of money itself. All other people save to improve their condition in life, or the condition of their families.

④ Therefore, what a bank really "sells" is not saving in the abstract—but satisfaction—but the results of saving. It "sells" plans and thinking machines, investments and bank rules, and even the prospectus of a business bank.

⑤ May we not invite you to make use of both?

Money Now, 1925
Xmas Spending
Money Now



We depend on you for Christmas money. We are glad to have your Christmas money. We are glad to have your Christmas money. We are glad to have your Christmas money.

Your Home Town Newspaper!



Our Bank's Christmas has provided a special service for you. We will send you a copy of our newspaper. It is a good newspaper. It is a good newspaper. It is a good newspaper.

"The Business Indicator"



Business Indicator is a new and useful service. It is a new and useful service. It is a new and useful service. It is a new and useful service.

Announcing Our New Combination Checking-Savings Account



Have a savings bank and a checking account in one. It is a new and useful service. It is a new and useful service. It is a new and useful service.

A Christmas Present for the Whole Family from the Whole Family



Give a gift that will last. It is a new and useful service. It is a new and useful service. It is a new and useful service.

For That Friend or Relative Abroad—



Our Christmas Gift is a new and useful service. It is a new and useful service. It is a new and useful service.

A Good Bond Makes a Good Gift—



5% to 6%

For Mother and Father



Our Christmas Gift is a new and useful service. It is a new and useful service. It is a new and useful service.

REMEMBER OUR NEW LOCATION—LA SALLE AND ADAMS STREETS

failed to move him, because of a fear lest his wife should make large contributions to a church. Again a man showed no interest in trust service until reference was made to the trust company's system of rechecking old tax payments in case changing laws or events laid the ground for a claim to a rebate of tax, either inheritance or income.

All this boils down to the reason for trust company service per se. To begin with there is the task of selling the trust idea itself. Next the portrayal of trust company service as combining all the desirable elements of trusteeship. Then the effort to capitalize the peculiar needs and notions of various types of prospects.

Now, we come finally to the question of why a man should choose one particular trust company. Although trust companies in general are more efficient than individuals, they also differ in experience and ability. Perhaps it is reasonable to go on the assumption that an organization which is able to make a man realize an unsuspected need is also able to answer it. Yet where a trust company has an advantage in its length of experience, its system, or in any direction, there is certainly much to be said in favor of stressing this advantage.

Creating, stimulating and developing a demand for trust company service is first of all a matter of being able to give it. Second, of knowing every phase of its benefit to the testator. Third, in being able to tell about it in such a way as to put it clearly into the public mind. Fourth, in being astute enough to pick the right spot to attack in individual cases.

In planning the campaign for new trust business there is much to keep in mind and the subject to be handled is so extensive that a thorough treatment of any one phase of it will ex-

illustration is careless and inefficient.

To illustrate the scope of these notions and how they may be vitalized, the following experiences are quoted:

Here is a man who was very much prejudiced against his wife's family. He had drawn his will leaving his property to his wife, believing her entirely

capable of managing it. All arguments to sell him trust company service were unavailing until it was mentioned that if his wife outlived both him and his children, his property would come eventually into the possession of his wife's relatives and not of his own.

Another man set up a trust, after all sound reasoning had

Said an importer:



"The Equitable Trust Co. has been a great help to me."


A letter received from the undersigned imported into the country a new brand of Import Letters of Credit on the basis of the advertisement of which. The Equitable has placed an important part.

As a result of the advertisement the Import Letters of Credit has become a necessity to most importers who must deal with foreign banks. This is particularly true when they must purchase a bank letter on the part of an overseas bank as a condition for future delivery.

As part of an effort to expedite the handling of such letters, the Equitable Trust Co. has arranged to have a large number of Import Letters of Credit.

THE EQUITABLE TRUST COMPANY
OF NEW YORK
11 WALL STREET

**Once a convenience—
now a necessity to importers**




The Equitable's Import Letters of Credit, imported as a convenience, has become a necessity to a rapidly increasing number of importers. It has their interest for all reasons:

1. Makes necessary for an importer to purchase a letter of credit to arrange the sending of an American import bill to the bank of his country.
2. Enables an importer to buy from foreign banks without the delay of waiting for a bank letter to be received from the bank of his country.
3. Shows the character of the bank with which the importer deals.

As part of an effort to expedite the handling of such letters, the Equitable Trust Co. has arranged to have a large number of Import Letters of Credit.

THE EQUITABLE TRUST COMPANY
OF NEW YORK
11 WALL STREET

A cable a minute



There is no more an average of the cables passed through the wires of the Cable Department of the Equitable. This department is able to make a cable a minute.

Let us represent your business with our well known and established cables. The Equitable's cable service is the only one of its kind in the world. It is able to make a cable a minute. It is able to make a cable a minute. It is able to make a cable a minute.

The Equitable offers the facilities of its Cable Department to all importers who desire to use the service. It is able to make a cable a minute.

THE EQUITABLE TRUST COMPANY
OF NEW YORK
11 WALL STREET

"You intimated this might happen"



One who is in the business of importing a foreign article into this country has a right to expect that the Equitable Trust Co. will be able to make a cable a minute.

Because of its ability to make a cable a minute, the Equitable Trust Co. is able to make a cable a minute. It is able to make a cable a minute.

The Equitable Trust Co. is able to make a cable a minute. It is able to make a cable a minute.

THE EQUITABLE TRUST COMPANY
OF NEW YORK
11 WALL STREET

A group of advertisements of a New York trust company. This particular group appeared in financial publications. The copy is designed primarily for the attention of correspondent banks, and offers the foreign facilities of the Equitable, not in a spirit of competition with the local banks, but rather as a matter of co-operation with out-of-town correspondents. Note the skillful layout and careful construction of the advertisements, and the care and attention given to every detail of copy and illustration. Reduced from 4% by 8.

haust the average appropriation. But stressing just one phase is not enough. It is no mean problem in merchandising to show all these wares in such a way that they will educate and not confuse; sell and not become tiresome; hit a thousand different marks and miss but a hundred.

To gather all these ideas together and apply them to sales effort, the following suggestions, while they are neither complete nor universal, are made:

1. Let newspaper advertising stand at the base of the pyramid, covering a wide variety of appeals and let it be designed to capture the attention, educate the public on trust company service and upon your company in particular, and let it deal with the emotions and whims of men as well as the fundamentals of logical reasoning. Let each piece of copy invite a reply, an inquiry, a request for a booklet.

2. Be liberal in booklets. Some should deal with the whole subject, some with tax questions, laws of descent, will forms, living and insurance trusts, and

others merely with interesting experiences indicative of the scope of trust company work.

3. Cultivate the good will of lawyers. Let them know that trust companies do not supplant their services or give legal advice, and are co-operating with them rather than working in competition to them.

4. Trust officers should develop their own sales psychology, since quite as much depends upon their ability to sell the prospect when he comes in to discuss trust services, as upon their ability to perform.

5. Start work upon customers of all departments of the bank

and enlarge the list as time goes on to include prospects whose business if secured would be profitable. Follow up replies and inquiries diligently.

6. Stress the thought that trust company service is individual and that benefit may accrue to a prospect by talking over his situation with a trust officer whether or not he is of a mind to use trust service.

7. In all types of appeal use examples and illustrations to lighten up the hard logic of argument.

8. Have always in mind the picture of the effort for world business as a whole.

What Financial Advertising Has Accomplished

By E. H. KITTRIDGE
Of Hornblower & Weeks; President Financial Advertisers Association

(The following article comprises extracts from an address recently delivered by Mr. Kittredge before the New York Advertising Club.)

THE biggest advertising campaign the world ever saw was a financial advertising campaign. It is estimated to have cost about \$10,000,000 per

annum for two years and it sold \$24,000,000,000 worth of securities at par.

The Financial Advertisers' Association was just two years old when the first Liberty Loan was offered and at that time had 400 members representing

(Continued on page 273)

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

FEBRUARY 1925

HOW should a bank's advertising appropriation be determined?

Standing by itself, this question is quite meaningless. There are no premises upon which to base one's conclusions. Communities differ so widely and conditions to be faced are so diversified that no blanket formula can be applied.

Even where a specific bank in a specific locality is confronted by a well defined situation, it is doubtful if one could find half a dozen bank advertisers who would agree among themselves on any cut and dried method of determining the appropriation. Not a few banks, it is true, base their appropriations on percentages of their capital and surplus, their deposits or their resources, these percentages usually varying from one to one tenth of one per cent. But these are more methods adopted by way of convenience than because of any direct relationships, and opinions differ widely as to the usefulness of their employment as indices, and also as to the strictness with which given percentages should be adhered to.

Of course before the ques-

tion of determining the appropriation arises, a bank should make a thorough analysis of all possible factors entering into the situation with which it is faced. A bank shouldn't just say offhand "let's appropriate such and such a sum for advertising this year," or, "we can afford to spend \$50,000 on advertising this year." To adopt such a procedure might mean substantially a waste of money, not to mention time and effort.

Having analyzed the situation then, the next step is for the bank to decide what it wants to do about it and through what media. This done, the cost can be arrived at. If the price is too high, the bank must rearrange its advertising program to fit whatever sum it feels it can appropriate, concentrating its fire where it believes the most hits will be registered.



BANK advertising men should be proud of the record that financial advertising has made during the last ten years. To this record the activities of the Financial Advertisers' Association have contributed in no small measure. Established in 1915, this association has grown to be a most potent factor in the intelligent promotion and development of financial advertising. The association's plans for the future embody a

highly ambitious program and one that will without question contribute a great deal to the future welfare of the field.

In the pages of this month's **BANKING PUBLICITY** will be found some very timely and pertinent remarks by E. H. Kittredge, president of the Financial Advertisers' Association, under the caption "What Financial Advertising Has Accomplished."

"The Financial Advertisers' Association" says Mr. Kittredge "has formed an effective liaison with the American Bankers Association in its nation-wide campaign of economic education through speeches by bankers in public schools and civic centers, co-operation with editors and publishers and regional conferences on economic education.

"We expect to co-operate actively in the \$250,000 campaign of education on investments and how to select them, which was authorized by the Investment Bankers Association at its convention in Cleveland last October.

"We will celebrate our tenth anniversary by the compilation of a digest of facts and figures on bank and investment advertising, based on co-operative study on the part of bankers, publishers, magazine men, newspaper men, outdoor advertising men, direct mail experts and recognized agencies."

What Financial Advertising Has Accomplished

(Continued from page 271)

banks and bond houses in some thirty states and in every large city of America.

Every one of these bankers found himself the pivot of a local liberty loan advertising campaign. Many of them were loaned to the Government for the period of the war and did nothing else for two years but finance and direct the advertising of liberty bonds, sell liberty bonds and handle the people who were buying liberty bonds on partial payments.

This campaign brought bankers into contact with publicists in a unique way—a way that was a liberal education to both.

Two years later at the advertising convention in Atlanta in 1921, the Financial Advertisers' Association sent the largest attendance of any departmental of the Associated Clubs.

Financial advertising had grown from a negligible factor to a first class power in practically every publicity field. Bank and investment advertisements were in every national magazine, and most of the weeklies and monthlies were calling attention to it in special editorial departments.

It was hard to find a metropolitan newspaper without a special department handling financial advertising alone.

Bank copy and bond copy was in every street car and on every bill board system.

Banks all over the country had replaced their iron window bars with open window displays.

The head of an agency handling financial advertising alone was vice-chairman of the board of governors of the Association of American Advertising Agents. The advertising managers of banks general-

Who's Who in Bank Advertising



W. E. BROCKMAN

Manager of publicity Minnesota Loan and Trust Company,
Minneapolis

THE success of Mr. Brockman as an advertising man is not due to "long years of experience in handling financial matters." Unlike the institution he represents he cannot boast of "Forty-one years of financial experience." He has been engaged in various forms of publicity work practically all his business life, and his entry into the field of financial advertising was the logical result of accumulated experience in dealing with human problems in many lines of endeavor. Mr. Brockman was born on a farm near Louisa, Virginia, and was educated at George Washington University, Washington, D. C., where he resided for eleven years. After the World War he went to Saint Paul where he engaged in newspaper work with the *Saint Paul Pioneer Press*. He has been manager of publicity for The Minnesota Loan and Trust Company for the last three years.



Light and motion will stop them. That has been demonstrated once more by the above window display of the National City Bank of New York in one of the windows of compound interest department at Forty-third street and Madison avenue. The giant calculator which has been erected in the window shows how money grows for various periods of time ranging from one to eight years. The calculator is electrically operated so that new figures flash into the space labelled "What you will have," depending upon the amount deposited each month. Incandescent lights which flash rapidly draw attention of passersby to the display, the action of which interests them in the point to be driven home. The last panel to come into view carries the invitation "Come in and get one of these calculators, pocket size." A number of the small calculators are displayed in the window as samples. Groups of men and women may be seen looking in this window any time during the day. From nearly every group, several step into the entrance which is just to the right and ask for the calculators at the counter. Those who are given the calculators are also invited to open accounts, and many of them do so. The giant calculator has been one of the best "attention-getters" that the compound interest department of the National City has used in its long list of unique window displays.

sults of those experiments, to diagnose those failures and to capitalize those successes.

Co-operation with existing organisms has been our main watchword.

We are especially proud and especially grateful when we think of our relations with Associated Advertising.

These have been practical as well as educational and social.

The work of bankers has been notable in connection with the National Vigilance Committee and the Better Business Bureaus.

Advertising and banking have

Total Eclipse of the Sun

Saturday, January 24, 1925

*A brief explanation of this unusual
and beautiful spectacle, specially
written for the boys and girls
of Scranton*

Compliments of

Third National Bank

"The Modern Bank"

The Bank that Booms Scranton
Scranton, Pennsylvania

The cover of a booklet published by a bank in Scranton, Pa., in the so-called area of totality, shortly before the recent eclipse of the sun, and written for and distributed among the boys and girls of the city. The copy in the booklet is concise and readily understandable, in addition to being both readable and informative. The booklet is open to the criticism, so often applicable to bank advertising, that it treats of a subject having no relation whatever to banking. Its justification lies in the fact that it performs a useful public service in endeavoring to interest boys and girls in a spectacle the like of which they will never see again, and to increase their capacity for enjoying and appreciating it. Reduced from 3¼ by 5¼.

ly had progressed from clerkships to vice-presidencies.

Banks as a whole were spending hundred dollar bills on publicity and selling for every penny they had spent when the Financial Advertisers' Association was born in 1915.

And every year since 1921 has seen advances in almost equal ratio.

Naturally a development like this in less than ten years has not been without its problems, its uncertainties, its experiments and its failures, as well as its successes.

The job of the Financial Advertisers' Association is and has been to throw light on those problems, to minimize those uncertainties, to codify the re-

a common life blood. Both die without implicit faith in them on the part of the public. Naturally, the movement to discourage fraudulent advertising has come oftenest to grips with the most profitable kind of advertising fraud—the promotion of worthless securities. This heartless and inhuman traffic in the inexperience and trustfulness of aged people, of widows, of clergymen, educators and professional men, of thrifty but unbusinesslike persons in all walks of life, has an economic as well as a sentimental side. The millions so dissipated, and the billions which would be so dissipated, if it were not for effective policing of advertising channels, are a

direct charge on business as a whole.

The Financial Advertisers' Association is behind the Better Business Bureaus "with its whole heart and with its whole mind and with all its strength!"

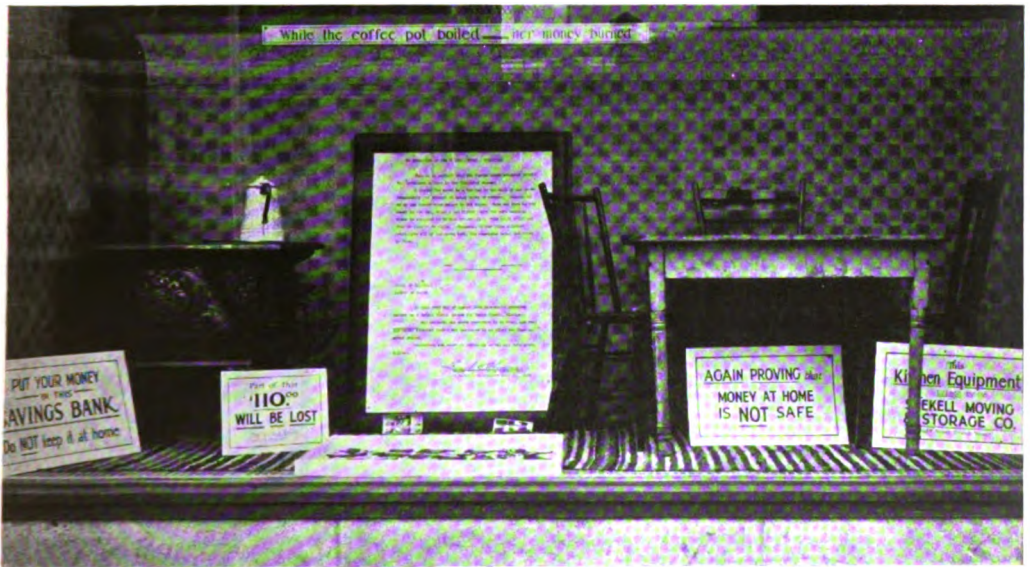
We have formed an effective liaison with the American Bankers Association in its nation-wide campaign of economic education through speeches by bankers in public schools and civic centers, co-operation with editors and publishers and regional conferences on economic education.

We expect to co-operate actively in the \$250,000 campaign of education on investments and how to select them, which was authorized by the Investment Bankers Associa-

tion at its convention in Cleveland last October.

We will celebrate our tenth anniversary by the compilation of a digest of facts and figures on bank and investment advertising, based on co-operative study on the part of bankers, publishers, magazine men, newspaper men, outdoor advertising men, direct mail experts and recognized agencies.

Of course this digest will be only the culmination of our ten years' work as a clearing house for the interchange of facts, experiences and programs in the practical every day work of advertising commercial banks, savings banks, investment houses, trust institutions, safe deposit companies and kindred organizations.



This window display depicts an actual incident. The display was recently installed by the Central Savings Bank of Detroit. Frank J. Campbell, advertising manager of the bank, says that for two weeks from ten to twenty people were around the window at all hours of the day. The interior of the window was furnished to represent a small kitchen. The walls were papered and a table, chairs and small cook stove were set up. In the foreground was displayed, in a white box, the remains of the \$110 in paper money which a woman had hidden in a tin can and placed in the stove for safekeeping. The woman's son, not knowing that the money was there, came home from work, lighted a fire to cook a meal, and burned up the savings of months. In helping the woman recover as much of the money as possible, the bank made out an affidavit directed to the Treasurer of the United States, giving the details of the incident. A photograph of this signed statement was enlarged to a size 28 inches wide by 40 inches high, and displayed in the window back of the money. Mr. Campbell says the bank feels that the reason for the window's effectiveness is that it makes a direct drive at the habit that hundreds of people have of keeping money at home.



Would You Work 10 Years Without Pay?

WOULD you labor with every ounce of your strength and brain and heart for 10 years and not get one dollar in return? Preposterous—yes.

But isn't it the same thing to work 10 years FOR PAY and spend all of that pay as you go along and not have a dollar to show for your labor at the end of 10 years?

It is not how much you earn but how much you save—And you CAN save without sacrifice.

Just a few dollars laid by each week in a Mutual Savings Bank drawing interest will some day be a perfect "God-send" to you.

Be sure the bank you select has the word "Savings" in its name—A Mutual Savings Bank where the earnings are solely for the benefit of its Depositors.

MUTUAL SAVINGS BANKS of NEW YORK, BRONX & WESTCHESTER COUNTIES

One of the effective savings advertisements of a series now being run in New York newspapers by the mutual savings banks of New York, Bronx and Westchester counties. Reduced from two columns wide.

How Banks Are Advertising

IT is not often that one commercial bank develops a "talking point" which cannot be made applicable to almost any other commercial bank. Occasionally, however, this is done. A good example of it is a booklet, "Selective Banking," recently published by the Webster and Atlas National Bank of Boston, Mass.

This booklet outlines some of the distinctive features of the

bank's service to commercial customers. The copy of the booklet is well worth while quoting. It reads:

The kind of banking service which may be called "selective" arises in two ways:

1. The customer, with special requirements in his mind, consults several banks until he finds the one which best suits his needs, or
2. The bank selects certain particular business organizations, to which it feels it can offer distinctive service, and goes to them

with an explanation of the facilities it has decided to extend.

Most of the new customers acquired by the Webster and Atlas National Bank in recent years have been examples of selective banking.

CONCENTRATION OF AIM is one feature of the Webster and Atlas service which has attracted many. This organization is strictly and solely a bank. It has no allied services to offer, such as trusts, bonds, safe deposit boxes, insurance policies and the like. Consequently the whole time and thought of its officers and directors can be devoted to serving the commercial bank customer.

ADEQUATE FACILITIES per customer is another distinctively valuable feature. The Webster and Atlas National Bank probably has fewer customers per million dollars of deposits than any other large commercial bank in the field. It is thus enabled to devote more time and attention to each particular customer and to give him and his individual problems more attentive human service than he ever received before. This means combining the financial strength and resourcefulness of a large bank with the intimate, personal touch of a small one.

FULL UNDERSTANDING of a few types of borrower, rather than over-diversification among widely separated business lines is, per-

"While the coffee boiled—
her money burned"



She now has but the charred ashes of \$110—the savings of months

Actual of robbers, the \$110 in bills was placed in a tin can and hidden in the warming oven.

When the boys came home they built a fire in the oven.

When the coffee boiled, the \$110 burned.

How the Money Burned: Burns in trying through the United States Treasury to recover from the robbers at least some of the money for the unfortunate woman.

She had hidden her money. Her eyes were on the key ring about the door.

The risk of robbers is great! The risk of fire is even greater.

From now on, this woman will place the family savings in the CENTRAL SAVINGS BANK.

Thousands of Dollars More! TRY—FIFTY—A HUNDRED—YES, UP TO A THOUSAND DOLLARS—hidden away in secret places in their homes.

This Money May Burn At Any Time



Be sure the bank you select has the word "Savings" in its name—A Mutual Savings Bank where the earnings are solely for the benefit of its Depositors.

CENTRAL SAVINGS BANK
First National Bank of Detroit
1000 Michigan Street, Detroit, Michigan

An advertisement run by the Central Savings Bank of Detroit coincident with the window display reproduced and described on the preceding page.

haps, this bank's chief claim to distinction. Our officers and directors have made it their business to acquire a full and intimate understanding of the banking needs of a certain type of business before soliciting or accepting organizations in that line as customers. This means that, with us, co-operation is not an ideal or a promise, but a fact.

The Webster and Atlas National Bank has never compared its commercial relationships on a basis of size. The small borrower or the customer who offered us only a part of his banking business has been, and will be, welcome at all times.

We have judged the customer first and foremost on the basis of what we could do for him, leaving what he could do for us as a secondary consideration.

AMONG recent pieces of direct mail material distributed by The Equitable Trust Company of New York are the following:

"How to Protect Your Estate and Your Family" is a trust booklet written for the man or woman who knows nothing about trust matters. The booklet contains interesting copy on why a will should be made, what steps an executor must take in the settlement of an estate, and the advantages of appointing a trust company as executor and trustee.

"Will Your Estate Be Dissipated, Too?" is a trust folder on the dangers of incompetent trustees or executors of estates who so often contribute to the annual loss suffered by the public through fraudulent security sales. The copy includes some interesting paragraphs in the form of a dialogue illustrating a specific case.

"Exporters and Importers—Pay Your Bills Abroad By Check" is a folder outlining in a very clear and concise manner various advantages, to merchants and manufacturers doing foreign business abroad, of keeping checking accounts with an American bank for the purpose of paying their bills directly by check.

ANOVEL method of publicity was recently tried out by the Brotherhood of Locomotive Engineers National Bank of Boston in an endeavor to get new savings accounts. In the theatrical advertising section of Boston newspapers the announcement of a manager

who operates two well known vaudeville and motion picture houses included the following copy:

THRIFT OPPORTUNITY
GIFT WEEK
\$50,000
IN BANK CHECKS
GIVEN AWAY
A \$1 Bank Check to Each Person

"Mercantile Service"

Departments: Banking Bond Corporation Real Estate Loans Real Estate Public Relations Safe Deposits Savings Trust

Blue Sky Anthology



JERRY MULLEN
He looked like an honest young man. And I didn't think he'd stand the old stock savings. The table he had made on plainness—How he stood up for 1916, because he didn't include a banker's profit! And he wouldn't let me touch my bank account because he was comparing with banks And they wouldn't let me in judgment. I had saved a long time, and would have been comfortable. The rest of my life. He had bought me with 10%. I had saved him—ought to. And investigated afterwards. He looked like an honest young man. And I didn't think he'd stand the old stock savings.
Investigate first! Ask Us!

BLUE SKY—the business offering that which the "blue sky" takes a toll of more than one million dollars a year from the American public. After this time go on. On the page are a few cases, with only the names changed, which have been brought to our attention and to the attention of the St. Louis Better Business Bureau. After one day our message if the Better Business Bureau had been asked if we had been asked, the names would not have occurred. As long as people invest first and investigate afterwards, losses cease. We hope this "Blue Sky Anthology" will, in some case, prevent a warning and prevent a loss.
Festus J. Wade



PETE MERTINO
I wouldn't take it so hard if my own countryman's done it. Naturally I believed them. When they told me the best they were selling Would save me worth double the price they asked. Seeing a chance to double my savings. I thought what they had said. Without trying to find out the truth. I didn't know the price I paid. We had based on the value of the ground I was based on. There's nothing I can do about it—I just paid a double price for my all. I wouldn't take it so hard if my own countryman's done it.
Investigate first! Ask Us!



BILL COPWELL
I don't know what it's all about. And I know what it's all about. But I do know. That Bertie Clark figure about me this time And Mamma cries at day. Daily every day or so—about I day. I don't know what it's all about, and we must give Jerry away (Jerry's my girl). I'll stand that. I don't know what it's all about. And Mamma says I wouldn't understand.
Investigate first! Ask Us!



MANGLEBY STOVER
When my husband was taken away. I thought I had planned the duplex. He worked to give my confidence. The money and insurance he left. Invested at 4%. Gave me a monthly income of \$100. Then J. Harbuck Long came to office. He worked to give my confidence. Knowing about that money. He worked to give my confidence. Improving on me that the 4% he offered. Would make my income \$100 each month. Instead of \$100. I was prepared. I felt. I accepted his name, leaving J. Harbuck. And gave him my good bonds! Suddenly "Y" he gave me stock in his 2. uncollected investment company. I took my bonds to the bank. Received money on them. And that was all. Of course he didn't expect the loan; Of course my bonds were sold. Of course—but what's the use?— My money is gone. And if it does go to you (which is unlikely) I would be too late to do me any good.
Investigate first! Ask Us!



MRS. BERTHA ROSSER
My husband and I had saved for a home for a long time. But it looks like we are not going to have the home after all. A salesman came to see me one day. And he was a good salesman. He told me of some bank that night and talk to my husband. The proposition sounded good to us. So we sold our money, and they promised to buy a house on a lot which we would select. On we selected the lot, all right. But that seemed to be a signal to them. They had their homes with excess. Instead of lack and more. I kept the path led between the house we had and the lot. But it did not go. It probably never will do any good! I have my money, and we have their excess. My husband and I had saved for a home for a long time. But it looks like we are not going to have the home after all. Without our savings— Without everything.
Investigate first! Ask Us!



HARRY COPWELL
They fooled me. I see it now. But when the rains offered to let me in. Do the "ground floor" of their radio scheme. If it had worked. And you might have done as I did. If they had accepted my contract of one. I thought the stock in their name thing. Forgetting that if the stock were so sure to be received. The proposition would never have led me in. Because I never signed the bottom— But I signed it, and I signed it. They tried to make up my own account. But I signed it, and I signed it. If it was for my little kid. It was because of my husband and his dog. I signed it, and I signed it. And if it was for my little kid. But they fooled me. And they got my money.
Investigate first! Ask Us!

Mercantile Trust Company

Member Federal Reserve System
Capital of \$1,000,000
Ten Million Dollars
EIGHTH AND LOCUST — TO ST. CHARLES
SAINT LOUIS

This "Blue Sky Anthology" advertisement of a St. Louis bank gives half a dozen very human little stories showing how typical, everyday American folks lost their savings because they invested first and investigated afterwards. These stories were taken from actual cases reported to the St. Louis Better Business Bureau, with only the names changed. Accompanying the stories is a signed message by Festus J. Wade, president of the Mercantile Trust, urging the public to seek the advice of a bank, trust company or the local better business bureau before investing. Reduced from five columns wide.



The above picture shows a Christmas and radio display installed in the center lobby of the Liberty Central Trust Company of St. Louis in connection with its Christmas Club and radio bank campaigns. Inset shows the radio bank, which is a combination crystal set and bank. It receives all stations within a range of twenty-five to forty miles. The radio operates independent of the bank.

These Checks will be accepted only when deposited at the Brotherhood of Locomotive Engineers National Bank of Boston with \$9 in cash in opening new savings accounts. The depositor will be credited with a total of \$10. Each person is limited to one thrift opportunity gift week check.

USUAL BIG PHOTOPLAY & VAUDEVILLE PROGRAMS



TWENTY members of the extension committee of the National Financial Advertisers Association, coming from all parts of the country, met in

Cleveland for a two-day session January 10 and 11. Sessions were held in Hotel Cleveland.

The committee was headed by Robert J. Izant, publicity manager of the Central National Bank Savings and Trust Company, chairman. It is one of the most important committees of the national association, having been organized to extend the services of the association to financial institutions throughout the country and to aid in the promotion of the business of

banks, bond houses, and savings and loan companies.

It was organized as the result of a suggestion to the national body by C. H. Handerson, publicity manager of the Union Trust Company, Cleveland.

The business of the session was largely devoted to the compilation of a primer on financial advertising and business extension and development of research work along technical financial advertising lines.

BANK ADVERTISING EXCHANGE

IN connection with **BANKING PUBLICITY** there is conducted a Bank Advertising Exchange, containing a list of names of bank advertisers willing to exchange advertisements, booklets and other publicity matter issued by them. Any subscriber who will agree to exchange advertising matter may be added to this list. A copy of this list may be had by any subscriber upon application.

SERVICE that *serves*

IN ILLNESS, do you prefer a specialist to a patent medicine?

IN BUILDING, do you prefer an architect's plan to a newspaper clipping?

IN BANK ADVERTISING, are you tired of secret formulae, warmed-over 'plans' and patent stunts?

WE have never offered a service until two questions regarding it had been exhaustively and affirmatively answered. These questions are:

1. *Is the basic principle a proven success?*
2. *Is the specific service based on the particular requirements of your particular bank?*

Check the items in which you are interested, and let us tell you, without obligation to you, what we have learned about them.



Bankers Service Corporation

19 and 21 WARREN STREET
New York City

Bankers Service Corporation
19 and 21 Warren Street, New York City

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
- Household Savings Accounts
- Window Displays
- Investment Literature
- Safe Deposit Renters
- Christmas Club Expansion
- Home Safes
- Factory Savings Plans

Bank.....

Officer.....

City..... State.....

Predicts Business Activity During 1925

WRITING in *The Corn Exchange*, the monthly publication of the Corn Exchange National Bank of Philadelphia, Prof. Arthur S. Dewing of Harvard University says:

"The year 1925 will probably be a year of conspicuous business activity; and this is true whatsoever the turn of European economics. I am inclined to give less weight to European conditions than the majority of writers, under the presumption that the potential demand for ultimate consumers' goods in this country alone is greater than ordinarily assumed. Undoubtedly, there is much action and counteraction between Europe and this country, and when this is measured in exports and imports the stagnation or dislocation of European markets would seem to have an astounding influence

on American business. This implication has been unduly emphasized by a type of sentimentalist who is seeking to justify a kind of Chauvinistic internationalism on economic grounds. Undoubtedly, the prosperity of Europe does stimulate our own prosperity; and her economic stagnation tends to retard our own business activity. But in the end it is a question of degree; and I am inclined to believe our own business cycle will run its major course without anything like the aberrations that European conditions are said to cause. After all, what will stabilize Europe is more work and less talk. The difficulty is psychological and not economic; its cure is an intention to work and pay debts, and not to drink wine and find excuses for not paying them."



Banking á la Octavus Roy Cohen

(Reprinted by permission of *The Saturday Evening Post*. Copyright, 1925, by the Curtis Publishing Company.)

IN a southern community that is owned and governed entirely by negroes there is a bank that is also run by negroes.

One of the depositors of this bank left the community and moved to a city some distance away. After he had settled in his new home and become acquainted there, he decided to change his account to a local bank; so he went to the cashier, whom he knew, and gave him a check for three hundred and fifty dollars on the negro bank and asked to have it transferred to his credit at the local bank. The check was duly forwarded, and a few days later it came back bearing a yellow slip marked insufficient funds.

The cashier happened to see the darky depositor on the street and told him to come into the bank. When he showed him the slip the negro depositor was very much surprised.

"Marse Jim, I know I done got dat money in dem niggers' bank. Here my bank book to prove it. Doan dat show tree hunerd an'

fifty dollars dat I got in dey bank?" he asked.

"Yes, Sam, this shows a balance of three hundred and fifty dollars; but maybe you have drawn some of it out since your book was balanced."

"No, sir, I ain' draw nuttin out dat bank, Marse Jim. Dem niggers jest naterally wan' to keep my money, dat's all de draw dere is in dis. You jes write dem agin an' tell um dat eff dey doan sen' you dis money you gwine have de shuruff go get 'em. For dey sholy is got my money up dere."

"All right; I'll write them a pretty sharp letter and see what they say."

He wrote again and sent the check back. The letter must have been sharp, for within a few days he got this reply:

"*Dear Sir:* Us is inclosin a check on de Bunningham bank for tree hunerd an' fifty dollars. When us pase a yallow slip on a check, us doan mean dat de man what make de check ain't got dat much money in de bank, but dat us ain't."—*J. F. Leeper.*

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.



“We need a New York connection”

By supplementing your own facilities with a New York account with The Equitable, you can have facilities for taking care of practically every requirement that may arise.

For instance, The Equitable can purchase securities in all local or foreign markets for the investment of reserve funds, and your larger depositors can have the advantages of our highly specialized credit and business information service.

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.

The Economic Outlook in Austria

By Emil Lengyel

American correspondent of the Vienna Financial Weekly "Die Boerse" and of the Vienna Daily "Die Stunde"

THE last two years of Austria's economic life have been characterized by the re-orientation of her economic policy. She had to be transformed from an integral part of a great economic unit, performing highly specialized functions, into an independent economic entity.

While the Austro-Hungarian monarchy was standing, the territory which is known today as the Austrian Republic had two highly specialized functions, as the financial and trading center of the empire. There was no country in Central Europe prior to the war in which financial and trading activities had been so centralized as they were in Austria. Vienna, the capital of Austria, possessed almost autocratic power in all questions relating to finance. The great Vienna banks had their branches all over the empire. The financial power they wielded was so overwhelming that, with the exception of Hungary which enjoyed a limited financial independence, the other parts of the empire found it impossible to establish their own banking institutions. Thus, about 75 per cent. of all the banks of the Austrian part of the monarchy were controlled directly or indirectly by Vienna financiers.

Practically the same condition prevailed in the field of trade as well. Vienna had an unassailable position as the trading center not only of the monarchy but also of a considerable part of Central and Eastern Europe. In addition to sheltering the foremost financial institutions of the monarchy its great advantage was the proximity of an excellent waterway, the Danube, and more prominently the policy of the Austrian state railways, which carried on an effective "boosting" of the capital city. Consequently railway conditions

were such in Austria, both as regards their freight-rate policy and preferential routing, that, instead of sending their wares directly to the seaport, export and import merchants found it more convenient to send them first to Vienna in order that they might be shipped from there to Trieste, Austria's most important seaport. This they did even if such a routing meant a considerably greater mileage.

The rôle of Vienna and its neighborhood as the financial and trading center of former Austria was a great inducement for industrialists to erect their factories in the vicinity of the Austrian capital. By this means they could better avail themselves of the financial and trading facilities offered by Vienna. Thus, as a secondary result, the "hinterland" of Vienna became a very important industrial section.

In the former monarchy no importance was attached to the fact that the over-industrialized Alpine regions of the country, stretching from Vienna to Voralberg toward the west and to Krajna toward the south, had to rely upon the other parts of the monarchy for the raw material for their factories. The monarchy having been an economic unit, it was a comparatively easy task to furnish the industrial German-speaking section of Austria with raw materials, coming from the non-German parts of the empire. The proximity of Vienna compensated these industrial regions for the somewhat higher freight rates they had to pay for the transportation of raw materials.

On the other hand, the German-speaking parts of Austria had neglected agriculture as a means of livelihood of their population. The other parts of the monarchy comprised exceedingly fertile lowlands which grew sufficient

MEAT PACKING

THE stage in Michigan is so crowded with a variety of industries that Meat Packing seldom has received the limelight.

Thousands of cattle and sheep from the west are annually fattened on the fenced ranches of cut-over timber lands in the north.

Slaughtering and meat packing reached an annual volume of \$57,648,125. a year ago. This bank is an important link in this enterprise, for through it the entire Great Lakes Region is served.

FIRST NATIONAL BANK DETROIT MICHIGAN

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



cereals to supply the predominantly industrial population of the Alpine counties. Hungary, as well as Bohemia and Galicia, contained rich wheat-growing lands from which wheat could be transported to the industrial sections at a nominal cost. As industrial activities were found to be more lucrative than agriculture, the latter was so neglected in Austria proper that even before the war means had to be devised with a view to the prevention of wholesale desertion of arable lands in the German-speaking parts of Austria.


When after the war the territory of the monarchy was reduced to one-fourth of what it had been formerly, the consequences of the one-sided specialization of German-Austria became apparent. On the one hand, the new republic had a financial machinery and trading facilities which were sufficient to take care of the needs of a territory four times as large as the present Austria. On the other hand, she was cut off from that supply of raw materials and, more particularly, of agricultural products, the possession of which would have enabled the young republic to supply its industries and its population with the prime necessities of their existence.

The task which confronted the Austrian Republic was therefore threefold. First of all, it had to make a more adequate use of its trading and financial facilities. Secondly, it had to procure raw material or what was considered as its equivalent, credit for the government and the industries. Thirdly, it had to make better use of its agricultural wealth.

No wonder that when confronted with these tasks, all of which seemed Herculean, a wave of despair swept over Austria. For some time it appeared that the new republic would not be able to maintain its independence. All its political parties, without a single exception, agreed that the "Austrian monster," as they called it, was not fit for life. They were in complete accord in

Bonds for banks

Nation-wide facilities
for buying or selling.



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

this respect with the majority of the population of Austria who did not see any way out of the desperate situation of their country, except by joining one of the neighboring states.

STEADY PROGRESS SINCE THE WAR

Looking back upon those days and the years that have followed, one cannot help being impressed by the steady progress Austria has been making. The recurrent financial crises of the last two years, which seemed to obscure temporarily Austria's bright prospects, served only to rid the country of a great number of immature financial ventures which had appeared in the wake of prosperity. They are the well-known consequences of overspeculation and do not in the least counterbalance the progress Austria has lately been making.

The story of how the apparently



MEMORIES THAT WILL LAST FOR YEARS

DID you spend six dollars a day on your holiday last year? Probably that and a great deal more. And what did you do that was unique or thrilling? What did you find to carry away? . . . Sunburn.

Why not go to France this year and have an entire change, a mental stimulus, a new outlook, and memories forever?

You can book passage for one hundred and forty dollars on the big, one - cabin liners, French as France itself. You can even make a round trip for one hundred and sixty-two dollars, tourist class, with individual cabins,

as is done by the college boys and girls. Plenty of deck space, salons and smoking rooms.

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hopeless Austrian situation turned into a promising one is one of the most heroic chapters of contemporary Europe's economic history. An energetic international action coupled with the reawakened sense of responsibility and self-confidence of the Austrians are considered as mainly instrumental in Austria's resurrection. Three years ago a forlorn little country, today Austria is held up to the other countries of Central Europe as the most inspiring illustration of economic progress.

The first task to be tackled was the elimination of that ill feeling on the part of Austria's neighbors which at the beginning of the post-war era, made their intercourse with the former mother country all but impossible. Without this Austria would have had no chance of making any use of its well-developed financial and trading facilities, so far at least as the neighbor states were concerned. At the same time the continuation of the policy of suspicion and jealousy would have prevented the succession states from placing their much-needed services at the disposal of the new republic. As a consequence of Austria's efforts along these lines, liberal trade agreements have been concluded with all the nations whose territories are contiguous with Austria. These agreements contain, with the exception

of that which had been concluded between Austria and Hungary, the most-favored-nation clause.

SUPREMACY OF THE VIENNESE BANKS

Very rapidly the Viennese banks have regained their supremacy in the succession states and in the Balkans. Although so-called "nationalization laws" have been enacted in Czechoslovakia and Jugoslavia, the two most important succession states, Austrian finance found ways and means by which the greatest part of the lost ground could be recovered. Officially, most of the foreign branches of the Vienna banks had to sever relations with their head offices; but, unofficially at least, Austrian capital retained control in them. In order to comply with the regulations of the nationalization laws, which prescribed that the Czechoslovak and Jugoslav banks should be under the control of the nationals of these countries, part of the shares of banks involved was turned over to the citizens of the countries mentioned, and at the same time their management was placed, at least nominally, into the hands of directors who were nationals of the succession states. The governments of the new states tolerated this nominal transfer of power, since the old branch offices of the Vienna



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Bills Receivable and noninterest bearing Treasury Bills	5 691 129 34				Reserve Fund	40 000 000 —
Credit Balances with Joint and Private Banks	77 577 236 09				Deposits and Current Accounts	194 865 859 71
Short Loans against Bonds and Stocks quoted on the Stock Exchange	4 861 131 23				Acceptances	255 002 01
Advances on Goods in Stock and in Shipment	16 995 699 94				Other Liabilities	2 556 974 98
Investments in Bonds and Stocks	23 639 498 71				Contribution to Pension Fund	1 000 000 —
Permanent Participation in other Joint and Private Banks	12 787 251 86					
Syndicate Participations	15 542 178 70					
Debtors and Current Accounts	96 249 906 11					
Bank Buildings	25 000 000 —					
Total	298 677 336 70				Total	298 677 336 70

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banks were equipped with facilities which the newly established domestic banks did not possess. It is not surprising therefore that today the Vienna banks and their affiliations, located in the succession states, are once again carrying on the bulk of the financial transactions in the territory which formerly belonged to the Austro-Hungarian Monarchy.

The Vienna Boerse, too, has maintained its supremacy in the Danube states. The Vienna quotations of the securities of joint stock companies of the succession states are considered more important than the quotations of the national boerses. New issues originating in the succession states are first listed on the Vienna Stock Exchange. The repercussion of a "crash" on the Vienna Boerse is very vividly felt on the exchanges of Budapest, Prague and Zagreb. In a word, the countries situated in the basin of the Danube still look to Vienna as their financial center.

OBTAINING RAW MATERIALS AND CREDITS

However important the rehabilitation of financial and trade connections might have been, Austria's recovery would not have been possible if she had not been able to obtain raw materials and credit, to the lack of which the prostration in the first post-armistice years was mainly due. In order to prevent famine the government had to import food-stuffs and to pay for them out of treasury receipts. This consumed enormous amounts which could not be covered by taxation. At the same time the government paid doles to tens of thousands of unemployed. The state railways were operating at a huge loss since, due to the prostration of industry, freight rates could not be increased. Industry could not recover from the post-war shock since there was practically no coal in the country. In this emergency the government had to import coal from Czechoslovakia and Upper Silesia, pay-

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ing for it the high prices prevailing on the international markets and turning it over to the consumers at a price which was only a fraction of the cost.

THE INTERNATIONAL LOAN

It was Sir William Goode, head of the Austrian section of the Reparation Commission, who first emphasized the necessity of obtaining an international loan. He suggested that part of this loan should be utilized for financing the government's food and coal purchases and for stabilizing the Austrian currency. He pointed out that as soon as the currency was stabilized the return of prosperity in Austria was inevitable. Prosperity, on its part, would enable the population and the industries to purchase foodstuff and coal without any government aid. In his opinion,

this would end the vicious circle of currency depreciation and government gratuities such as had ruined the Austrian Treasury in the past.

Although it was in the middle of 1921 that Sir William Goode submitted his plan to the Allied powers, it was not until August 31, 1922, that a loan which was to be floated under the auspices of the League of Nations was seriously considered. On October 4, 1922, the so-called Geneva protocols were signed, which provided for the granting to Austria of a loan of 650,000,000 gold kronen (about \$180,000,000) of which 520,000,000 was to cover the deficit of the Austrian budget until December 31, 1924, and 130,000,000 kronen was to be set aside for the purpose of refunding an equal amount advanced by the Allies. The protocols provided at the same time that by the end of 1924 the

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budget of Austria must be balanced.

December 31, 1924, was therefore a very important date in the history of Austria. On that date the Austrian budget must be balanced for the first time in ten years. From that day on the Chief Commissioner of the League, who is in charge of accounting the international loan which had been floated in favor of Austria, must refuse the disbursement of any funds to cover the deficit of the Austrian budget. Moreover, according to the plan of the financial experts of the League of Nations, the reorganization of Austria's finances must be terminated on December 31, 1924, so that from that day on there should not be any obstacle in the way of full economic rehabilitation of Austria and of her finances being placed on a peace basis.

BALANCING OF THE BUDGET

As a matter of fact, Austria's budget had been balanced before December 31,

1924. The result obtained under the reconstruction plan was better than could be anticipated. According to the plan of the financial experts of the League of Nations the deficit of the Austrian budget was estimated to amount to 141,000,000 gold kronen in the first half of 1928 and to 79,000,000 gold kronen in the second half of the same year. Instead of this the aggregate deficit for the whole year was about 110,000,000 gold kronen. As to 1924 there is a surplus which, it is expected, will be greater than the rather pessimistic reports of Dr. Zimmerman, the High Commissioner of the League of Nations, indicated.

TERMINATION OF FINANCIAL CONTROL

The task of Austria's financial reorganization having been terminated, the government of the republic petitioned the fifth Assembly of the League of Nations, meeting at Geneva in September and October, 1924, requesting that the

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Austrian authorities should be allowed free hand in disposing of the treasury funds and that full control over the financial affairs of the country should be restored to them. Briefly, Austria wants immediate return to full financial independence and the termination of the services of Dr. Zimmerman. In parliament and in the press it is pointed

out continually that the "dictatorship" of the High Commissioner is humiliating for Austria and that it had deprived her of the most elementary sovereign rights. It is charged that neither the government nor the parliament can initiate any executive or legislative measures without first obtaining the permission of Dr. Zimmerman to do so, since any measure passed over the preliminary veto of the High Commissioner could not be carried out in default of the necessary funds, over the disbursement of which the Commissioner has discretionary powers.

Anticipating the refusal of the League to terminate the financial control over Austria, the government of the republic petitioned the League that even if the complete abolition of the office of the High Commissioner would not be feasible at the present moment the Austrian Government should have authority to dispose of the balance of the proceeds of the international loan. The government supported its request by pointing out that a great part of the balance had been subscribed in Austria so that it did not seem unfair that the Austrian investors should have authority to dispose of the amounts thus secured. The reason the Austrian Government desired the release of the funds was described in the official document as for "purposes of investment."

Acting upon the recommendation of its Austrian and financial sections, the Assembly of the League of Nations re-

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fused compliance with the request of the Austrian Government. It justified its refusal by pointing out that opportunity must be given the original plan of the League to demonstrate how it works under normal conditions such as Austria will enjoy in 1925, when its first "peace time" budget will be in force. The additional reason for the refusal is that the League did not think it could use its discretionary power in removing the financial control over Austria until all those nations which had guaranteed the Austrian loan have given their consent to such action. Since it is predominantly the money of the nationals of foreign countries which is invested in Austria, they must have an opportunity of supervising the financial transactions of the country until they decide otherwise.

By way of compensation, the Assembly of the League of Nations determined that the budget of 1925 may reach the amount of 495,000,000 gold kronen

(almost \$100,000,000). This means that, after having covered the regular expenditures, the Austrian Government is entitled to use the surplus income for investment purposes. This amount, it is estimated, will be considerably in excess of \$100,000,000. Moreover, the Austrian Government is entitled to disburse the equivalent of an additional \$10,000,000 for the same purposes. In case this amount is not covered by the national income, the High Commissioner of the League of Nations is authorized to release from the proceeds of the international loans such amounts as will supplement the balance of the expenditures.

AUSTRIA'S RECONSTRUCTION PROGRAM

It will be easily appreciated that this latter decision of the League of Nations is of enormous portent for Austria. It means that in 1925, for the first time in the life of the Austrian Republic, it will be in a position to make constructive

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investments on a considerable scale. It means that the period of real construction has begun and that, on December 31, 1924, Austria has passed a landmark on the road toward economic stabilization. It is equally significant to note that the investment program of the government includes the purchase of locomotives, the improvement of highways, the development of the water-power system and the erection of public buildings.

The most important part of this ambitious program is the development of the Austrian water-power system. The water-power resources of Austria are exceedingly rich, but until recently they had not been exploited to any considerable extent. It was only post-war necessity which has compelled the Austrians to give more thought to the means by which the import of expensive foreign

coal could be eliminated. The aggregate water power of Austria, which can be used for practical purposes, is estimated at 2,000,000 horse power, of which only the sixth part had been utilized until 1920. In 1923 the recovery of the country permitted the electrification of some of the most important Alpine railway routes in Tyrol and Voralberg by means of water-power transmission. A few months ago the City of Vienna opened up its huge water-power plant which furnishes power for the municipal-owned public utilities. If present plans are carried out according to schedule, Austria will rank directly next to Switzerland as possessing the second largest water-power system in Europe.

Scrutinizing the details of the reconstruction programs for 1925, as elaborated by the Austrian Government and some of the Austrian municipalities, one observes that their outstanding thought is to make Austria a self-sufficient economic unit—as far as such a metamorphosis is possible—and to correct the wrongs which are the consequences of her overspecialization along financial and trading lines. In this respect the most-favored-nation clause serves the same purpose as the electrification of the Austrian railways and the development of Austria's water-power system.

The desire to make Austria an economic unit is responsible for the efforts of leading Austrian statesmen

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aimed at the development of her agriculture. Contrasting Austrian agricultural results with German results, and Austrian dairying and cattle-breeding achievements with Swiss achievements, one can appreciate the importance of improvements which Austria will have to introduce in this direction. Of course, it is true that whatever methods might be applied. Austria could not be transformed into a prominently agricultural country since, at the very best, only 23 per cent. of her area can be considered as potential arable land. Recent statistics show that in Austria the per acre quantity of agricultural products was only 75 per cent. of that obtained in Germany. Similarly, although Austria has practically the same natural advantages for cattle-breeding as Switzerland, and although she is more than twice as large as her Western neighbor, yet Austria has approximately 20 per cent. less cattle than the Helvetian Republic. As to dairying, she is even worse off, since

the annual average milk output of the Austrian dairies is 50 per cent. less than the Swiss output. Concerning forestry, Austria had been neglected likewise, despite the fact that 38 per cent. of her territory is covered with woods. Austria is one of the most important timber-producing countries of the world, ranking in Europe as fourth behind Finland, Sweden and Russia. In the opinion of experts her timber alone could make Austria a prosperous country. It will devolve therefore upon the Austrians to exploit the natural wealth of their country as far as agriculture, dairying and forestry are concerned. Undoubtedly under the old system of financial and trading hegemony the territory of what is Austria today was not exploited to such an extent as to make the activities just mentioned worth the special attention of the German-speaking population of the monarchy.

Michael Hainisch, president of the Austrian Republic, who is an interna-

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tionally-known authority in agricultural sciences, has recently published a book in which he points out the dangers inherent in Austria's neglect of availing herself of the riches of her soil. He agrees with foreign observers that the present situation could be improved by the formation of farmers' co-operative societies which would buy agricultural implements collectively. When considering this problem, however, it must not be forgotten that the mountainous character of the Austrian farming districts limits in many cases the usefulness of the co-operative societies to the inhabitants of a single valley; and often a valley is cultivated by a single farmer family only; so that, in such instances, co-operation among the farmers is well-nigh impossible. However, it is generally appreciated that the agricultural situation of the country must be improved. With the first Austrian nor-

mal budget already passed by the League of Nations, the government of the republic will be able to devote more attention to this problem. It will now be in a position to carry on more intensive campaigns of agricultural instruction and demonstration. Making the Austrian people "agricultural-minded" is one of the great tasks which confront the government in its efforts to reconstruct the economic structure of the country.

A MORE HOPEFUL SPIRIT

Having progressed so far, the pessimism of the Austrians concerning the future of their country is waning. A considerable number of the Austrians go so far as to eulogize "small statism," as they term it. They point out that being a great power, such as Austria was before the war, had its own great disadvantages. Then she had to maintain a formidable army, the expenses of which weighed heavily on the shoulders of the taxpayers. Moreover, she had to support a hypertrophied foreign service which, instead of being subservient to the economic welfare of the country, constantly menaced Austria's prosperity by conjuring up international conflicts and all that goes with it. Consequently, they argue in Austria's case, great power meant equally great uncertainty and frequent economic crises.

Being a small state, Austria enjoys a privileged position. Instead of being a menace she has become the object of protection of the whole world in general and her neighbors in particular. Austria therefore does not need to keep up an expensive army and an equally expensive foreign service. Moreover, as Austria develops into a more self-sufficient community, her population is given the opportunity to develop, at the same time, those resources of the country, natural and otherwise, which had been neglected under the old régime. The fable about Austria's unfitness to live is no longer told and if told it is no longer believed. The example of Swit-

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zerland is very often quoted as illustrating the contention that no matter how small a country is it can be even more

prosperous than its greater neighbors if it makes adequate use of the resources which are at its disposal.

Favorable Trade Outlook for South American Countries in 1925

By Norman C. Stenning

President Anglo-South American Trust Company of New York, representing the Anglo-South American Bank in the Eastern part of the United States*

THE Argentine Republic during 1924 enjoyed a period of greater prosperity than it has had for a very long time. Probably the best indication of the improved situation is that reflected by the rate of exchange which on December 31, 1923, was quoted at 138.20, and has now improved to around 109.

This rise in the value of the Argentine peso is primarily due to the improved conditions in Europe where, thanks to the more normal situation, a great many Argentine products have found a ready market. This condition has also been enhanced by the failure of the wheat crop in Europe, which synchronised with an unusually abundant crop in the Argentine. According to the

latest figures available, the total of cereal shipments made from the Argentine for the first ten months of 1924 was 10,253,354 metric tons, against 7,571,047 in 1923 and 6,497,079 in 1922 for the same period. The price of wheat June 30, 1924 was \$13.30 (paper per 100 kilos) against \$11 the previous year, while the prices of other cereals were practically unchanged on those two dates. At the middle of November the quotation was \$15.95 for wheat, while corn and oats were \$11.35 and \$9.85 respectively,

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which compared with \$8.35 and \$8.05 on June 30, 1923.

Even more encouraging has been the improvement in the livestock industry of that Republic. The amount of meat exported during the first seven months of 1924 was well above the corresponding amount for the previous year, while the number of cattle slaughtered during the same period was 700,000 more than in the 1923 period. Prices at the stock yards varied from 30 to 33 cents per kilo, live weight, compared with a 25 cent average for the previous period. While the margin of profit to the breeder is still small it is nevertheless a great improvement over the losses he sustained during 1923, and the spending power of the people generally has been affected to a considerable extent.

MARKED INCREASE IN ARGENTINE WEALTH

The Argentine Republic is a country of enormous potential wealth and even with its large tracts of undeveloped land, it has increased in wealth very rapidly during the

last thirty years. The national wealth in 1922 was estimated at \$13,178,000,000 gold as compared with \$2,477,000,000 in 1890. The development is very greatly due to British capital, which has invested enormous sums in the construction of railways, etc.

There was an adverse trade balance in 1923 amounting to \$97,069,000 gold, but figures for the first half of 1924 showed a marked improvement, imports having decreased by \$22,000,000 while export values have increased by \$113,000,000. This at least is one very good reason why exchange should not fall back to any great extent in the near future, although all the factors which are usually taken into account by foreign exchange experts can easily be counteracted by one important loan, whether governmental or otherwise.

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CHILE IN GOOD CONDITION

The improved conditions in commerce in Chile are not reflected by exchange rates, although the latter have improved to a slight extent. The commercial situation, however, is good, and the country seems to have accustomed itself to a low valued peso. The production of nitrate of soda for the twelve months to June 30, 1924, was 2,219,499 tons, against 1,499,621 for the previous year, while the shipments for the same periods remained approximately the same, at 2,100,000 tons. Although Chile exports a large quantity of copper, it is the nitrate business which really represents the national wealth, and so long as the market for this commodity remains good Chile is fairly certain to prosper. With increasing prices of copper, however, the country must be in a much happier position, and the amount exported is increasing steadily. Practically the whole of Chile consists of a range of mountains composed almost entirely of mineral ores of great value. At no point are these mountains a great distance from the sea, and the cost of transportation, even if a railway had to be specially built, would not be heavy.

The budget deficit, which amounted in

1923 to 110,584,189 pesos, was reduced in 1924 to 8,064,161, while for 1925 it is confidently expected to be balanced. Conditions there must therefore be considered as very promising for the future.

UNUSUAL PROSPERITY IN PERU

Peru is another country which has enjoyed unusual prosperity, and its export surplus for the first half of 1924 was some \$15,000,000 which compared with some \$9,000,000 for the first half of 1923. In the second half of 1923 the excess of exports amounted to some \$30,000,000, and although there continues to be a big excess of exports, the value may not be maintained owing to the lower prices of Peru's chief exports—sugar and cotton. This is another country that offers a wide field for development. The mountains are rich with ores of all kinds, while the valleys and plains at varying altitudes can be used for the cultivation of almost everything.

CENTRAL AMERICAN COUNTRIES

Throughout Central America conditions are favorable, thanks to the high prices which have been ruling in the coffee market

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H. Albert de Bary & Co.

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(Fully Paid)

for some time past. At the same time most of these countries for one reason or another have succeeded in placing their exchange more or less at par with the United States, and this also applies to Colombia and Venezuela. While most of those countries have in the past been very dependent on their coffee crop to balance their trade movement with the rest of the world, more attention

will be now focused on other products. Venezuela in particular is fortunate in possessing a very valuable oil field which is fast being developed and promises to be of the greatest value. The prospect generally is therefore distinctly favorable and, given a continuance of stable government, all of these countries should be in for a period of steady development and prosperity.



Review of Countries

GREAT BRITAIN'S TREATY WITH GERMANY

IN December representatives of the British and German Governments, after negotiations in London concluded a commercial treaty between the two countries. The terms of this treaty grant to Britain most-favored-nation treatment and it is understood this was granted on condition that (1) German banks be allowed to establish branches in England; (2) the employment of Germans on an equal footing with other foreigners in British shipping be permitted; (3) that the Reparations Recovery Act, by the terms of which 26 per cent. of the value of German exports to Great Britain is held in England on Reparation account, be repealed. The British acceded to the first two demands and recommended that the Germans, the Agent General for Reparation Payment, and the Transfer Committee draft an arrangement with regard to the third, which arrangement would be favorably considered by the British Government.

GOLD BASIS EXPECTED IN 1925

Early in January the pound sterling reached 4.72%—the highest point in nearly six years and only 14½ cents below parity. With parity thus in sight there is justification for the many optimistic predictions made in the first-of-the-year forecasts for British finance.

Most of these predictions point to restoration of the gold basis during 1925. When it comes it will come as a result, says the *New York Evening Post*, of the "marriage of finance" and this idea is further expressed thus:

When it arrives, something will happen which the average citizen will hear little about, but which will be one of the most important factors in the world today. New York and London will become the Siamese twins of finance. The Federal Reserve Board and the Bank of England will go into invisible partnership.

New York will not change the discount rate without London changing it at the same time, and no great new moves in policy will be undertaken in one city without the advice of the other being asked. New York and London will rule the world's credit, and to do so must rule it simultaneously.

Already this alliance exists and the Federal



THE production of coconuts in Porto Rico for export is still in its infancy the Island ships annually to the United States some 20,000,000 fresh nuts. We finance a large majority of these shipments.

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San Juan Ponce Caguas
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Reserve Board and the Bank of England keep one another intimately informed of their intentions and ideas. But when London is back on a gold standard this cordial relationship will become the most binding kind of marriage.

When gold parity comes there will also end the long controversy regarding this subject which throughout the past year divided British financial opinion into two groups. This controversy still rages—on the one hand there is desire for gold standard and on the other a fear of possible unfavorable developments from too hasty resumption of the gold market.

The London *Economist* sums up the situation in these words:

Is there any likelihood that such an announcement will be made in the near future? We believe that if events move as we have suggested, and are favorable in the new year, British opinion would strongly support the bank and the Treasury in such action as might be necessary. Two years ago the pound sterling—in Lloyd George's phrase—looked the dollar in the face and turned away. There is a very widespread feeling that it is time to put an end to the policy of drift.

Opinion in America is looking in the same direction, and there is no doubt that some form of co-operation could be arranged, or assistance given, in the New York market if it were thought necessary. This attitude is not the outcome of philanthropy. It is dictated by two motives of self-interest. On the one hand, American opinion regards the restoration of the pound as one of the key moves in the stabilization of European conditions, and hence in the restoration of her chief market. On the other, the wisest Americans realize that if the world does not resume the gold standard, the American monetary and banking system will be in danger of being broken down if it is flooded with the whole of the world's gold available as currency. Her power of absorption is not unlimited, and her responsible financiers will be greatly relieved when the golden flood is more evenly distributed.

EMPIRE TRADE PLAN

The economic policy of the new Conservative government was outlined in Parliament

by Premier Baldwin in December. The outline of this policy follows:

With respect to the safeguarding of industries, a bill will be introduced entitling any industry which can prove itself substantial and efficient to general protection against unfair competition due to depreciated currency, longer hours of labor or lower wages.

In regard to imperial preference an imperial economic committee will set up terms of preference and will "consider the possibility of improving methods of preparing for market and marketing within the United Kingdom food products of the overseas parts of the empire with a view to increasing the consumption of such products in the United Kingdom in preference to imports from foreign countries and to promote the interests both of producers and consumers."

It was estimated that it would be possible to allocate the sum of £1,000,000 a year for this object. The first articles to be remitted would be meat and fruit.

Dealing with the Imperial Conference, Premier Baldwin said all the resolutions of the Imperial Conference which involve the reduction of duties would be brought before the House and would be included in the next budget.

As to taxes on food, the Premier said there could never be a complete system of preference as it is understood in America until such a time as the country consented to have taxes on food, by which was meant taxes on food of normal, general and daily consumption. Such taxation today was not practical politics, he said.

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Paid-up Capital	-	-	-	-	Fl. 25,000,000
Reserve Fund	-	-	-	-	Fl. 5,861,700

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France

FRENCH TRADE

FROM the French Bureau of Information in the United States there is issued the following illuminating report of the progress of French trade for the first ten months of 1924:

The external trade of France for the first ten months of 1924 shows a very interesting progress. The imports, for instance, reached 32,500,000,000 francs, as against 28,581,000,000 francs in 1923. The increase for the imports is therefore over 7,000,000,000 francs, or 27 per cent.

The exports for that same period rose to 33,797,000,000 francs as against 24,340,000,000 francs. The increase is therefore 9,457,000,000, or 40 per cent.

It is important to note that in the exports, the manufactured articles represent 20,662,000,000 francs for the first ten months of 1924, as against only 13,113,000,000 francs during the corresponding period of 1923. The increase is therefore 7,549,000,000 francs, or 57½ per cent.

These favorable results are evidently due, to a certain extent, to the general increase of prices, but this increase does not entirely explain them, so that we may consider such results as a new proof of the economic development of the country and of its extensive relations with other nations.

It is, finally, important to mention that the foreign trade balance is favorable up to this day—exports exceeding imports by 1,380,000,000 francs.

Those who have been so pessimistic about France's economic recovery have only to consult the statistics concerning the external trade of France and the collection of taxes. They will understand, from these figures which speak for themselves, that they can be frankly optimistic about France's future prosperity.

EFFORT TO CONTROL BANK NOTES

An interesting legislative effort is being made in France to control the expansion of note circulation. With a view to doing this the French Parliament has passed a bill exempting from stamp duty certain payments made by check or transfer. The avowed purpose of this bill is to increase the use of checks and thereby reduce the note circulation through reducing the neces-

sity for drawing large sums of actual money from banks for ordinary payments.

It is proving very difficult, however, to alter the old habits of the French public, who find the actual bank notes far more practicable than checks for all ordinary payments. The bank statutes have never contained any limitation on the fixed note circulation in its relation to the gold reserve. The legal maximum for outstanding circulation has, however, regularly been fixed by law, but it has always been raised when the requirements of trade necessitated such increase. Thus, on the eve of the war, circulation had reached six billions.

A large proportion of the bank notes was then covered by actual bank reserves, but there was no legal obligation for this. In addition to the 6,000,000,000 pre-war circulation of bank notes there were then circulating five or six billion francs in gold or silver coin, so that the public had the use of eleven or twelve billion francs of monetary tokens for its payments. Since that time prices have increased in France four-fold, and furthermore, credit since the war has been narrower and the habit of paying cash has grown rather than relaxed.

This is why the Paris banking community continues to insist that the present amount of bank notes outstanding instead of constituting inflation of the currency barely corresponds to the pre-war figure if allowance is made for the change in value of the franc and the fact that all gold and silver coin has disappeared from circulation.

Germany

RAILROAD LOAN FROM AMERICA

ONE of the most important special loans secured in the United States and Lon-

TRADE WITH FINLAND

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don for special German industries was the \$15,000,000 credit granted to the German State Railway Company. The New York banks participating in this loan were the Chase Securities Corporation, Speyer & Co., Blair and Co., the Equitable Trust Co., the Bank of the Manhattan Co., and the J. Henry Schroder Banking Corporation. The purpose of the loan is to provide temporary working capital so that the entire German railroad system may be placed on a money-making basis, thereby aiding the carrying out of the Dawes Plan for Reparation payments.

This credit, says the *New York Times* quoting Wall Street rumors, is likely to be followed by a long-term bond issue, but on this subject the American banking group is silent. Speyer & Co. and the London Schroder firm have figured prominently in recent German deals, among their recent purchases being \$10,000,000 of capital stock of the Deutsche Bank, Germany's largest private bank.

The German State Railway Company was organized in accordance with the Dawes Plan to operate the German system under

private management. The system comprises about 38,000 miles of road and is the largest in the world. The equipment consists of 31,000 locomotives, 70,000 passenger cars and 750,000 freight cars, the condition of which is superior to the pre-war condition due to unremitting efforts by the German Government after the war to improve them.

GERMAN-FRENCH IRON NEGOTIATIONS

One of the economic developments, the possibility of which causes disquietude in England, is that of a mentioned consolidation of German and French metal syndicates. There has already occurred an important arrangement in the "heavy industry" of Germany whereby the Rough Steel Combine came into existence. This combine was created to meet the problem of overproduction and functions by limiting production to the demand of the market. The Krupp and the Thyssen groups are two of the six companies forming the combine.

No actual steps have been taken, as far as is known, to form a Franco-German steel syndicate. However on behalf of the eight

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

largest German corporations, Fritz Thyssen has offered in Paris to take annually a fixed quantity of the surplus iron output of France at the prices quoted for French iron at Antwerp. In exchange, however, he stipulated that France must apply her minimum tariff to German steel and iron manufactured goods. Thyssen did not state the quantity of French iron which he would take.

His proposal was made in connection with the pending negotiations for a Franco-German commercial treaty.

Italy

PUBLIC FINANCE IMPROVEMENT

THE financial world has grown familiar with the continued reports of improved public finance in Italy. A recent survey made by Luigi Einandi, a well-known economist, indicates still further progress. Instead of the expected budgetary deficit of 2616 million lire the deficit was only 623 million. The tax yield continues to expand.

The dominant feature of the economic situation of Italy is that the state is no longer the almost exclusive consumer of the public savings. It is paying off old loans instead of floating new ones, and the savings of the Italian people—which were 28,126 millions lire at the end of June 1922, 32,333 millions in June 1923, and 35,000 millions in June 1924—now find employment in agriculture, industry, and trade.

Austria

MOOD OF REACTION TOWARD AUSTRIA

AFTER two years of unbounded optimism regarding Austrian rehabilitation there has followed a mood of reaction. Outside of Austria there is a measure of skepticism and in Austria the question is asked as to whether or not reconstruction is a paper effect.

In view of this changed mood it is interesting to learn the opinion of an Austrian financial expert, Dr. Rudolph Sieghart, as

BANKING BUSINESS WITH BELGIUM

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recently given to the correspondent of the *New York Times*. Dr. Sieghart is president of the Oesterreichische Bodencreditanstalt. This authority said, in part:

"There is no doubt that sentiment abroad toward Austria, formerly so favorable, has changed recently for the worse. These doubts as to the situation in this country originated with the stock exchange crisis, the continual soaring of prices, the increasing number of unemployed and the high discount rate. The all-important question is, are these passing nervous disorders or are they inherent organic defects of our constitution?"

"The stock exchange crisis, now happily over, was the liquidation of the inflation process ending with the survival of the fittest. The big old banks of Vienna, which stuck to their old substantial traditions and far-seeing management, have proved their vitality by emerging unscathed from the crisis.

* * * *

"The burning question of the moment is, 'Will Austria be able to stand on her own legs after the termination of League control?' There is one point on which all parties in Austria agree. The currency must be

kept stable, but post-war experience has taught us that stable currency is impossible as long as the budget continues to show a deficit. Our instinct of self-preservation will prevent a relapse to the old deficit and paper currency system. Our slogan is, 'No more inflation.'

* * * *

"The most important condition of keeping up this improvement is a rational policy of production. But as the high rate of interest shows, Austria is not rich in capital. Her industry must have foreign capital if her resources are to be exploited to the utmost. Not only business credits are wanted but also long-term credits for investment.

"For instance, a large loan for the electrification of Austrian Federal railroads would render Austria independent of expensive coal imports and would give employment to her industries for many years. The same applies to numerous water power plants in the Austrian provinces. Again, our agriculture, which at present supplies only 63 per cent. of home needs, might with the necessary capital be put in a position to satisfy most of the domestic demand with the exception of wheat and corn."

The Punjab National Bank, Ltd.

Established 1896

Head Office: 25, The Mall,

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

Capital (Issued)	Rs. 1,00,00,000
Capital (subscribed)	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.

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

total assets of £420,568,687; capital paid-up £11,976,823; reserve fund £11,976,823 and current, deposit and other accounts £355,774,872. The net profits for the year, after making full provision for all bad and doubtful debts, amounted to £2,424,992, to which has been added the balance of £797,069 brought forward from last account, making a total sum of £3,222,061. This sum has been appropriated as follows:

	£
To interim dividend for the half-year ended June 30, 1924, at the rate of 18 per cent. per annum less income tax, paid July 15, 1924	835,211
To dividend for the half-year ended December 31, 1924, at the rate of 18 per cent. per annum less income tax, payable February 2, 1925.....	835,383
To reserve for future contingencies.....	250,000
To bank promises redemption fund.....	500,000
Balance to be carried forward to next account	801,467
	£3,222,061

The directors of the Midland Bank report that the agreement for a fusion of interests between the Midland and the North of Scotland Bank, Limited, has been satisfactorily concluded and 162,990 shares of the North of Scotland Bank out of a total of 168,000 have been acquired in exchange for 446,388 fully paid shares of the Midland, and a cash payment of £16,510 in settlement of fractions of a Midland Bank share. This operation has resulted in the addition of £1,115,970 to the capital account and £1,115,970 to the reserve fund. H. A. Astbury and A. T. Jackson, formerly assistant general managers, have been appointed joint general managers of the bank. The Right Hon. Reginald McKenna is chairman of the Midland Bank.

©

The directors of Lloyds Bank, Limited, London, announce that, after payment of salaries, pensions, staff bonuses and allowances, other charges and expenses, the annual contribution to the provident and insurance fund, and making full provision for rebate, income tax, corporation profits tax, bad debts and contingencies, the available profit for the year ended December 31, 1924, is £2,468,934. To this has to be added £503,923 brought forward from the previous year, making a total of £2,972,857. Out of this total an interim dividend of 1s. 8d. per share, being at the rate of 16 2/3 per cent. per annum, and amounting, less income tax, to £923,253, was paid for the half year ended June 30 last, £100,000 has been placed

International Banking Notes

The annual statement of Barclays Bank, Limited, London, as of December 31, 1924, shows total assets, with the pound sterling converted at \$5, of \$1,680,887,499 compared with \$1,643,964,118 as of June 30, last; current deposits and other accounts \$1,505,134,125 compared with \$1,478,490,528; cash in hand and with the Bank of England \$299,987,930 compared with \$218,302,682 on June 30; investments of \$314,031,249 compared with \$317,499,776; bills discounted \$166,243,231 compared with \$143,841,455; advances to customers and other accounts \$700,394,882 compared with \$711,692,455 as of June 30. The bank's reserve fund stood unchanged during this period at \$41,250,000. The New York office of Barclays Bank, Limited, is at 60 Wall street. H. Poë Alton is American representative.

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The statement of the Midland Bank, Limited, London, as of December 31, 1924, shows

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

to the staff widows and orphans fund, £250,000 to the staff superannuation fund and £250,000 to bank premises account. After making these appropriations, there is a balance of £1,444,604 remaining, and the directors have decided to recommend to the shareholders at the ensuing general meeting that a dividend at the same rate, amounting less income tax, to £928,253, be paid for the past half year, leaving £516,351 to be carried forward to the profit and loss account for the current year. The available profit for the previous year was £2,047,116, to which was added £498,342 brought forward, making a total of £2,545,458. Out of this £1,841,535 was paid in dividends (at the same rate), £100,000 was placed to the staff widows and orphans fund and £100,000 to the staff superannuation fund, the £500,000 transferred to bank premises account on that occasion being derived from profits on the sale of investments.



The statement of condition of the Westminster Bank, Limited, London, as of December 31, 1924, shows total assets of £308,-

618,815; paid-up capital £9,051,718; reserve fund £9,051,718; current deposit and other accounts, including provision for contingencies £272,832,400. The net profits of the bank for the year, after paying interest to customers and all charges and making provision for bad and doubtful debts, amounted to £2,018,501 which, with £568,480 brought forward from 1923, left available the sum of £2,581,981. This amount was distributed as follows:

	£
To Interim dividend of 10 per cent. (less income tax) paid in August last on the £20 shares (£5 paid up).....	548,001
To Interim dividend of 6½ per cent. (less income tax) paid in August last on the £1 shares	95,941
To a further dividend of 10 per cent. (less income tax), making 20 per cent. for the year on the £20 shares (£5 paid up)	548,001
To a further dividend of 6¼ per cent. on the £1 shares (less income tax) making 12½ per cent. for the year....	95,941
To bank premises account.....	100,000
To rebuilding account	300,000
To contingent fund	200,000
To provident fund	100,000
Balance carried forward	594,095

£2,581,981

The Westminster Bank acquired the business of the Guernsey Commercial Banking

**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

Company, Limited, as from January 1, 1924. As part of the arrangement the shareholders of the latter institution have been allotted 48,000 £1 full paid shares and the paid-up capital of the bank has thereby been increased to £9,051,718. To bring the reserve to an equivalent amount it has been increased by £48,000.

The Ulster Bank, Limited, Belfast, is an affiliated institution with the Westminster Bank and has total assets of £255,509; paid-up capital of £500,000 and reserve fund of £900,000. Walter Leaf is chairman of the Westminster Bank, John Rae is chief general manager and the joint general managers are J. J. Brown, T. W. Ingall, P. H. Mortimer, and W. J. Woolrich. C. M. Parker is New York representative of the Westminster Bank, at 68 William street.

©

Paul Duran, president of the French American Banking Corporation, Cedar and William streets, New York, announces that the bank's surplus has been increased to \$1,000,000. The undivided profits exceed \$500,000, showing average earnings of 8 per cent. since the bank was established at the end of 1919, at which time it had a capital of \$2,000,000 and a surplus of \$500,000 paid up.

©

The statement of condition of the International Acceptance Bank of 52 Cedar

street, New York, as of December 31, 1924, demonstrates that the bank has enjoyed the most successful year of its existence. The balance sheet shows total resources of \$104,200,000 at the end of 1924, compared with \$79,500,000 at the end of 1923, and in that period acceptances outstanding increased from \$32,600,000 in 1923 to \$38,600,000 at the end of 1924. Paul M. Warburg is chairman of the bank and F. Abbot Goodhue is president.

At the annual meeting of the bank, in New York on January 20, George Stuart Patterson, of the firm of George H. McFadden & Bro., of Philadelphia, was elected a director. The senior officers of the bank were re-elected and the following appointments and changes announced: John E. Shea, comptroller; C. B. Hall, assistant vice-president; W. T. Kelly, assistant vice-president; M. W. Williams, auditor; E. A. Carter, assistant secretary; R. W. Proctor, assistant treasurer, and W. T. Sheehan, assistant treasurer.

©

The statement of condition of the National Provincial Bank, Limited, London, as of December 31, 1924, shows total assets of £287,740,024; paid-up capital £9,479,416; reserve fund £9,479,416 and current deposit and other accounts, £254,921,144. Net profits of the bank for the year, after making provision for all bad and doubtful debts, and rebate of discount on current bills, including £933,754 which were forwarded from last

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

account, amounted to £2,907,797. This sum has been appropriated as follows:

	£
To Interim dividend of 8 per cent. subject to deduction of income tax (£170,629. 9s. 9d.) paid in July last...	758,353
To a further dividend of 8 per cent., subject to deduction of income tax (£170,629. 9s. 9d.), making 16 per cent. for the year, payable January 30, 1925	758,353
Transferred to reserve fund in June last	179,416
Transferred to pension fund	100,000
Transferred to bank premises account...	100,000
Transferred to contingencies account.....	911,875
Balance carried forward to 1925.....	£2,907,797

The bank acquired the business of the Guernsey Banking Company, Limited, as of January 1, 1924. During the year 1924 the National Provincial opened eighteen new branches and agencies, increasing the number of offices to 1116. The banking houses of Coutts & Co. and Grindlay & Co., Limited, are affiliated with the National Provincial Bank. Coutts and Co. has total assets of £18,785,490; paid-up capital £800,000 and reserve fund £800,000. Grindlay & Co. has total assets of £2,157,018 and paid-up capital £250,000.

The statement of condition of the Bank of Liverpool & Martins, Limited, London, as of December 31, 1924, shows total assets of £78,924,495; paid-up capital £2,848,890; reserve fund £1,700,000. Net profits of the bank for the year, after payment of current expenses and provision for all bad and doubtful debts, amount to £530,442, to which amount has been added £187,242, balance of profit brought forward from last year, making a total sum available of £6,667,684. This sum has been appropriated as follows:

	£
To reserve fund	100,000
To bank premises account	50,000
To the payment of two half-yearly dividends of 8 per cent. (making 16 per cent. for the year) subject to deduction of income tax	375,822
Balance carried forward to next account	141,862
	£667,684

In addition to the sum of £50,000 allotted to the bank premises account, the sum of £250,000 has been transferred to that account from the investment reserve account. During the year 1924 branches of the Bank of Liverpool & Martins were opened at Blackpool, Blyth, Borough Row (Birken-

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

head), Clubmoor (Liverpool), Harlesden (London), and Hightown (Manchester). Sub-branches of the bank were opened at Bamburgh, Headingly, Hendon (Sunderland), New Eltham and Ripponden. W. R. Glazebrook is chairman of the Bank of Liverpool and Martins and T. Fisher Caldwell is general manager.

©

The Chase National Bank of New York has purchased the banks and banking busi-

ness of the American Foreign Banking Corporation in Havana, Panama and Cristobal. The Chase has also taken over the corporation's deposit banking business in New York. This makes the first time that the Chase National Bank has ever operated branches outside of New York City. Staffs of officers and employees heretofore representing the American Foreign Banking Corporation will have charge of the same offices under the Chase National Bank control.

©



This modern and imposing railway station, located at Helsingfors, Finland, typifies the progressive character of the country and its people

The statement of condition of the Banque Nationale Francaise du Commerce Extérieur, Paris, as of December 31, 1923, shows cash in hand and at bankers, frs. 54,895,525; bills discounted, frs. 66,434,598; bills for collection, frs. 96,332,244; government securities and other investments, frs. 8,082,041; current accounts, frs. 151,895,804; liability of customers on account of acceptances, frs. 133,563,048; forward exchange, frs. 298,959,436; impersonal accounts, frs. 842,706; bank premises, frs. 8,993,717; installation and preliminary expenses, frs. 4,682,456; capital subscribed, frs. 100,000,000; capital paid up,

frs. 50,491,250; special reserves, frs. 25,000,000; reserve fund, frs. 3,305,993; French Government subsidy, frs. 2,820,097; undivided profits, frs. 6,559,278; current accounts, frs. 112,743,958; bills for collection, frs. 71,127,253; bills domiciled, frs. 21,350,670; acceptances for account of customers, frs. 72,879,096; acceptances for bank's own accounts, frs. 60,683,951; forward exchange, frs. 298,959,436; sundry accounts, frs. 93,063,200; impersonal accounts, frs. 5,646,889. Maurice Mercadier, at 2 Rector street, New York, is general representative for North

America of the Banque Nationale Francaise du Commerce Exterieur.

©

The Equitable Eastern Banking Corporation of New York has announced the opening of a new office in Hongkong to supplement the facilities of the Shanghai office in the handling of Far Eastern business. The corporation was organized in 1923 by the Equitable Trust Company of New York to assist exporters and importers in developing their markets in the Orient.



The Humanizing of Banking

By Ralph Parlette

The author of this article is a well known writer and publicist who has been in frequent demand as a speaker before state bank association meetings and other gatherings of financial workers. The following article is taken from one of his popular addresses. Another article by Mr. Parlette will appear in the March number.—THE EDITOR.

THRIFT is becoming popularized and finance democratized. Railroads fill their folders with the facts of rail-roading. Commercial concerns publish the facts of their operation. Heads of business have become orators as well as organizers, and are telling the people the truth.

"What is the most notable development in business today?" I have asked a good many business chiefs of late.

"The humanizing of business," they reply.

Big business and little business are discovering they are a team pulling together, each needing the other. The feudal system in business is dying and the castles are turning into democratic openhouses.

In the dark ages the effort was to build beautiful churches and impregnable castles. Christianity was applied by force. Today the effort is to build beautiful churches and noble business structures. Christianity is applied by intelligent and loving service. The new bank buildings are the pride of the community. The public is welcome everywhere in these buildings, and everybody from president to janitor is glad to answer questions. Fathers bring their children to the banks to start their financial education. Everywhere I wander through the banks

today and find the doors open, the partitions down, and the desks all labeled like the prize pumpkins and blooded stock at the country fair!

The shutters are down from the windows that used to look like the windows of a morgue, and the crowd gathers before these windows, for the exhibits are as interesting as the windows of a department store.

Look at that savings department display: "Have you a dollar? Bring it right in and let us show you how to start a savings account with it and how at compound interest it will amount to \$4,647,325.17 in 367,234 years, nine days and fifteen seconds."

Look in the next window at the display of the commercial and checking department: "Why carry around that dirty, filthy, germly lucre? Why run the risk of being held up? Bring it in and deposit it, and let our polite and heroic experts take all the risk."

And there in the next window the investment department shouts: "Come right in with your savings and we'll show you how to avoid the blue-sky and the bucket-shop. We'll put your savings into gilt-edge securities and turn you from a socialist to a standpatter over night."

But, ah! the trust department can speak for itself. Just read in their window: "Come in and learn about our trust service. We'll make dying such a pleasure you'll be sorry you didn't die long ago. We'll look after everything you leave behind, and reserve you a ringside seat in the Great Beyond,

either asbestos or gold as you desire, and no scalper's fees. We'll carry out all your commands; we'll protect your widow from the wolf, your daughter from the lounge-lizard, your son from the vamp; we'll keep the roof painted and the dog chained."

In all seriousness, you are making the bank a great business school. You are distributing thrift, investment and trust literature that teach the people. The old time advertising was the stiff, defiant card in the home town—"Citizens Bank, Capital \$25,000," or in the city—"Feudal Castle Bank, Capital \$25,000,000." Take it or let it alone! But today the financial advertising is as human and attractive as the department store advertising, and the big financial electric signs compete with those of the theaters.

THE GROWTH OF BANKING

This is the age of banking. Civilization strides forward as money is rightly handled. Thousands who have never before entered a bank, now pass through its portals. Every new patron of a bank, like every new investor in sound securities, is another stable citizen. I go back to that home town in Ohio and discover that the population hasn't grown in twenty-five years. We are like all home towns—we raise crops of cattle and corn and sell them to cities, but we raise our most precious crop and give it to the cities. But let not the farmer complain as the people gravitate toward the cities. He should get out the band and serenade each one who departs to the city; for they'll all go right on eating, and what the farmer wants is fewer farmers to compete and more people to eat.

But what I started to say is that while our population down there hasn't increased at all, our banking has more than doubled. Instead of the old Citizens Bank, now there are two banks, serving the same population, each bank with more resources and housed in a finer building than the Citizens Bank ever dreamed of. That shows how the people are forsaking the hole-in-the-wall banks, the under-the-carpet banks, the old-sock banks, for the modern steel, burglar-proof banks. I am told that even the most famous and ancient bank in the world—the Feminine First National Bank—is on its last legs!

All this the result of the why-ing way of doing business. It is the frank, square-deal, Golden Rule way. There is a fine gold of human service that enriches both parties to

the deal and puts the real value into the gold of the dollars that pass.

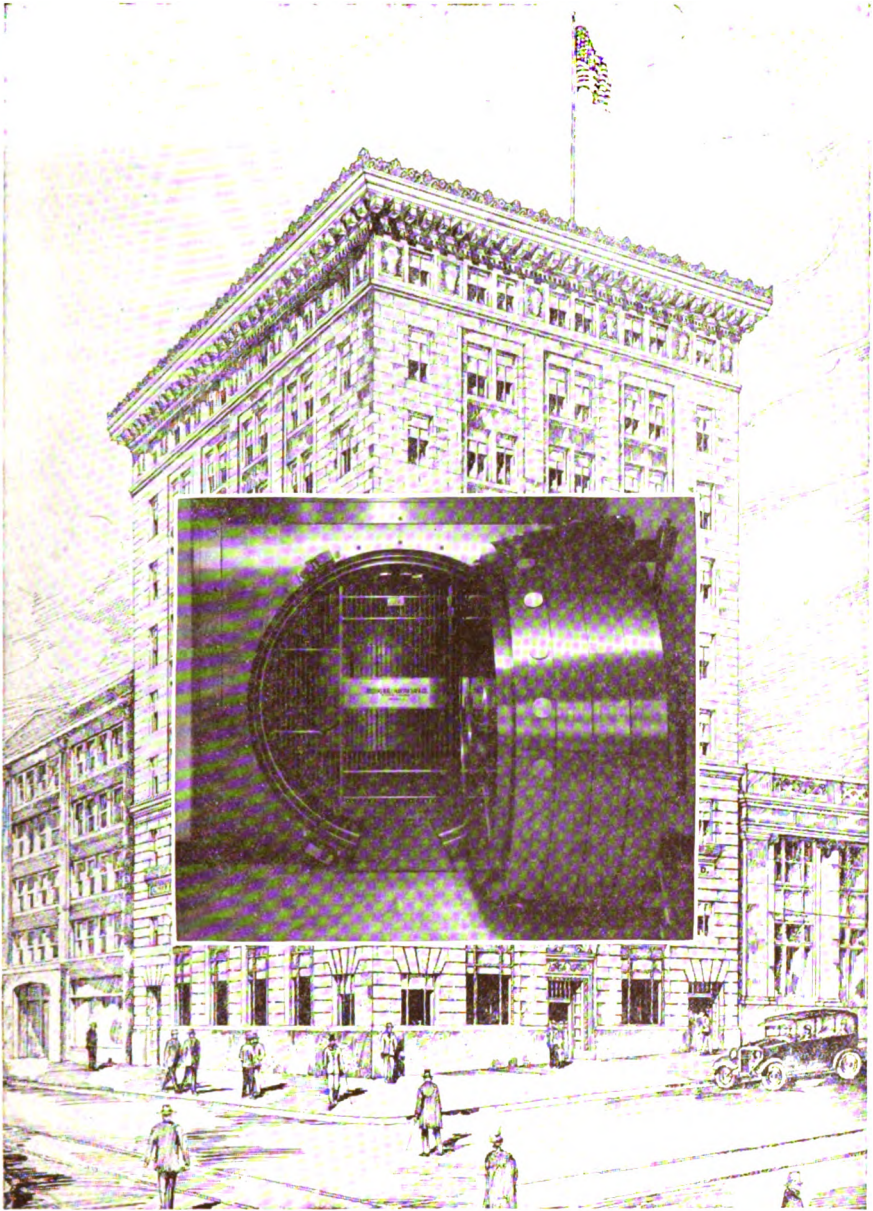
HOW TO SAY "NO!"

There is an arrogant way of serving that degrades, and a loving way that exalts. There is a way of saying, "No!" that stirs up war. There is a way of saying, "I am sorry the rules do not permit," that develops confidence and friendship. There is a way of saying, "No," so regretfully, apologetically and intelligently that the applicant feels complimented and educated while being turned down.

A brilliant young man at the head of the new business department of a city bank told me that often people offer him their business if his bank will grant them accommodations that other banks will not. He said he wished he knew how to say, "No," to them and still hold their interest at least. Perhaps every person must be handled in the way to fit him, like his coat must be tailored to his particular back; but the stuff in the handling will only wear when it is as honest as the stuff in the cloth put on his back. No shoddy will ever last.

When pupils in school learning addition and subtraction ask their teacher, "Won't you teach us square root?" he doesn't hand them any hocus-pocus about, "Since the war the world isn't on the square, and owing to the athletic season, all the rooting is needed for the grand-stand; and, therefore, it will be impossible for me to teach you square root." That isn't any more fantastic than some of the stuff fed me in my early business days and called "business talk." The teacher says, "Boys, just as soon as you learn the things leading up to it, I'll be happy to teach you square root."

And so when an applicant wants the bank to do something for him that isn't permissible according to the Golden Rule of square deal to both sides, isn't it wise to give him an intelligent explanation up to the limit of his understanding? Isn't it wise to ask him to change places with the bank and, knowing his own resources, and knowing that the money the bank handles is other people's money that must be returned exactly when promised, and with interest, then figure for himself what accommodation he is entitled to? Isn't it wise to correct the popular delusion that the bank is heartless and only out for its pound of flesh? Isn't the bank the financial schoolmaster in every community?



New building of the United States Mortgage Bond Co., Detroit, Mich., designed by Harry S. Angell, Architect of Detroit. All vault work was installed by

Herring-Hall-Marvin Safe Co.

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Principal Offices: New York, Boston, Chicago, San Francisco, Birmingham, Pittsburgh

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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.



New Home of the Head Office, Italian Savings Bank, New York

THIS building, situated at the corner of Spring and Lafayette streets (Cleveland Place) is one of New York's newest and most modern bank and office building structures. The bank will occupy the main floor, mezzanine and basement. It was erected and equipped under the supervision of the office of

C. P. H. GILBERT

ARCHITECT

Specialist in Bank Architecture

METROPOLITAN TOWER—MADISON SQUARE—NEW YORK

Do Savings Banks Promote Thrift?

[Reprinted from the Bulletin of the New York State Savings Banks Association.]

“DO Savings Banks Promote Thrift?” is the searching question asked by O. R. Johnson, a writer in the November, 1924, issue of “The Bankers Magazine.” The negative answer given does not seem altogether fair to savings banks in New York State in view of the comparative figures for this state, although the relative growth shown should prevent any progressive savings banker from resting on his oars, and should give pause to those who have continued to transact the business of receiving and repaying the deposits of those who come to them, without aggressive action on the bank’s part to extend its influence and usefulness.

“Should savings banks promote thrift?” is a question which was answered in the affirmative in their very origin. They were created to promote thrift. The question of whether savings banks *do* promote thrift is answered by Mr. Johnson, in the article cited, by comparing results with the growth of life insurance companies and savings and loan associations, institutions whose functions as promoters of thrift are similar.

First, however, Mr. Johnson cites the fact that the per capita circulation of money in 1914 was \$17.89 which increased to \$35.52, 98.4 per cent., in 1923. Meanwhile savings deposits in savings banks in the United States increased from \$4,933,865,357 in 1914 to \$7,897,909,000 in 1923, a growth of 60 per cent. In New York State, however, the increase in deposits was from \$1,724,607,279, January 1, 1914, to \$3,144,093,887 on January 1, 1924, or 82.3 per cent.

A more significant comparison with the percentage of increase in per capita circulation of money, however, is one which is not noted by Mr. Johnson. It is found in the volume of new money deposited in the savings banks (exclusive of dividends credited) which during the year 1914 totaled \$410,275,689 in New York State, while in 1923 the total amount deposited (exclusive of dividends) was \$1,121,293,080, an amount 173 per cent. greater than the 1914 figure. Meanwhile, according to a report of the National Industrial Conference Board, the wage average has increased 100 per cent. during the last ten years, and the average cost of living has made a net advance of about 60 per cent.

Mr. Johnson accounts almost wholly for

the growth of deposits in these ten years on the basis of interest credits alone. This is, however, not true in New York State. Here, if the \$1,724,607,279 on deposit in 1914 had been left undisturbed until the end of 1923, it would have amounted to approximately \$2,562,275,000 at that time. This means that \$581,500,000 has found its way to the savings banks and stayed there in these ten years.

While these figures certainly do not indicate that the savings banks lost ground during these ten years it must be admitted that the savings banks have only made a beginning in promoting thrift. Mr. Johnson gives no consideration to the change in attitude which has come about, or rather is coming about, among the savings banks in very recent years.

While by no means universal, this hopeful change and its attendant results are increasingly evident. “In those days it was too easy to run a savings bank” as Charles A. Miller of Utica, speaking at the national conference on “The Mission of the Savings Bank,” pointed out. “It seemed to us, then, that this success and this well being and accumulation of funds, was due to our wisdom and due to the greatness of our intellect, and it seems to me now, as no doubt it seems to you, that there was a period during which we suffered from ingrowing self-satisfaction. That began to correct itself, not pleasantly, when we came upon the storm and stress period which began with the Northern Securities Panic of 1903 and has continued more or less to the present time. We ran upon the period of acute competition when our discount and trust company friends discovered that though the individual deposits of the provident poor might be very small, when gathered together, representing the savings of millions of people, in the aggregate it was a tremendous amount. And we began to find that we were confronted with problems which our predecessors never dreamed of and we began to wonder whether we were the wise and successful people that we had thought and whether the savings bank system, operated purely by law, automatically, without the use of gray matter, could succeed. Fortunately, this experience led to the use of gray matter. Fortunately we were no longer stifled by our own well being, but self-preservation made us get out into the field

of action and seek to become bankers as well as savings bankers."

Mr. Johnson's comparisons with other thrift agencies of the country are based on national figures and are cited as further evidence for his contention that savings banks have fallen down in thrift promotion. Similar figures have been compiled by this office for New York State and are given herewith in comparison with Mr. Johnson's records of savings and loan associations and life insurance companies:

Year	Savings bank deposits (N. Y. rate)	Savings and loan ass'n. deposits	Total life insurance in force
1914	\$1,771,500,958	\$1,137,600,648	\$21,589,172,373
1915	1,819,206,937	1,357,707,900	22,776,754,584
1916	1,953,663,728	1,484,205,875	24,679,312,325
1917	1,986,556,349	1,598,628,136	27,189,009,697
1918	2,042,011,104	1,769,142,175	29,870,309,934
1919	2,267,395,799	1,898,344,346	35,880,126,583
1920	2,532,652,511	2,126,620,390	42,281,390,527
1921	2,696,104,131	2,519,914,971	45,983,400,333
1922	2,892,469,030	2,890,764,621	50,290,710,000
1923	3,144,093,887	3,342,530,953	56,903,839,357

The following table shows the same on a percentage basis to make them directly comparable. The rate of growth as we have figured it for New York State is included. The year 1914 was taken as a base and called 100 per cent.:

Year	N. Y. State	U. S.	Savings and loan ass'n's relative growth in deposits	Life insurance relative growth of total in force
1914	100	100	100	100
1915	103	101	119	105
1916	110	103	130	115
1917	113	110	140	127
1918	115	111	155	139
1919	128	120	167	167
1920	132	132	187	191
1921	153	122	220	213
1922	163	146	254	233
1923	178	160	294	262

These are interesting figures. Mr. Johnson takes no account of the fact that during this period a tremendous volume of money which would ordinarily have been deposited in savings banks went to buy Liberty bonds and Treasury savings certificates. Neither does he take into account two significant results of the Liberty loan campaigns. First, a new army of *investors* was created from the ranks of savings bank depositors, and second, it was this experience which demonstrated to commercial banks the possibilities in the small savings of many people.

Mr. Johnson believes, however, that certain broad differences in plans and methods of operation are responsible for the varying rates of growth of the classes of institutions between which he makes comparisons. In

the first place, both life insurance companies and savings and loan associations have set a goal or objective, and furthermore each has a definite, agreed-upon schedule of payments. He also points out that the payment of these instalments can be made, for the most part, by mail, which involves considerably less effort than going personally to the bank to make a deposit. This latter, however, applies to savings banks as well, practically all of which do extensive banking by mail. The first two points are well

worth considering. "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," says Mr. Johnson.

The requirements of setting an attractive goal, telling the depositor when, and how much to deposit, and providing for the easy collection of money, 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."

Referring to the growth of life insurance, Mr. Johnson states: "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 which could not fail

to have a profound influence upon the development of the business. . . . 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 fundamentally depositories for and not collectors of, money. . . . This passive acceptance of money for deposits 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. . . . It seems 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." True, but we believe they are increasingly

adapting themselves to the needs and requirements of the public.

"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." As a matter of fact, most of this decrease took place among the stock savings banks, for there were 623 mutual savings banks in the country in 1914 and in 1923 there were 618. Meanwhile, in New York State the number of mutual savings banks increased from 140 in 1914 to 147 in 1924 and there are today thirteen mutual savings bank branches in the state.

The article is worth reading in full.



Popularizing Bankruptcies

By J. H. Tregoe

Executive Manager National Association of Credit Men

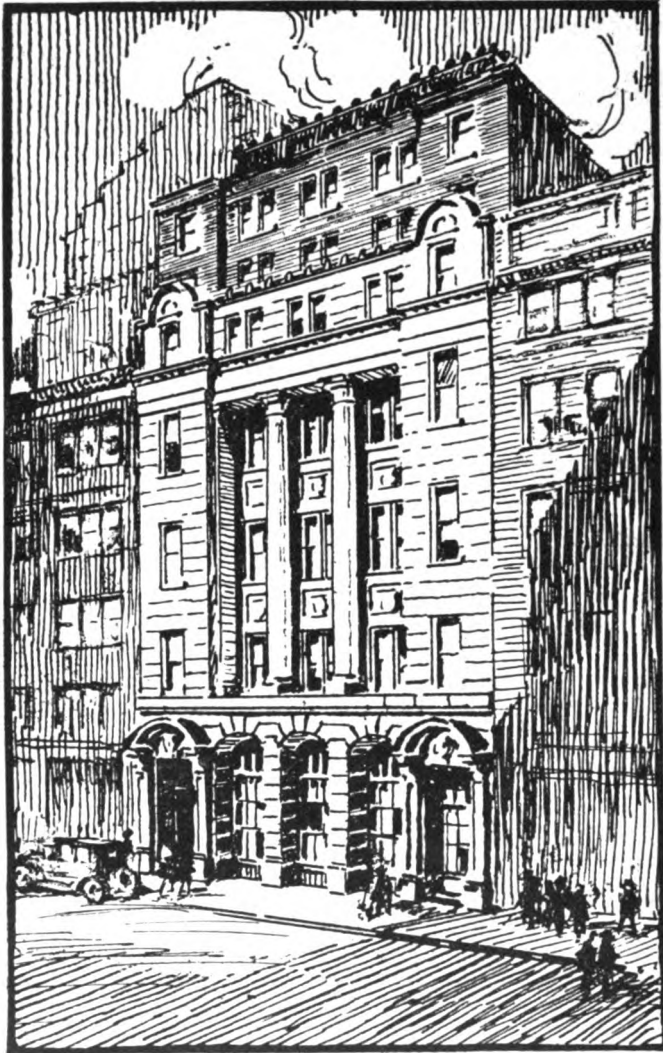
TO the man of spirit and conscience, nothing is more difficult to forget than the inability at any time to pay his debts. Preserve us from encouraging anything that would change this attitude and lead men to regard lightly defaults in payment of their debts up to the last farthing! It matters not whether the circumstances were entirely beyond the control of the debtor. The mere fact that he could not pay should be with him a burning subject, looked upon with keen regret.

I have feared, from recent observations, that we were drifting into a situation that would popularize bankruptcies. Think how damaging it would be to the credit business of the country if a debtor could pass through bankruptcy and if the passage were looked upon as merely a light adventure! Bankruptcy should carry a stigma, no matter what the circumstances. If these were uncontrollable and the debtor acted in good faith to his creditors, recovery will be likely to come in due time; but even

with recovery the bankruptcy operation should be regarded as a most unfortunate event.

If the debtors after passing through bankruptcy can resume business immediately or within a short time and buy goods again on credit, without making a show of clean hands, then bankruptcy will be popularized and business will pay a huge penalty for its unwise attitude. The amount of money is incalculable that is annually *sacrificed on the altar of mere volume*, where the greed for sales has overcome prudence in credits. The notoriety given such instances is encouraging unfair bankruptcies; and wherever such cases occur the creditors have only themselves to blame.

Sacrificing principles to sales has immoral effects on business. Nothing, I may say, exacts a heavier penalty than laxities on the part of those who will profit and be made better men by strict methods.



**New building of the International Acceptance Bank, Inc.,
at 52 Cedar street, New York**



Main entrance to the new building of the International Acceptance Bank, Inc.

International Acceptance Bank in New Quarters

ON December 22, 1924, the International Acceptance Bank, Inc., New York, announced the removal of its offices from 31 Pine street to its new quarters at 52 Cedar street. The bank, in its fourth year of operation, is now installed in an eight-story building of its own, arranged and equipped to take care of its rapidly growing needs.

It will be recalled that this institution was established in April 1921, for the primary purpose of furthering the use of dollar

credits in the financing of foreign trade, and to establish facilities for the transaction of all types of international banking business of a commercial nature. Instead of working abroad through branches of its own, it was decided to co-operate with stockholding correspondent banks located in the important foreign countries, thereby having the invaluable advantage of expert advice in regard to proposed credit propositions in the various countries. The remarkable success and growth of the bank in its brief career



Chairman's room



Another view of the chairman's room



Foyer hall on the main banking floor

have proved beyond doubt that these general principles underlying its foundation were essentially sound.

The annual statement as of December 31, 1924, shows total resources of \$104,200,000, an increase of about 30 per cent. over the previous year. This growth has been principally in acceptances and letters of credit outstanding, which increased by \$7,500,000, to \$46,800,000; and in current accounts, which increased by \$16,300,000, to \$44,400,000. It is interesting to note that the undivided profits account, which showed \$969,500 at the end of 1922 (the bank's first full year of operation), and \$1,632,000 in 1923, was up to \$2,575,000 at the close of 1924.

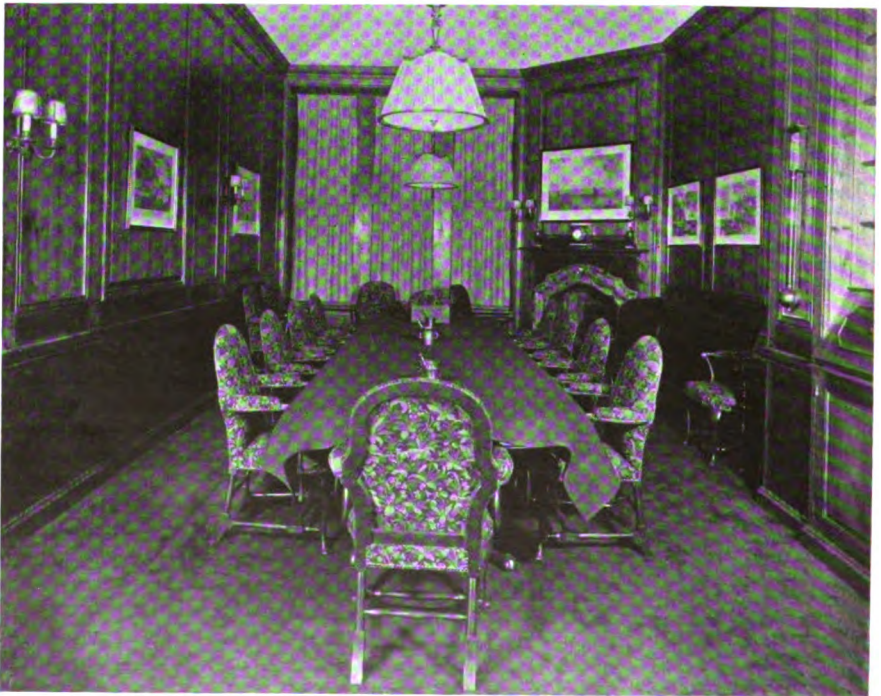
During the past year the International

Acceptance Bank, Inc., has played an important part in the large syndicate credits arranged to assist European industry during the period of acute money shortage abroad. The outstanding transaction of this type was the rediscount credit of \$5,000,000, later enlarged to \$25,000,000, which was opened for the German Gold Discount Bank. Another interesting development was the organization of the American and Continental Corporation, in which the bank took a prominent part along with a number of other American and European banks and banking houses. This company was constituted for the purpose of supplying short-term working capital to European industries.

At the annual meeting of the bank's stock-



Office of the president



Board room



Officers' platform and main banking floor

holders on January 20, George S. Patterson, of Geo. H. McFadden & Bro., Phila., was elected a director.

The senior officers of the bank were re-elected and the following promotions were announced: John E. Shea, comptroller; C. B. Hall, assistant vice-president; W. T. Kelly, assistant vice-president; E. A. Carter, assistant secretary; R. W. Proctor, assistant treasurer; W. T. Sheehan, assistant treasurer, and M. W. Williams auditor.

The chairman of the board, Paul M. Warburg, made the following comments on the international situation:

"We feel justified in hoping that in 1925 a solid structure may rapidly spring up from the foundation carefully laid by the Dawes Plan in the year just closed, for, just as inflation and economic disintegration spread over Europe like a contagious disease, so we may expect the healing process to spread gradually from one country to another. From this point of view, Austria's, Germany's, and Hungary's accomplished stabilization means more than the re-establishment of social and economic order in these three countries. It means that the era of wildly fluctuating exchanges is approaching its end and that soon we may

hope to see King Gold bringing once more under his control the printing presses that had threatened to drown Europe in a flood of paper currency. The battle in this regard was actually won when Austria, Germany and Hungary were once more placed on a gold basis; for it seems now only to be a matter of time before we may see the pound sterling placed on a basis of free convertibility into gold, with other countries following suit, and France, Belgium and Italy determining the new levels on which to stabilize their respective exchanges. It is realized by all that this will not be an easy matter, and that such steps will require courage and a willingness to accept the necessary sacrifices. However, the Austrian and German experiences in this regard have not only pointed the way, but have also taught the lesson that the results warrant whatever temporary hardships may be involved.

"It is likely that in the process of re-distributing our excess holdings of gold, which would be entailed in a general return to unrestricted gold standards by other countries, the Federal Reserve System would find a new opportunity of demonstrating its



Committee room



Foreign exchange traders' room

worth. It rendered a service of the highest order when it showed itself capable of procuring the billions of additional currency which, during the war, circumstances imperatively required. It made a contribution of similar importance when it proved its power gradually to contract its note issue and to absorb an unparalleled influx of gold without permitting it to plunge us into a period of acute inflation. It may now have occasion to render another service of the highest type by permitting the outflow of a vast amount of gold without thereby exposing us to the concomitant of a period of acute contraction."

In his report to the directors, F. Abbot Goodhue, president, called particular attention to the great assistance received by the bank from its stockholding and associated friends and institutions abroad, whose advice and co-operation enabled it to proceed with confidence in granting foreign commercial credits at a time when conditions were particularly hazardous. "The gratifying progress the bank has made during its comparatively short existence," Mr. Goodhue

remarked, "may be attributed in a great measure to the valuable co-operation of its intimate friends abroad."

The steady growth of the International Acceptance Bank, Inc., during its three years of operation, since opening in April 1921, is ample evidence that the fundamental ideas underlying its foundation were

essentially sound and that the bank's policy of always having the risks involved in its credit transactions widely distributed, both as to commodities and countries, was fully justified.

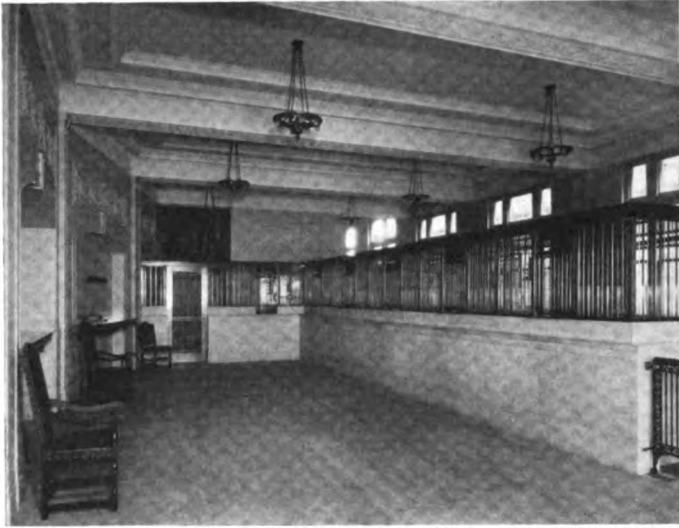
The condensed statement of the International Acceptance Bank as of December 31, 1924 follows:

RESOURCES	
Stockholders uncalled liability	\$5,000,000.00
Cash and due from banks	\$ 7,582,067.36
Acceptances and call loans secured by acceptances	9,902,526.96
U. S. Government securities	15,132,074.50
Other securities and advances	26,219,056.15
Customers' liability a/c acceptances and letters of credit	45,391,373.98
	\$104,227,098.95

LIABILITIES	
Subscribed capital and surplus	\$15,250,000.00
Capital and surplus paid in	\$ 10,250,000.00
Undivided profits	2,575,279.48
Due to banks and customers	44,460,169.14
Acceptances and letters of credit outstanding	46,796,688.80
Reserve for taxes, etc.	144,961.53
	\$104,227,098.95



Entrance to the vault



THE interior of the new building of the National Mount Wollaston Bank, Quincy, Mass., is carried out in marble with bronze counter screens. The door at the left in the rear leads to the directors' room on the next floor.

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 Stock Exchange

Article XXII 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 XXII

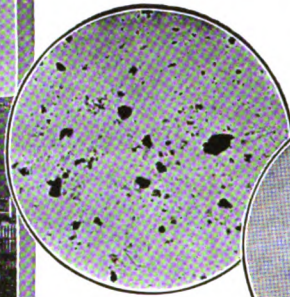
- I. Principal stock exchanges of the world:
 1. In the United States and Canada.
 - a. New York Stock Exchange.
 - b. New York Curb Market.
 - c. New York Consolidated Stock Exchange.
 - d. Chicago Stock Exchange.
 - e. Philadelphia Stock Exchange.
 - f. Boston Stock Exchange.
 - g. Boston Curb Market.
 - h. Pittsburgh Stock Exchange.
 - i. Baltimore Stock Exchange.
 - j. Detroit Stock Exchange.
 - k. St. Louis Stock Exchange.
 - l. Cleveland Stock Exchange.
 - m. Montreal Stock Exchange.
 - n. Toronto Stock Exchange.
 2. In Europe.
 - a. London Stock Exchange.
 - b. Paris Bourse.
 - c. Berlin Boerse.
 - d. Vienna Boerse.
 - e. Amsterdam Boerse.
 - f. Madrid Boerse.
- II. Functions of a stock exchange:
 1. To provide a market for bonds and stocks.
 2. To establish values for securities which are always available.
 3. To bring actual and quoted values into coincidence.
 4. To serve as a forecaster of business conditions.
 5. To aid in the distribution of capital issues.
- III. Kinds of stock exchange members:
 1. Non-trader members.
 2. Commission house brokers.
 3. Floor traders (professional speculators).
 4. "Two-dollar" brokers.
 5. Specialists.
- IV. Methods of trading:
 1. For cash.
 2. Regular way.
 3. At three days.
 4. Buyers' and sellers' options.
- V. Qualifications for listing:
 1. Issue must be large.
 2. Issuing company must be "seasoned."
 3. Issuing company must release financial information.

A STOCK exchange is an organized market for facilitating trading in stocks and bonds. The growth of capital issues in all important commercial countries has been enormous in the last fifty years, and many of the larger cities of the United States as well as in other countries have found it necessary to organize such exchanges, the functions of which are: (1) to provide for the purchase and sale of securities, making it possible to buy stocks and bonds after they have been originally offered and to sell them after they have been once acquired, (2) to pro-

vide information upon which intelligent tests for judging the merits of securities may be made, (3) to establish daily actual values which are in harmony with present conditions (serving as a guide to collateral values, investment values, and to offering and bid prices by speculators), (4) to furnish a barometer of business conditions by anticipating business events several months ahead (since quoted prices represent the composite judgment of the entire business world), and (5) to aid in the distribution of capital issues.

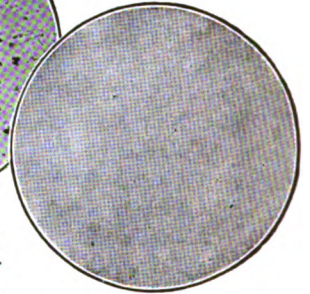
Stock exchanges are a part of the ma-

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chinery of banking and credit. They come into contact with investment banking by listing (if eligibility tests are satisfied) securities originally sold through investment banking channels, thereby providing a continuous market for such issues. Exchanges are related to commercial banking because commercial banks are the main reliance of stock exchange brokers' loans, stock and bond collateral being offered as security. They are connected with the credit system since they are the means of endowing millions of dollars of securities with collateral value—both for short-term and long-term loans.

Exchanges may be incorporated, or voluntary associations. In America, the stock exchanges are voluntary associations. Each exchange has its own list of securities, but such list may overlap with that of others. A few listings are international. The principal exchanges in the United States, Canada, and in Europe, are enumerated in the outline.

NEW YORK STOCK EXCHANGE

The New York Stock Exchange is an unincorporated association without capital, and was founded in 1817. It is the most important stock exchange in the United States, if not the most important in the world. Membership, of which there are five classes as mentioned in the outline, is limited to 1100.

The most important class of members is commission house brokers who maintain organizations to execute buying and selling orders for their customers. Of the total membership, about 400 are commission house firms, most of which have non-member partners. Many commission houses maintain branch offices and "wire correspondents" scattered throughout the United States and Canada, and a few have offices in London, Paris and Berlin. Memberships belong only to individuals and not to firms or corporations. Banks are therefore excluded. Large brokerage firms and investment bankers are usually partnerships, and when one member of the house is a member of the stock exchange the firm is permitted to style itself as "Members of the New York Stock Exchange."

The privileges of membership consist of the right to trade on the floor of the exchange for one's own account without commission, or for the account of others with a commission, or for another member at

members' rates. Those who trade exclusively for their own account, not accepting orders from customers, are known as floor traders. These traders are professional speculators, and by their close contact with the market and their knowledge of its technical position, they are able to take advantage of the slightest change in prices. If the floor trader confines his trading to a single stock or group of stocks, he is known as a specialist. These members become expert in the knowledge of the asset and earnings position of the stocks in which they are interested—as well as in their technical position.

Certain members have neither commission house affiliations nor do they trade for their own account, but confine themselves to the execution of orders for commission house brokers at members' rates. This rate is \$2 per 100 shares, and for this reason they are called "two-dollar brokers." Many stock exchange members maintaining commission houses with branches have so many accounts and orders that they cannot execute them all and still give quick service to their customers.

The reduced commission (members' rates) is possible because the "two-dollar" broker does not maintain an office and has no overhead costs. It represents net profit, while the commission of a broker who does a customers' business is subject to operating charges. There are also a number of members who are not brokers or traders, but who retain their seats merely for social and business prestige.

The exchange is governed by a president, vice-president, treasurer, secretary, chairman and assistant chairman, acting under a constitution of 38 articles, by-laws and rules. The governing committee consists of the president and treasurer, and forty members elected for 4-year periods, ten of whom are retired annually. There are thirteen standing committees, each of which is a supreme and final authority on all matters within its jurisdiction, as follows: Arrangements, admissions, arbitration, business conduct, clearing house, commissions, constitution, finance, insolvencies, law, securities, quotations, and stock list.

LISTED SECURITIES

Not all securities can be bought and sold on a stock exchange. Each stock exchange has certain rules which must be complied with before a security is admitted to trading, and usually a stock exchange is as ex-



The proposed building for the First National Bank of Tampa, Fla.

THE proposed new home of the First National Bank of Tampa, Fla., is to be constructed of limestone for the first three stories, the remaining stories to be in tapestry brick of variegated colors, and glazed terra cotta.

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clusive in admitting securities as it is members. At the present time, there are more bond issues listed on the New York Stock Exchange than stock issues, and the par value of these securities is in the neighborhood of \$40,000,000,000.

Securities are listed on the New York Stock Exchange by application to the stock list committee, the decisions of which are subject to review by the board of governors. There are three important tests for admission of securities. In the first place, the corporation seeking to list its securities must be established or "seasoned," i. e., must have been in operation over a sufficiently long period to have demonstrated its essential character, its earning capacity, and the moral integrity and capacity of its officers of administration. The New York Stock Exchange is not a trying out place for new and untested securities.

Secondly, the corporation's records and reports bearing upon its financial condition and earning power must be made public for the benefit of investors and speculators. Corporations whose stocks or bonds are listed are required to publish their balance sheets, earnings statements, announcements of directors' and dividend meetings, and opening and closing of transfer books, and it is recommended that they make available to the public any additional information which might serve as a basis for the formulation of an intelligent opinion as to the value of a security, e. g., unfilled orders, new contracts, new financing plans, etc.

Thirdly, the issue must be sufficiently large, widely held and traded in to attract attention. No small or inconspicuous corporation, or one whose stock is closely held by a relatively few individuals would be successful in having its stock admitted.

Certain erroneous impressions are held with regard to the listing of securities. Listing is no guaranty of the worth of a security; for example, that its price represents actual asset value, or that the dividend is safe. Nor does it mean that bonds will certainly be paid at maturity, or that interest will not be defaulted. The stock exchange assumes no responsibility and affords no guaranty of value.

The advantages of listing, however, are incalculable. The requirement of the publication of reports of financial condition and of earnings increases publicity and therefore permits an accurate estimation of equities in earnings and assets, and of business conditions, thereby leading to a basis for

judging capital values. It prevents the declaration of secret dividends, since notice must be given for all dividend payments, new stock issues, etc. It also prevents forgeries and over-issue of stock. The stock exchange does guarantee the physical genuineness of the securities traded in and forces machinery upon corporations to prevent frauds in false certificates and over-issues. Thus, certificates must be engraved on a tested kind of safety paper approved by the exchange, and each corporation must maintain a separate agent who is responsible for transfers, and a registrar who is responsible for over-issue.

Finally, listing increases the marketability and collateral value of securities, making it easier to sell them or borrow on them. It is only listed securities that are usually acceptable as stock exchange collateral.

KINDS OF SECURITY BUYERS

From an economic standpoint, security buyers can be classified as investors, professional speculators, and amateur speculators (public). Investors buy high-grade securities for income usually for cash, while speculators are primarily interested in profits derived from the appreciation of capital value, and normally buy on a margin.

From the standpoint of brokerage operations, it is the method of financing security purchases that determines the classes of buyers, as follows:

1. Buyers outright for cash and immediate delivery.
2. Buyers on margin without delivery.
3. Buyers on partial payment plan with delivery upon payment of final instalment.

The purchase of investments for cash and immediate delivery is a simple operation and requires no special explanation, but margin buying and partial payment purchases involve important points in law and brokerage practice.

MARGIN BUYING

The great majority of stocks is speculative in character. Since stocks do not serve as desirable mediums for pure investors, they must be bought and held by professional speculators or by the general public who are consciously or unconsciously acting in a speculative rôle. A large proportion of persons who own listed stocks never intend to hold these securities permanently, but hope to dispose of them on favorable market

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1. For cash or outright purchase.
2. Regular way.
3. At three days.
4. Buyers' and sellers' options.

When securities are bought for cash, the seller must deliver them to the buyer and payment be made by cash or certified check on the day of the transaction. If the stock is to be transferred in the customer's name, the certificate or certificates are taken to the transfer agent's office and a new one is issued in its place.

When securities are bought in the regular way—the way in which by far the majority of contracts is arranged—delivery by the seller and payment by the buyer must take place before 2:15 p. m. on the next business day following the trade.

When securities are purchased at three days, delivery and payment are deferred till the third business day from the date of the trade. For example, if the trade occurs on Monday, settlement is made on Wednesday.

When securities are bought or sold on options, the period specified may be not less than four nor more than sixty days. Within this period the buyer in a buyer's option has a right to demand delivery of a certain number of shares at a stipulated price, should he so desire. Buyers' and sellers' option contracts must be written.

QUOTATIONS AND TICKER SERVICE

Stock quotations show the current market values or prices at which sales are being made. These quotations are of incalculable importance to the business world, as is demonstrated by the space given to them by the daily newspapers. They furnish the basis by which the owners of these securities determine their realizable value, by which speculators and investors make their commitments, and by which banks judge their collateral value.

The New York Stock Exchange reports all quotations, i. e., actual selling prices, and bid and asked quotations at the close of each market session, but does not guarantee them. Non-official quotation sheets are published daily by a private concern. The means of transmitting stock and bond quotations as and when they are made is through the "ticker." This is an electrically operated telegraphic typewriter by which quotations are sent direct from the stock exchange board room to great distances. The instrument, which is the most important item of equipment in every broker's office, prints

opportunities. Such listed stocks as are not held as permanent investments and stored away in safe-deposit boxes, are held by speculators on margin and constitute what is known as the "floating supply."

In margin buying the speculator furnishes only a part of the funds necessary to purchase stock, called the margin, the broker furnishing the balance. The broker obtains funds for carrying margin accounts from commercial banks by hypothecating the securities which he has bought for his customers. Since the broker retains the stocks which he purchases on margin as security for the customer's debit balance, and the speculator seldom intends to purchase them outright, he never actually sees the securities in which he trades.

METHODS OF TRADING

There are four methods of trading, giving rise to the following four kinds of contract terms:

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Bank Vault Reinforcement was proved to be the most efficient as well as economical in these tests. Since then seven Federal Reserve Banks and more than two hundred others of every type and size in every part of the United States have adopted it. It is the only reinforcement that can be erected in exact duplication of the test walls and at a reasonable cost.

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quotations on a narrow paper ribbon which unwinds from a roll, and is familiarly known as tape.

Ticker service is not confined to members of the exchange. The service may be purchased by outsiders as well. The New York Stock Exchange owns and manages the New York Quotation Company, which reports quotations to member brokers in the Wall Street district. The Gold & Stock Company, a subsidiary of the Western Union Telegraph Company, receives quotations from the New York Stock Exchange and transmits them by means of this instrument throughout the United States and Canada, to anybody who may subscribe for the service. A large sum is paid for this concession.

READING ASSIGNMENT

S. S. Pratt: *The Work of Wall Street*, Chap. 5, 10, 11. (Explanation of the stock exchange.)

A. W. Atwood: *The Exchanges and speculation*, Chap. 8, 9. (New York Stock Exchange and Curb Market.)

H. G. Moulton: *Financial Organization of*

Society, Chap. 16. (Stock exchanges in relation to raising capital.)

D. F. Jordan: *Investments*, Chap. 20. (Reading the Financial Page.)

SUPPLEMENTARY READING

(For those who wish to undertake a more thorough study of the subject.)

S. S. Pratt: *The Work of Wall Street*.

J. E. Meeker: *The Work of the Stock Exchange*.

S. S. Huebner: *The Stock Exchange*.

W. C. Van Antwerp: *The Stock Exchange from Within*.

W. J. Greenwood: *American and Foreign Stock Exchange Practice, Stock and Bond Trading, and the Business Corporation Laws of all Nations*.

S. A. Nelson: *Consolidated Stock Exchange of New York*.

QUESTIONS

1. Name five functions of a stock exchange.

2. Explain how stock exchanges aid in the distribution of securities.

3. What are the two most important stock exchanges in the United States?

4. What are the most important stock exchanges in Canada? In Europe?

5. How do stock exchanges come into contact with (a) commercial banks, and (b) investment banks?
6. Is the New York Stock Exchange (a) incorporated, (b) regulated by the state or Federal Government, and (c) open to the public?
7. To what number is the membership of the New York Stock Exchange limited?
8. How is the New York Stock Exchange supported?
9. Name the five classes of members on the New York Stock Exchange.
10. What is the difference between a floor trader and a specialist?
11. Are all the partners of a stock exchange brokerage firm required to become members of the exchange?
12. Can banks be members of the New York Stock Exchange?
13. What are "wire houses"?
14. How are New York Stock Exchange memberships secured?
15. What are the privileges of membership?
16. What determines the cost of a membership?
17. What classes of members serve commission house members at members' rates?
18. What is the unit of trade on the New York Stock Exchange (a) for stocks, and (b) for bonds?
19. Define an odd lot. What is the amount of the advanced commission on an odd lot?
20. What is the present schedule of commissions for executing orders in stocks and bonds on the New York Stock Exchange?
21. How is the New York Stock Exchange governed?
22. What is meant by listed securities?
23. Are there more stock than bond issues listed on the New York Stock Exchange?
24. What are the tests of eligibility for admission of a security on the New York Stock Exchange? Do these qualifications apply on the New York Curb Market?
25. What does listing guarantee and what does it not guarantee?
26. Name some of the advantages of listing.
27. Name the various kinds of security buyers.
28. (a) What is meant by margin buying? (b) What are its advantages? (c) What are its dangers?
29. What class of buyers pays cash, and which buys on a margin?
30. What is meant by the "floating supply."
31. In the last analysis where do funds for carrying speculative securities come from?
32. Why is it that the margin buyer never sees the securities he trades in?
33. What are conservative margin requirements?
34. Are margin buyers owners?
35. When can margin buying be condemned?
36. What is the partial payment plan?
37. What are the methods of trading on the New York Stock Exchange? Explain each.
38. How frequently are settlements made on the New York Stock Exchange? On the European stock exchanges?
39. Explain the function and operation of the Stock Clearing Corporation.
40. Are all stocks cleared through the Stock Clearing Corporation?
41. Explain the service provided by the ticker.
42. What are the functions of the New York Curb Market?
43. Can a brokerage firm be a member both of the New York Stock Exchange and the New York Curb Market?
44. Are any securities listed both on the New York Stock Exchange and the New York Curb Market?
45. Explain the following terms: bull, bear, bull market, bear market, short selling, long interest, short interest, pool, clique, demonstration, raid, break, liquidation, exhaust price, margin call, cats and dogs, technical position.



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, 71-78 Murray Street, New York.**—EDITOR.

QUESTION: We have frequently experienced some difficulty in keeping a follow-up system of agency reports, and are considering the installation of a new system. We would like to know the style of system that you would consider desirable.—M. A. B.

ANSWER: The following-up of agency reports is simply a matter of detail and can best be handled by the use of a card system. When an agency report is ordered, a card should be made and these cards should be filed alphabetically. When the agency report is received, if it is a complete report the card can be taken out and destroyed. In the event that there is a notation on the report that later information will follow, the card should still be left in the active files.

We make it a practice of twice a month going through these cards and making a list of all reports not received, prior to two weeks from the date that we go through these cards, and send the list to the agency. In other words, we go through the cards in the middle of the month, making a list of all reports ordered prior to the first of the month but not received, and go through the cards again at the close of the month, making a list of all reports ordered prior to the fifteenth of the month, and not received.

QUESTION: How old a statement should be considered of any use or value?—C. C. L.

ANSWER: It must be remembered that a financial statement simply shows the condition as of the day and particular time at which it was issued. It represents certain moneys due the company and the valuation of certain assets which the company holds and in addition shows debts which it has outstanding. You will, therefore, readily recog-

nize the fact that the condition could be very considerably changed a short time after the statement had been taken from the books. It could be changed either through a substantial collection on account of its outstanding funds or it could show considerable change due to a large increase in indebtedness immediately after the issuing of the figures. It is, therefore, always necessary in viewing the balance sheet to take these and seasonal features into consideration, and while it is possible perhaps to judge the responsibility of the company considerably after the date of its last balance sheet by taking into consideration the net worth shown in that balance sheet and conditions existing in its line of business since that time, it is a difficult problem to size up its financial position from the standpoint of debts and assets.

QUESTION: Many statements of automobile finance companies come to our attention, and it is not infrequently that an item of "cash deposited with trustee" is shown. It occurred to me that you might be familiar with this item and would advise me as to whether it should be a quick or slow asset.—H. O. B.

ANSWER: The main feature to be taken into consideration in classifying an item of this character as a quick or a slow asset, is to consider the manner in which the liability opposing it is carried. If the asset has a counter or opposing item, it is general that both should be carried in the same manner—i. e., quick or slow.

In this particular instance the liability opposing the "cash deposited with trustee" is, no doubt, an item of "collateral trust notes," which is properly considered as a quick li-

ability. It is, therefore, proper that this asset of "cash deposited with trustee" should be considered in the same manner. The "collateral trust notes" if the liability is in this form, represent borrowed funds which are secured by a pledge of assets to the trustee. As the notes pledged to the trustee are gradually paid by the maker and the trustee collects the cash, he holds this cash to meet the matured collateral trust note which was issued against the various individual notes.

It is, therefore, only proper that such an asset item should be considered quick, in consideration of the fact that the liability is carried in the same manner.

QUESTION: I would appreciate very much a line from you with regard to capital stock. A great number of times corporations have stock of no par value in addition to a preferred issue, and also there are a number of occasions when the entire stock is common stock of no par value. Which is the better form in which to have the stock, that is, a fixed or definite value, or no par value?—T. E. H.

ANSWER: As far as choice is concerned, there is little choice in the matter except

from some of the various angles from which it might be viewed. Two corporations could have identically the same net worth; one having 20,000 shares of common stock of no par value, and one 20,000 shares of par value of \$100 per share. However, the book value of the stock in both these instances would be identical, as it is generally considered that all of the surplus of the corporation belongs to the common stockholders, and as this increases or decreases, the book value of the common stock is affected to the same extent regardless of whether the stock has a fixed value or is of no par value. Of course, if the common stock has a definite value and the corporation should pass through a number of years during which it incurred substantial losses and its surplus should be eliminated, it would be necessary for this corporation to show an item of deficit, while in the case of a corporation having stock of no par value they could pass through the same losses, eliminating the surplus and reducing the net worth, but would not have to show in red figures on the asset side a deficit item until all of the surplus and all of the paid-in money for the common stock had been eliminated.



How Inheritance Taxes Affect the Investor

(Reprinted from *The Corn Exchange*, monthly publication of the Corn Exchange National Bank, Philadelphia.)

INVESTORS seem curiously unaware that the tax which has made the most rapid progress in this country in recent years is not the tax on incomes, but on inheritances and transfers. Inheritance taxes on an investor's estate may amount to more than the total of all income taxes paid during a lifetime.

Many investors make investments without the slightest thought of the inheritance tax liability they incur and the effect of such taxes on their estates. Curiously, it is very surprising that investors as a class have paid so little attention to this growing menace to the integrity of their holdings.

It has been the custom of an investor to purchase a security because he felt the principal was safe, that it gave satisfactory return of income and had good marketability.

The question of the inheritance tax is seldom given any consideration.

Most investors believe their estates will be subject to only two taxes, the Federal estate tax and the inheritance tax of the state in which they have residence. Nothing could be more untrue when it is possible under the present laws for an estate to be subject to taxes in forty-six states in addition to the Federal estate tax.

A single security may be taxed in six different states. New York Central Railroad is incorporated in six different states, and for an executor to transfer it he would be liable for state taxes in New York, Illinois, Indiana, Michigan, Ohio and Pennsylvania. The estate of a Pennsylvanian owning Rock Island Railroad stock would be liable for three state taxes, as well as the

Federal tax. Not only railroad stocks are subject to multiple taxation, but industrials as well.

In Pennsylvania the tax is a flat rate of 2 per cent. on lineal heirs and 10 per cent. on collateral heirs. In New York and New Jersey it is a graduated tax. All three states arrive at the amount of tax due by an altogether different method of calculation. It is said that no two states have uniform inheritance tax laws.

The discrepancies in the tax laws of the various states are very great. Should a man leave \$250,000 to charity in New York there is no tax to pay, whereas in Pennsylvania a tax of \$25,000 is imposed.

The inheritance tax is not always the most harassing feature of the tax problem. The technical compliance with the law in the case of all estates, even those of a few thousand dollars, is one of the greatest difficulties.

Executors are required to meet the requirements of every state which may lay claim to a tax and in each state the tax may be measured by a different rule and arrived at by a different method. The consent of each state imposing a tax must be secured before the executor can obtain stock in his name for purpose of sale or distribution. Some states will not deal directly with an executor, but require counsel to represent the estate.

The trouble and expense of securing "consents" of transfer is a very considerable item. In some cases a few shares of stock might better be sacrificed than transferred.

In all cases taxes must be paid promptly to avoid penalties. Sale of property at a sacrifice may be necessary to raise funds to pay the taxes. An actual case from the probate records shows a small estate which was subject to an inheritance tax of \$5,973, and due to delay in settlement, faced costs of administration and shrinkage amounting to \$18,357.

Inheritance taxes are a first mortgage on the property of an estate. In most states payment is required within one year, as is also true of the Federal Government.

The Federal and state governments in the payment of taxes will not share with the heirs in the cats and dogs, the real estate or the business. The state governments will take nothing but cash, the Federal Government only cash or Liberty Bonds.

Most estates lack the cash to pay the taxes. What is the executor to do? Ob-

viously, the executor must sell securities or property.

The best securities or properties are sold because they have the most ready market. Thus, the very assets which the decedent relied upon to support his family are disposed of. Furthermore, forced liquidation means sacrifice.

The problem for every investor is how to avoid the confiscation of his estate by excessive taxation. There are several ways.

Among persons of means the high rates of inheritance taxation have stimulated gifts and transfers under living trusts during their lifetime. In view of the graduated rates of tax it is obvious that anything which splits up the estate reduces the amount of taxes. This process usually takes the form of trust funds. Secretary Mellon has stated on a number of occasions that this is one of the commonest methods of legally reducing taxes.

Life insurance is now being used extensively to facilitate the payment of inheritance taxes and to protect estates from confiscatory taxes.

Life insurance is a protection against the forced sale and sacrifice of assets, the incurring of debts, the loss of control, the interference of a going business caused by heavy death duties. Life insurance pays the tax for the estate and not from it.

Where life insurance is used to insure an estate against loss, the very act which creates and matures the debt, death itself, discharges it.

A vice-president of one of the larger life insurance companies was asked whether he thought most business men were prepared for the present inheritance taxes. He replied that the best evidence that most men are not prepared is the fact that when urged to buy life insurance for tax purposes they say they haven't the money. If they cannot pay for one year's premium now, how can their estates pay from twenty-five to thirty times as much after they have gone?

Every investor, by a careful analysis of his investments, should find opportunities for substantially reducing inheritance taxes by selling certain securities and purchasing others. By this means it is possible to reduce inheritance taxation to a minimum without impairing the safety or income of the investment.

Generally speaking, coupon bonds are reached less thoroughly by the taxing off-

ficials than registered bonds and stocks. Also speaking generally, the concentration of investments to the state of domicile greatly reduces taxes.

A resident of Pennsylvania who buys se-

curities of companies chartered in Pennsylvania and owning property only in Pennsylvania, and who keeps the securities themselves within the state, will avoid both expense and complication.



National Banks Discuss Trust Departments

THAT national banks throughout the United States are keenly interested in the problem of whether the establishment of trust departments would be profitable for them was made evident at the Trust Departments Conference held at the La Salle Hotel in Chicago on January 20-21 under the auspices of the National Bank Division of the American Bankers Association. Trust officers of many banks were present to get new light on the intricacies of trust service, while a large number of officers of banks not possessing trust departments also attended in an effort to find out if the establishment of such a department in their banks would prove profitable.

The consensus seemed to be that the

field covered by the individual banks should be the decisive factor in determining whether a trust department would prove



EDGAR L. MATTSON

President National Bank Division, A. B. A., vice-president Midland National Bank, Minneapolis, Minn.



LUCIUS TETER

President Trust Company Division, A. B. A., president Chicago Trust Company, Chicago, Ill.

profitable. It developed that in some small but prosperous communities trust departments have been successful, and of valuable assistance to the bank as a whole. In some other communities, possibly larger, they do not appear to have been so successful.

It was declared at the conference that there is room for at least one bank with trust service in every prosperous county in

the United States. It seemed evident, therefore, that as an outgrowth of the conference there will be a considerable increase in the number of national banks in the United States possessing trust departments.

The program of the Trust Departments Conference follows:

Call to order by Edgar L. Mattson, president National Bank Division, A. B. A. Presiding officer, Charles W. Carey, chairman Trust Departments Committee.

Address by Lucius Teter, president Trust Company Division, A. B. A., and president Chicago Trust Company, Chicago; "National Banks and Trust Work," by N. H. Dosker, vice-president National Bank of Kentucky, Louisville, Ky.; "Operation of Trust Department in Smaller Community," by John Allen, trust officer Citizens National Bank, Decatur, Ill.; "Federal Taxation Gifts Tax," by F. A. Schack, trust officer First National Bank, Fort Wayne, Ind.; "Relations with Clients," by Hugh E. Wilson, trust officer Central National Bank, Peoria, Ill.; "Trust Accounting General Principles," by M. E.

Reeve, trust officer Union National Bank, Philadelphia, Pa.; "Trust Department Publicity," by Harold B. Allen, trust officer First National Bank, Kalamazoo, Mich.; "Trust Investments," by A. H. Bodholdt, vice-president Central Trust Company, Chicago, Ill.; "Wills," by A. C. Livingston, vice-president and trust officer National Newark and Essex Banking Company, Newark, N. J.; "The Trust Department as Financial Secretary," by George Waverley Briggs, vice-president and trust officer City National Bank, Dallas, Texas; and "Insurance Trusts," by Thomas C. Hennings, vice-president Mercantile Trust Company, St. Louis, Mo.

The presentation of each topic by the listed speaker was followed by a general discussion in which delegates were urged to join freely.

Edgar L. Mattson, was toastmaster at the banquet, held January 20 at the Hotel La Salle, at which Melvin A. Traylor, vice-president American Bankers Association, delivered an address, "Nothing New."



Old-Time Banking Practice

[From *The Chase*, house organ of The Chase National Bank of New York]

A BANK is simply a plan of organizing capital, by which the full benefits of it are secured. The separate means of individuals are united together, and a large sum thus constituted, which is hired out on interest to those who need it. This combination and the manner of its use, may be compared to a dam across a valley, and the accumulation in one body of the water of the separate springs, which otherwise would be of little service; but being united, they form a propelling power for extensive machinery. . . . Anyone who has traveled among our country villages, out of the immediate influence of cities, has occasionally been struck by the neglect of natural advantages, the lack of energy, the rudeness of life and character. . . . But on visiting the same place after an interval of a few years he has seen a total change; a larger population, a better class of buildings, an air of thrifty growth, and a manifest increase of comfort. The old lethargy has disappeared; a new life has been infused into everything; . . . A bank has been the starting point of this new career; the mill-dam has been built across the little streams

of capital, and the social machinery is brought into play.

After it is organized, a bank gathers other capital by *saving*. It presents the first practical idea of economy and increase to thousands of people. It brings out the old stockings, and pours their contents into the common dam, which rises higher and drives more wheels.

This is the definition of a bank written more than sixty years ago. We ran across it in a quaint old volume, "The Banks of New York," published in 1859, and describing in detail the operation of banks of that period and the duties of the various officers and clerks. It is amusing to contrast the situation in those days, before there were any national banks, when banks were still the object of much irresponsible legislative activity in the states and panics were frequent and severe, with the present highly organized bank-

ing system which we know. Yet the definition is still good in essence, and worth while to remember now and then when in the complicated machinery of modern banking a clerk may sometimes forget what is the big thing he is really helping to do. To build a dam is often the triumph of an engineer's career—and those who place the stones have the satisfaction of a conscious part in a great work.

The author's sense of humor is well developed. He describes the situation before the establishment of the present system thus:

The plan of creating banks by special charter was abolished in 1838, by the enactment of a general law, under which any person, or a number of persons, with the required capital, may organize a bank. The law has since undergone many alterations and it continues to be "amended" at every session of the legislature. New restrictions are constantly suggested by newspaper editors, or by politicians who cannot in any other way so easily make themselves talked about as by threatening to disturb the organized capital of the state. The owners of one hundred and eight millions of bank stock have cause for alarm, when Mr. Smashemup brings in a bill for their "better protection." He is waited upon by committees from New York, receives letters from distinguished bankers and for a time is the focus of an immense circle. No name is so much in other people's mouths as Mr. Smashemup's! It is Mr. Smashemup's bill in the Assembly, and Mr. Smashemup's bill in the Senate. Then come the amendments to Mr. Smashemup's bill in both Houses, and Mr. Smashemup is called on to explain, which he does, by a great speech on banks, economy, corruption, and the public debt. Mr. Smashemup's name is in all the newspapers, and even if his bill with all the amendments is indefinitely postponed, he returns to his constituents in "a blaze of glory," with good chances of nomination to Congress.

The board of directors met twice a week in those days to discuss the discount of promissory notes and the loaning of money on securities! The lines at our loan and discount windows today suggest the picture of what would happen if our directors had to discuss the individual merits of each transaction of the sort today! A conversation at a directors' meeting is given:

"Mr. Cashier, would you discount California paper?"

"Yes, sir, if it is good."

"If! You may well say that! But California is not good. Not to be trusted, sir! Too far off! T'other side of the world!"

This book was published, we remind our readers, just ten years after the gold rush to California, when transportation from coast to coast was still by horseback or prairie schooner.

The president, the cashier, and the paying teller seem to have been the essential organization of the bank in that day. Customers were called "dealers" and the explanation of the various duties of officers and clerks, and the incidents of banking business are enhanced by the words and actions of Mr. Kight, who is caught in the malpractice indicated by his name; of Mr. Filibuster, who overdraws his account and attempts to escape the necessity of making good; of Mr. Abel Dodge, and other characters of similar picturesque and appropriate names.

The customs in vogue before the establishment of the clearing house are immensely amusing to the modern bank clerk, whose daily life is so closely in touch with the present highly efficient practice of clearing checks. We read:

As soon as the paying teller or his assistant completed the exchange balance list, the cashier of each bank would draw checks for every debt due to him by other banks, and send out the porters to collect them. A draft on one in favor of another might settle two accounts at once, but there was no understanding that made it possible to secure that small economy; or if there was, it was disregarded. The sixty porters were out all at once, with an aggregate of two or three hundred bank-drafts in their pockets, balking each other, drawing specie at some places, and depositing it in others; and the whole process was one of confusion, disputes, and unavoidable blunders, of which no description could give an exact impression.

After all the draft-drawing was over, came the settlement of the Wall street porters among themselves. A *Porters' Exchange* was held on the steps of one of the Wall street banks, at which they accounted to each other for what had been done during the day. Thomas had left a bag of

specie at John's bank to settle a balance, which was due from William's bank to Robert's; but Robert's bank owed twice as much to John's. What had become of *that*? Then Alexander owed Robert also, and William was indebted to Alexander. Peter then said, that he had paid Robert by a draft from James, which he, James, had received from Alfred on Alexander's account. That, however, had settled only half the debt. A quarter of the remainder was cancelled by a bag of coin, which Samuel had handed over to Joseph, and he had

transferred to David. It is entirely safe to say, that the presidents and cashiers of the banks themselves could not have untangled this medley. Each porter had his tally, and by checking off and liberating, first one whose account was least complicated, and then another, they finally achieved a settlement.

A very intelligent runner once stated to the author, that he seldom met an acquaintance or friend, without being annoyed by an involuntary feeling that his first duty was to serve him with a bank notice.



Book Reviews

THE WORKS OF H. G. WELLS. The Atlantic Edition. New York: Charles Scribner's Sons.

The Atlantic Edition of the works of H. G. Wells, in twenty-eight uniform volumes, contains a careful selection of his works made by Mr. Wells, who has written a general introduction to the set and special prefaces to each volume. The edition is limited to 1000 numbered sets for America and 600 for Great Britain. The first volume in each set is autographed by the author. Each volume contains a photogravure frontispiece: a portrait of Mr. Wells, a reproduction of a facsimile page of manuscript, or a photograph appropriate to the particular volume. The text is printed from an unusually clear Scotch Roman type face. The decorative initials by Edward Edwards are very attractive. The pages have generous margins. Altogether the edition is one of high typographical quality.

Mr. Wells was born in 1866 above a general shop in Bromley, Kent. His father was a professional cricketer, his mother the daughter of an innkeeper. After some elementary instruction he secured a scholarship at the Normal School of Science, South Kensington, where he secured with honors the degree of Bachelor of Science. He became an assistant head master at a private school, a tutor and lecturer, and then he turned to journalism. From this it was a simple step to the profession of writing.

The first stories of Mr. Wells are romances, beginning with "The Time Ma-

chine," a story in which the machine carries its rider into the past or future at will.

In "The Wonderful Visit," the second story, Mr. Wells takes another view of the world, from the point of view of an angel which has been brought down by an ardent ornithologist.

If we follow the career of this writer chiefly as a writer of stories, we must stop for awhile with the next three stories, "The Island of Dr. Moreau," "The Invisible Man," and "The War of the Worlds," mere fantasies.

After these books the nature of his romances seems to change, and we have two significant stories, "The Sleeper Awakes," and "The War in the Air." To a reader in 1925 the latter book, written in 1908, seems a bit of remarkable prophecy.

His next two stories were "The Sea Lady" and "The Food of the Gods." The latter story, although it is perhaps not so interesting today, has some of the suggestion of a "Gulliver's Travels" with some of the irony and satire of a Dean Swift. Then came his short stories, most of them published under the title of "The Country of the Blind." Mr. Wells has defined his conception of short story writing as "the jolly art of making something very bright and moving; it may be horrible or pathetic or funny, or beautiful, or profoundly illuminating, having only this essential, that it should take from fifteen to twenty minutes to read aloud.

Mr. Wells has written a number of sig-

nificant novels about men and women in modern life, among them "Kipps," "Mr. Polly," "Tono-Bungay," "Mr. Britling," "Ann Veronica," "The New Machiavelli," "The Passionate Friends," "Marriage," and "Love and Mr. Lewisham."

The "Outline of History" made Wells a world figure. It has given great encouragement to people to read history from a fresh and new point of view.

Mr. Wells says he is not an artist. There are some who think he is. There are many who say he is a great writer. His fecundity, his mastery of language, his comprehension of character, are gifts and abilities that certain of his contemporaries have in equal, or in some particulars in larger measure. But he alone has used his perfected art for a definite end. He has not been content to record his observations of the world as he has seen it, to elaborate this or that analysis of human motive, or to relate the history of a few selected lives. He has done all this, but he has done infinitely more by pointing the possible road of our endeavor. Through all his work moves the urgency of one who

would create something more than a mere work of art to amuse the multitude or afford satisfaction to the critic. His chief achievement is that he has set up the ideal of a finer civilization, of a more generous life than that in which we live; an ideal that, if it is still too high for us of this generation, will be appreciated and followed by the people of the future.



SWISS TRAVEL ALMANAC. Zurich. The Swiss Tourist Office.

This publication for the winter of 1924-25, contains an interesting description of the various Swiss resorts and the winter sports for which Switzerland has become famous. The numerous illustrations are especially fine and add greatly to the alluring nature of the book. Few if any countries in the world can rival Switzerland in attractions for the tourist, whether in winter or summer. The "Swiss Travel Almanac" makes this fact known in an interesting way.



World Spent Over Three Billion Dollars for Autos in 1924

THE world spent \$3,860,000,000 for new motor vehicles in 1924, according to Percy Owen, chief of the Automotive Division of the Department of Commerce.

Returns from the department's trade agents throughout the world indicate that during the past year there were assimilated, 3,300,000 passenger cars and trucks, and 200,000 motor cycles, which total number at the very conservative figures of \$1000 average retail value for the cars and trucks, and \$300 for motor cycles, enables the department to approximate the amount spent for automobiles in general.

An increase of 2,750,000 in passenger cars, and approximately 550,000 in trucks, during the course of the year 1924, reveals the interesting fact that the latter registered a more imposing rate of registration increase than did the former, the figures being 23 per cent. for trucks and 17 per cent. for cars. This represents a tendency which may be even more pronounced during the

present year. It substantiates the oft-repeated statement that automotive vehicles are coming more and more to fill the world's need for commercial transportation. Motor cycles, too, pushed into more widespread use, as revealed by a numerical increase of 180,000 over the base registration of 1,075,000 at the beginning of 1924, but in this case the advance has to be very largely attributed to increased use in foreign countries.

The United States now has 84 per cent. of all passenger cars, 74 per cent. of all trucks and 11 per cent. of all motor cycles in the world. Combining passenger car and truck figures, the United States still holds her dominant position to the extent of registering 82.5 per cent. of the total. Even bringing motor cycles into the composite picture fails to bring the share of the United States much below 80 per cent. of the world's total.

From Babel to Modern Skyscraper

By Alfred C. Bossom

(Written especially for THE BANKERS MAGAZINE)

NOW that the modern tall building has reached the present stage of its evolution there are those who would know from whence it came. Is it an American invention? Is Chicago the birth-place of the skyscraper? Such questions as these the writer, as an architect, has often been asked lately, especially in view of discoveries which are being made among the ruins of by-gone civilizations.

Skyscrapers are neither heaven born nor a product of Chicago. They are as old in principle as the day in which man began to build for more than mere shelter. The cloud-piercing structure came into being at first through a desire to be nearer the mysterious, or may I say, the divine.

Wherever men of the prehistoric world dwelt they seemed to have sought great heights, as by so doing they groped upward to the infinite. So the seers of old went up into high mountains that they might be nearer the sun which they worshipped, or to witness the flash of the lightning, or to be near the thunders of Sinai.

Those whose homes were on lowlands

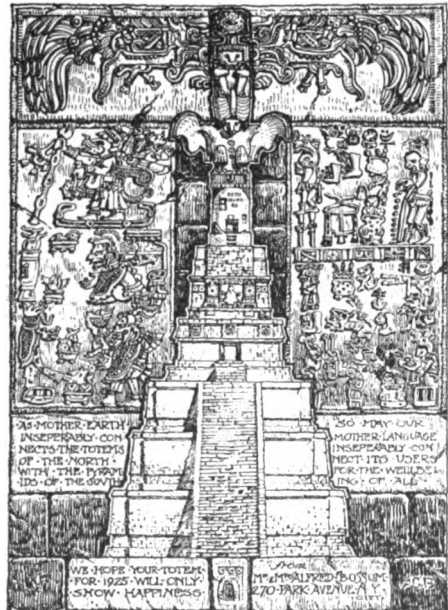
built for themselves hills or mounds of their own, and later structures of stone or brick. The people of the plain of Shinar when they banded together to build a city also began to erect a tower which to them was to be their "Gate of God," their Bab-ili. The purpose of that structure may have been both for the observation of the heavenly bodies and for their worship.

Doubtless it was much like the *zikkurat* or observatory, the remains of which have within the last few months been found on the site of Ur-of-the-Chaldees from which came Abraham. Far be it from me who deals with I beams and marble to reach into the higher criticism, and yet it seems certain that the account of the suspension of work on this tower was written long after the human race which once lived somewhere in central Asia began to scatter over the face of the earth and to split into tribes, each with a language which other clans could not understand. The Aramaic verb *balbet*, meaning "to confound," is accepted by the Fundamentalists as enough proof that the "large operation," the construction of

A BANK ARCHITECT'S CHRISTMAS CARD

THE great pyramid at Tikal in Guatemala, the earliest American prototype of the modern skyscraper, was appropriately selected by Mr. Bossom as the central motif of his Christmas card. Crowning this is the Bossom family totem pole which, reading from the top down, starts with the family crest, the oak tree with the all-seeing eye. Below this, as the family came from England, sits the British lion in a boat, signifying that to reach America a wide stretch of sea had to be crossed. Next comes the American eagle representing the later development of the family, and the bird stands on a money box to show the desire for thrift, and all resting upon the igloo, or family home. Thus are joined the oldest of the art traditions of the lower end of the continent to the most modern application of the totem pole of the North. This forms the main central feature of the card.

Across the top and behind is the world-famed serpent bird from the carved wooden panel at Tikal, forming a lintel across and joining thereby the picture writing which in story tells on the left of the ceremonies at the end of the year as existing on the Dresden codex which was in the writing of these people and existed before the advent of the Spaniards. On the right again, in the picture writing of these Mayans, is an account of the ceremonies at the commencement of a new year from the Troano Cortesianus manuscript. Thus we have on the left the ceremonies of the end, and on the right the new year ceremonies.



the Tower of Babel, came to a standstill because the workers could not understand each other. Any architect who has directed the building of an American skyscraper on which men of forty or fifty trades and of ten or fifteen languages are at work at once might be inclined to be a little sceptical about this explanation.

BABEL THE SYMBOL OF BUILDING INEFFICIENCY

The Tower of Babel represented simplicity of construction. Starting from a very broad base, the toilers of that remote day apparently built it around a central core encircled by a spiral ramp. Around this ascending and encircling inclined plane the sun-dried bricks were hauled, and then cemented together with slime, as the Bible calls it, which was, of course, bitumen or asphalt, deposits of which are still to be found in central Asia. There would be scarcely a limit to which this vast cone might not have reached, provided its base were big enough. For instance, if the first courses of masonry were spread over an area 500 feet square, a height of 1000 feet could be reached without great difficulty, provided material and patience and labor held out. Many reasons may have caused the abandoning of this great engineering feat, such as the development of defects in the foundation, cracks, fissures or labor troubles. At any rate, work was stopped,

and Babel became the symbol of inefficiency in the building world.

Then came the Egyptians who bettered the building methods considerably. They wanted mountains and observatories in the valley of the Nile, as well as enduring monuments. Hence the pyramids. These structures were made of heavy limestone, tapering to a point. Everything indicates that, as the upper portions were reached, the huge stones required were hauled up inclined planes of earth or sand, by hundreds or even thousands of slaves, and then put in place with tackles and pulleys. Obelisks were raised in much the same manner. The removal of earth which served as scaffolding was next in order, and the pyramids were thus left as sentinels of the ages.

THE PHAROS LIGHTHOUSE ONE OF THE EARLIEST SKYSCRAPERS

Among the Seven Wonders of the ancient world was the Pharos lighthouse on the island of the same name, at the entrance of the port of the great Egyptian city founded by Alexander the Great, which bears his name to this day. He connected this island by a long breakwater or mole with the mainland, and Ptolemy II built its splendid tower as a beacon for mariners. The Pharos was 600 feet high, probably, although there are conflicting accounts regarding its altitude.



Thirty-five-story building after primitive American motives



Tower of Babel—the first skyscraper



Pyramid at Tikal, Guatemala
(Photo by Maudsley)



Restoration of the great pyramid at Tikal,
as sketched by Alfred C. Bossom

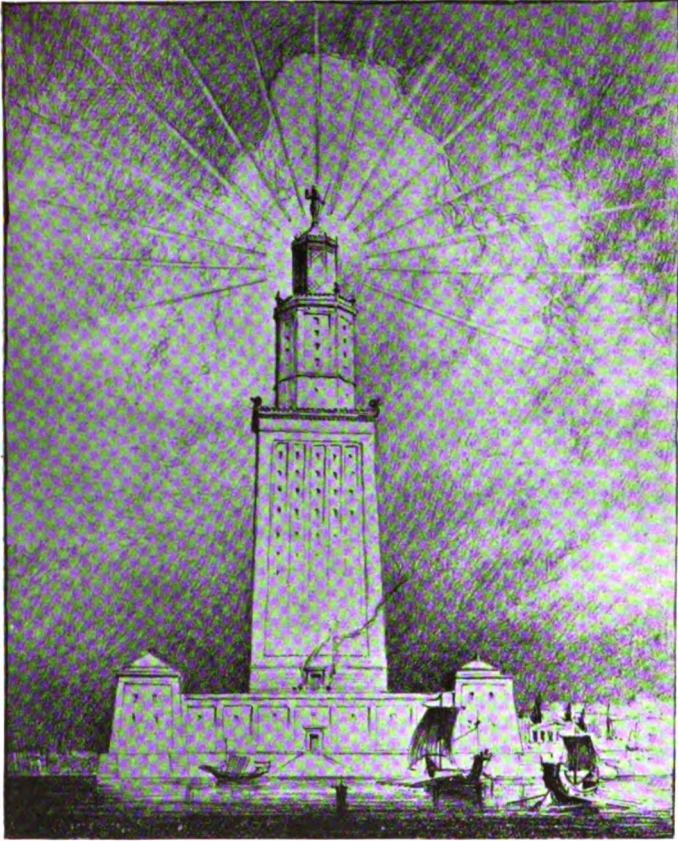
The foundations were made with the greatest care. This was long before engineers were testing the tensile strength of materials, but the architect threw all kinds of glass and ores and metals into the sea near the island and studied the effect of the salt water on them. Finally he used considerable amounts of fused glass blocks, mixed with rubble and other material, in the foundations. The tower of stone was erected from an ample base. The material was evidently hauled up a spiral inclined plane on the inside, varying the methods of the creators of Babel and the Pyramids. As the tower tapered and space became more constricted, the stones and mortar were taken by horses to as far as the inner ascent would permit and then hoisted the balance of the way by block and tackle. When the Pharos was put into commission all the wood and other fuel needed for the beacon which blazed at the top was delivered to the keepers by horses to the top of the spiral ramp and then drawn up by ropes, as it was needed for replenishing the fire.

Undoubtedly on the lower part of the Pharos were extensive rooms which were used as barracks for a considerable garrison, and also as offices for officials of the port or for military commanders. One tradition has it that it was also used as a treasury and had something like one of our modern safety deposit vaults in its basement. This

last legend, however, was probably not correct, for it seems to have been developed out of the experiments of the architect with materials which could be used below the waterline without being corroded. As a matter of fact he did use a little gold and silver in his tests. The greed of one of the Turkish conquerors of the Egypt of a later day caused him to take down some of the tower to get at the golden treasure at its base. On finding that he had been deceived about the story, he tried in a clumsy way to restore the structure. Eventually the tower collapsed. The world's first office skyscraper, with a beacon, thus passed into the architectural discard because foundation building had not been developed.

TOWERS OF MEDIEVAL EUROPE

Medieval Europe erected many important towers, some of which came to grief because of defective underpinning. The insecure foundations were the cause of putting the leaning tower of Pisa out of plumb. The same reason caused the downfall of the campanile of St. Marks in Venice which in 1902 crashed to earth in a cloud of dust. The Italian cities of the Middle Ages had tall structures—detached—to hold the bells of cathedrals, and hence the word campanile or belfry of that day became synonymous with tower. The nobility of the Italian



The Pharos at Alexandria, one of the Seven Wonders of the ancient world

cities of the Renaissance often built lofty strongholds attached to their palaces, from which they could keep tabs on blood-thirsty conspirators. In one city, at least, these towers became so numerous that a law was passed under which all of them were torn down, so that no man might have an advantage over his neighbors. However, there were many such structures in European countries, such as the Giralda of Spain, which were of great beauty and served useful purposes.

EARLY TOWERS IN THE NEW WORLD

The New World, while Europe was going through the Dark Ages and the Black Plague, was developing a cloud-piercing architecture of its own. Just where the early Americans south of the Rio Grande gained the concept of a pyramid, is hard to establish. It is not at all improbable that some of them were of the same strain as

were the Egyptians of thousands of years ago. Phoenician voyagers and merchants may have told the Ur-Americans of the wonders of the land of the Pharaohs and given information about pyramids and the embalming art, for certainly the Mayans of Guatemala and later of Yucatan had such knowledge. Perhaps the same primal instinct which moved the Babel builders to rear "a gate of God" that they might commune with the infinite, was the only cause of the creation of the American pyramids. Certainly the pyramids of Mexico and Central America were much more ornate than any which were ever reared in the Land of the Nile. The New World pyramids were usually steeper than those of Egypt, and their summits were reached by flights of conveniently sized steps. They were absolutely solid in the interior, for as far as the writer is able to judge from his own explorations and from what he has heard from

fellow explorers, there were no vaults or tombs inside them.

On top were temples equalling in beauty the fanes of what we call a classical antiquity, that is, those representative of the civilizations of Greece and Rome primarily. The pyramids of the Aztecs and the Mayans were beautifully sculptured, also. They were carried to perfection, and not like the great tower, built far to the west in a strange land, of which the Mayan mythology tells us, for the Babel legend has its counterpart in the traditions of the Ur-Americans. The aborigines of the Southwest also were building vast and sometimes lofty apartment houses or communities capable of accommodating a thousand or so tenants.

MODERN SKYSCRAPER IS NOT NEW

There is little new in principal, therefore, in the modern skyscraper except the introduction of stronger materials and the development of better foundations, which made it possible to erect higher structures on a relatively small base. The skyscraper of today must be built with all due regard to economy of space. It is the direct result of high real estate values in such cities as New York and Chicago. In order to get the full value out of high-priced lots, the owner must build as high up as he can. In order to support so high a structure in safety, he must have a foundation of unusual strength. The piers of these structures often rest on the solid, living rock. They cannot exist on shifting sands or where the tides seep through, as is often the case in lower Manhattan Island, unless the foundation be strong and permanent.

No structure of masonry could be built to a great height on high-priced land, be-

cause the walls would have to be so thick that the lower stories would be too small. Hence the modern skyscraper has its inner skeleton of steel, which supports not only the internal organs of the structure, but also has flanges or projections on which part of the weight of the walls are sustained. The modern skyscraper must also have room for many elevators by which tenants and visitors can be carried to the topmost stories with dispatch. It must house complicated systems of heating, lighting and waste disposal, all of which were hardly considered in the tall buildings of antiquity.

Conditions such as these control the form of the modern skyscraper, and yet how closely it resembles its ancient prototypes. Thus the new Liberty Bank in Buffalo is much like the Pharos of old. The tower of the Metropolitan Life Insurance Building in New York is the campanile of Venice all over again—larger, taller and with many windows, and with every inch available for work. The Woolworth Building is a tall Gothic cathedral dedicated to commerce.

One of the most interesting developments in present day architecture is the adaptation of the Mayan pyramid style to the twentieth century skyscraper. The zoning laws, which require set-backs when a structure has reached a certain height, have created the landings which are almost identical with the gigantic "set-backs" of the Tikal pyramid in Guatemala. If we would look farther back we can also see the Hanging Gardens of Babylon in the successive terraces. The pyramids of the New World may be "one with Nineveh and Tyre," for all we know.

There is not therefore such a far cry from Ur-of-the Chaldees to the Ur-American; no great gulf fixed between the Tower of Babel and many-towered Manhattan.



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NATIONAL
BANK

st IN
ST. LOUIS

*— in Capital
and Surplus*

15
MILLION



Broadway - Locust - Olive

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Eastern States

*Comprising New York, New Jersey,
Pennsylvania and Delaware*

CONVENTION DATES

American Bankers Association—at Atlantic City, Sept. 28—Oct. 1.

Pennsylvania—at Atlantic City, May 20-22
National Safe Deposit Association—at Atlantic City, N. J., May 29-30.

AMERICAN BANKERS ASSOCIATION CONVENTION AT ATLANTIC CITY

The 1925 convention of the American Bankers Association will be held in Atlantic City, New Jersey, it is announced by F. N. Shepherd, executive manager of the organization. The meeting dates are September 28 to October 1, with divisional and committee meetings on the first day and the general convention sessions on the mornings of the last three days. Further divisional meetings will be held the afternoons of these days also. Headquarters will be at the Hotel Traymore and the general sessions will be held on the Million Dollar Pier. This will be the fourth convention of the association at Atlantic City, previous meetings being held there in 1907, 1917 and 1923.

UNITED STATES TRUST COMPANY

The United States Trust Company of New York in its statement of condition as of January 1, 1925, shows some interesting figures bearing upon its holdings of investment securities. The statement presents in detail a list of all of the varied assortment of security issues held for investment by the institution, with the present book value as compared with par value. The trust company reports total resources of \$77,407,992 compared with \$71,709,767 a year ago; cash

in its vaults and in banks of \$8,746,168; capital, surplus and undivided profits of \$20,073,168; real estate owned \$1,000,000; stock and bond investments of \$15,360,750 carried at book value; bonds and mortgages of \$3,701,132; collateral loans of \$44,272,174. The company's deposits at the beginning of the year stood at \$55,952,802.

SEABOARD HAS NEW UPTOWN BRANCH BUILDING

A new uptown branch building for the Seaboard National Bank is nearly completed at 24 East Forty-fifth street, New York. The new home is described as follows in a recent issue of the *Seaboard Bank News*.

"The exterior has the dignity and impressiveness which rightly belong to a financial institution, being of black marble with pillars extending up two stories and finished in Corinthian style. A large window extending the entire height of the main floor provides an ample flood of daylight to the ladies' department, which is just to the left after you pass through the revolving doors of the main entrance. At present this room is being occupied by our officers until their space is completed. The walls of this room are handsomely finished in dark walnut, and side lights of a pleasing character help to give the place a cozy and restful atmosphere.

"In the rear of this room are the tellers' cages, loan, paying, receiving, special interest and auditor's cages, in the order named. These have been so arranged as to provide a spacious lobby for the depositors, and at the same time a wide passage extends along the rear, where the bookkeeping department is located.

"One of the novelties which has attracted a great deal of attention is the reproduction in the floor of the lobby of the coins of different nations—a most appropriate and

**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**

at the same time unique feature for the floor of a bank.

"In the basement two vaults of excellent size are found, one for money and securities, the other for the storage of records. There remain several large spaces which will be used as the branch expands, in addition to the rest rooms for the employees."

NEW YORK TITLE AND MORTGAGE COMPANY

The New York Title and Mortgage Company's past year has been the most successful in the history of the institution, President Harry A. Kahler told the stockholders at their recent annual meeting.

During the year the amount loaned on bond and mortgage was \$108,000,000, an increase of \$31,000,000 over 1923. The amount of mortgages and mortgage certificates sold was \$103,000,000, an increase of \$30,000,000 over the year before. These activities brought the company into contact with hundreds of brokers and attorneys, with thou-

sands of borrowers, investors and holders of title insurance policies.

"Operating results for 1924 record another advance over previous years, in volume of real estate, title insurance and all the other allied activities of the company," Mr. Kahler said. "On December 1, the company increased its capitalization from \$6,000,000 to \$7,500,000 to meet the requirements of its current business."

INTERNATIONAL ACCEPTANCE BANK

At the annual meeting of the International Acceptance Bank, Inc., of New York, George Stuart Patterson, of the firm of Geo. H. McFadden & Bro., of Philadelphia, was elected a director. The senior officers of the bank were re-elected, and the following appointments and changes announced: John E. Shea, comptroller; C. B. Hall, assistant vice-president; W. T. Kelly, assistant vice-president; M. W. Williams, auditor; E. A. Carter, assistant secretary; R. W. Proctor, assistant treasurer; and W. T. Sheehan, assistant treasurer.

In his report to the directors, F. Abbot Goodhue, president, called particular attention to the great assistance received by the bank from its stockholding and associated friends and institutions abroad, whose advice and co-operation enabled it to proceed with confidence in granting foreign commercial credits at times when conditions were particularly hazardous.

The bank's statement of condition as of December 31, 1924, demonstrates that it has enjoyed the most successful year of its existence. The balance sheet shows total resources of \$104,200,000 at the end of 1924, compared with \$79,500,000 at the end of 1923, and in that period acceptances outstanding increased from \$32,600,000 in 1923 to \$38,600,000 at the end of 1924.

FARMERS' LOAN AND TRUST CAPITAL INCREASE

The board of directors of The Farmers' Loan and Trust Company have recommended to the stockholders approval of an increase in the capital stock of the company from \$5,000,000 to \$10,000,000, the \$5,000,000 of new stock to be offered to the present stockholders share for share, at par. The present dividend rate of 24 per cent. was established in February 1923, an increase of 4 per cent. over the prior rate.



**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**

When James H. Perkins became president of the Farmers' Loan and Trust in June, 1921, the surplus and undivided profits were \$11,617,150, and according to the statement of December 31, 1924, the surplus and undivided profits were \$17,455,617. In the same period, 1921-1924, total resources increased from \$142,406,417 to \$211,723,803. Deposits in the same period increased from \$120,899,336 to \$176,098,951.

**INDUSTRIAL ACCEPTANCE
CORPORATION**

The growing importance of automobile financing is indicated in the announcement in New York of the formation of Industrial Acceptance Corporation, with a capital of \$6,750,000, to handle the business of Studebaker dealers. The new company, which began business January 1, will be international in scope and operate as an affiliation of the Industrial Finance Corporation, which during the past five years has handled this business for Studebaker dealers, along with its other activities. Owing to the growth and importance of the business, Industrial Acceptance Corporation has been

organized to take it over and continue to handle it under exclusive contract with the Studebaker Corporation. Its operations will cover the United States and Canada and during the year will be extended to Studebaker dealers in Europe and South America, with especial reference to Brazil and Argentina. In addition to its capitalization of \$6,750,000 and its confirmed bank credit lines with the larger banks in the principal cities, the Industrial Acceptance Corporation will continue to market two to twelve months' collateral trust gold notes for the investment of short-time funds by banks, through its head offices in New York and branch commercial paper offices in Chicago and San Francisco.

GOTHAM BANK ELECTIONS

At the meeting of the stockholders of the Gotham National Bank of New York on January 13, the following names were added to the board of directors:

George L. Slawson of Slawson & Hobbs, one of the best known real estate concerns of the West Side, and president of the Broadway Association; Le Roy A. Van

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*

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

Bomel, president of the Sheffield Condensed Milk Company; C. L. Kerr, district sales manager, Gulf Refining Company; Frank L. Norris, vice-president.

At a meeting of the new board of directors, immediately following the stockholders' meeting, Henry H. Bizallion was elected chairman of the board and Frank L. Norris was elected president. Francis X. O'Neill, assistant vice-president, was elected vice-president, and B. W. Griffin was elected assistant vice-president.

YATES AND RAYMOND ADVANCED

At a meeting of the board of directors of the United States Mortgage and Trust

Company of New York, held January 30, 1925. Blinn F. Yates was elected vice-president in charge of the Grand Central



ROBERT B. RAYMOND
Assistant secretary United States Mortgage
& Trust Co., New York



BLINN F. YATES
Vice-president United States Mortgage & Trust
Co., New York

Palace Branch, to be opened about March 16, and R. B. Raymond was elected an assistant secretary of the company.

NEW YORK BANKS ENJOY PROSPEROUS YEAR

During the year 1924 the Hanover National Bank of New York shows earnings of 51.3 per cent. on its capitalization. Many of the New York banks enjoyed similar records. Commenting on this fact the *New York Telegram* in a recent editorial says:

A GAIN we wish to stress our ability to handle your collections and we ask that in 1925 you prove to yourself that "Marine" service is unrivalled on the Niagara Frontier.

**MARINE TRUST COMPANY
OF BUFFALO**

Resources over One Hundred Sixty Millions of Dollars

"Flood tide in business activity finds its clearest showing in the results of the year 1924 among the banks of New York, where earnings varying from 10 to 199 per cent. on their individual capital are disclosed in the newly published figures.

"It was the larger banks which made the vast showing in earnings, with the First National Bank topping the list with actual increment of \$12,241,000, or 122.4 per cent. on its capitalization, \$10,000,000. The exception was the Kings County Trust Company of Brooklyn, with only \$500,000 of capitalization, coming in \$995,000 in earnings, and it is this institution which furnishes the high water mark in the percentage column, with the 199 per cent. above referred to.

"But the evidences of prosperity were pretty well scattered about. For the most part the big banks, those whose stock sells in the exchanges at from \$1000 a share upward, enjoyed the larger percentage of return. The United States Trust Company earned 87.2 per cent. on its capitalization, the Hanover National 51.3, and the Brooklyn Trust Company 51 per cent.

"To produce any such return on the cap-

italization of financial institutions it must be that prosperity in and around New York is running strong. The banking business, by extreme caution and resort to every known protective device, may avoid loss in times of adversity, but it is only a real, stable and widespread prosperity which could uncover any such evidence of solidity and success as this."

A NEW YORK ORGANIZATION

In the January number of **THE BANKERS MAGAZINE** on page 133 there appeared an article "Unremunerative Services" which was a special report by the executive committee of the Association of Uptown Bankers, New York City. Through an error no mention was made of the fact that this association is an organization of New York bankers.

GUARANTY TRUST COMPANY

In distributing copies of the condensed statement of the Guaranty Trust Company of New York as of December 31, 1924, William C. Potter, president, calls attention to the substantial business progress of

THE obligations of this institution are selected as appropriate and sound mediums for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Full information may be secured through usual banking channels, or by addressing Financial Sales Department, at any of our offices.

GENERAL MOTORS ACCEPTANCE CORPORATION

Executive Offices:

224 West 57th Street, New York City

Branch Offices:

Atlanta	Cleveland	Kansas City	Philadelphia
Boston	Dallas	Los Angeles	Pittsburgh
Buffalo	Dayton	Memphis	Portland, Ore.
Charlotte	Denver	Minneapolis	St. Louis
Chicago	Detroit	New York	San Francisco
Cincinnati		Omaha	Washington
	London, England		Toronto, Canada

the year 1924 reflected therein. This is strikingly illustrated in the deposits, which were \$621,425,390.73 on December 31, 1924, as compared with \$499,605,588.78 on the corresponding date a year ago, an increase of \$121,819,801.95. Total resources a year ago were \$621,455,548.75, as contrasted with \$753,231,281.10 as of December 31, 1924, an increase of \$131,775,732.35.

EQUITABLE EASTERN BANKING CORPORATION

At the annual meeting of stockholders of the Equitable Eastern Banking Corporation of New York, held January 18, 1925, the following directors were re-elected: W. W. Aldrich, H. E. Cole, J. D. Day, Heman Dowd, R. R. Hunter, Alvin W. Krech, George L. LeBlanc, Arthur W. Loasby and Enrico N. Stein.

At the meeting of the board of directors held the same day, the regular quarterly dividend of 2 per cent. was declared on the capital stock of the corporation, payable January 14 to stockholders of record December 31, 1924. All officers of the corporation were re-elected.

Henry C. Titus was appointed general manager of the corporation.

The far eastern office of the corporation is located at 6 Kiukiang Road, Shanghai. Its Asiatic facilities have recently been augmented by the opening of a new office in Queens Road, Hongkong.

The Equitable Eastern Banking Corporation was organized in December 1920 by The Equitable Trust Company of New York, taking over the parent company's Far Eastern business. The corporation has shown a steady growth and consistent earning power, having paid dividends continuously since the date of its organization.

The corporation's latest statement of condition, issued December 31, 1924, shows capital of \$2,000,000; surplus \$500,000; undivided profits \$521,600.

CONTINENTAL SECURITIES CORPORATION ORGANIZED

The Continental Securities Corporation was incorporated December 12, 1924, under the laws of the State of Maryland with an authorized capital of \$2,500,000, for the pur-

To Trust Companies

Banks, Bankers and Corporations, this Company extends an invitation to utilize its comprehensive banking services.

Inquiries are welcomed

UNITED STATES MORTGAGE & TRUST COMPANY

CAPITAL, SURPLUS AND UNDIVIDED
PROFITS - - \$7,400,000

New York

pose of making investments in Continental Europe.

The directors are: John McHugh, president, Mechanics & Metals National Bank, New York; Donald Durant, Lee, Higginson & Co.; Ray Morris, Brown Brothers & Co.; George C. Clark, Clark, Dodge & Co.; Gerald F. Beal, treasurer, J. Henry Schroder Banking Corporation.

The officers are: Gerald F. Beal, president; Donald Durant, vice-president; Ray Morris, vice-president; L. S. Chanler, Jr., secretary and treasurer.

At present this corporation plans to confine its operations entirely to the investment of its own capital, represented by common stock only, and does not contemplate the issuance of either preferred stock or bonds. There will be no public offering of the common stock. The J. Henry Schroder Banking Corporation, New York, will act as financial agents for this corporation.

DISCOUNT CORPORATION OF NEW YORK

The statement of the Discount Corporation of New York as of December 31, 1924,

shows total acceptances of \$114,570,292. Net profits for the year were \$664,426. The company has a capital of \$5,000,000, surplus of \$1,000,000, and total resources of \$127,071,598.

CHEMICAL NATIONAL BANK

Total deposits of the Chemical National Bank of New York were \$151,699,894 on December 31, last, showing an increase of \$22,000,000 over the previous year. Capital, surplus and undivided profits, standing at \$21,524,108 at the end of the year, show an increase of \$352,276 over 1923 and an increase of \$912,512 over 1922. During the year the Chemical transferred \$2,000,000 from undivided profits to surplus account.

At the annual meeting of the directors for the election of officers the following promotions were made: Barret Montfort, formerly assistant vice-president, was made vice-president and trust officer. Charles E. Kimball and Carleton L. Marsh were made assistant trust officers. Mr. Montfort is a graduate of Harvard and of the University of Virginia, and has made rapid progress at the bank since he joined the staff of the

HAROLD A. DANNE

**ELECTRIC
LIGHT — POWER**

41 Park Row, New York, N. Y.

Chemical five years ago. Mr. Kimball is a graduate of Princeton, class of 1913, and Mr. Marsh is a graduate of Yale, class of 1914, and of the Yale Law School, class of 1917.

**NATIONAL CITY BANK'S HAVANA
OFFICE**

The National City Bank of New York has opened the new building of its Havana,

Cuba, office which will be used as headquarters for all the National City Bank's branches in Cuba. The National City has seventeen branches in the principal cities of Cuba, eight of which are in buildings purchased from the Banco Nacional.

**BANKERS CAPITAL ADVANCES
KIRK**

J. U. Kirk has been made a vice-president of the Bankers Capital Corporation of New York, effective as of February 2.

COAL AND IRON NATIONAL BANK

Milton Harrison has been elected to the board of directors of the Coal and Iron National Bank of New York. Mr. Harrison is president of the National Association of the Owners of R. R. Securities; executive vice-president of the National Association of



Arthur W. Loasby, (left), president of the Equitable Trust Company of New York, turns over to Thomas Sherman, (right), vice-president of the State Bank of New York, and president of the Bankers Athletic League of that city, the silver cup presented by him to become the permanent property of the bank basketball team winning the championship of the league three times. The National City Bank quintet has won the first leg on the cup

Mutual Savings Banks; and trustee of the Bowery Savings Bank.

At a recent meeting of the executive committee of the Coal and Iron National Bank the present officers were all re-elected and, in addition, Twining Touseley was made an assistant cashier of the bank.

**ROBERTSON MADE CREDIT
MANAGER OF CHEMICAL.**

Among the recent appointments in New York to a position of prominence in credit circles is that of Merle E. Robertson as credit manager of the Chemical National Bank. Mr. Robertson has been active for some time among the credit men in New York and is one of the younger men to be appointed to a position of this responsibility. He originally became associated in bank work with the Franklin Trust Company of New York and when that institution was merged with the Bank of America in May, 1920, he continued in the credit department of the combined institutions. In September



MERLE E. ROBERTSON
Credit manager Chemical National Bank,
New York

of 1920 he became a member of the credit staff of the Chemical National Bank and for the past two years has been in complete charge of the statement analysis work of that bank. In August, 1924, he was appointed

Hare & Chase, Inc.
Automobile Finance
300 Walnut Street
Philadelphia



The name Hare & Chase has
fifty-eight years of business
prestige behind it

assistant manager of the credit department and a short while ago officially made manager. Prior to his entering into bank work, Mr. Robertson had some legal training which has stood him in good stead in his present position. He is a graduate of Nyack High School, Nyack, New York.

**AMERICAN TRUST COMPANY
ANNOUNCES PROMOTION**

Walter MacNaughten has been made an assistant secretary of the American Trust Company of New York. Mr. MacNaughten, who is in charge of the trust department, was formerly with the New York Trust Company.

PEOPLES COMMERCIAL BANK

At the meeting of the board of directors of the Peoples Commercial Bank of New York, of 150 Delancy street, New York City, held January 22, Francis A. Fullam was elected vice-president, which office he will

A Few DONSTEEL Testimonials that Reflect the Opinion of Bankers Throughout the Country.

THE CHEMICAL NATIONAL BANK OF NEW YORK

Jan. 12th, 1925.

"We were especially desirous of having practically the last word in vault construction... after witnessing a demonstration, we concluded to have The Mosler Safe Co. install our safe deposit vault with the DONSTEEL as a feature. We are pleased to recommend most highly the DONSTEEL, as well as The Mosler Safe Co. construction."



President.

THE BANK OF AMERICA, New York

Jan. 6th, 1925.

"We are quite satisfied that our decision to use DONSTEEL in our vault was a correct one... all of us here are convinced that DONSTEEL has resisting qualities far superior to any other kind of steel which has come to our attention."




Vice President.

FIRST NATIONAL BANK OF McCOMB, McComb City, Miss.

Dec. 13th, 1924.

"Your Mr. J. G. Donaldson, inventor of DONSTEEL, held a demonstration to determine the drill resisting qualities of materials used in the construction of bank vaults, in the shops of the Illinois Central Railroad located in this city. The torch was applied by experienced welders and burners of these shops. After the DONSTEEL plate cooled and was examined it was found that the surface of same was not even blistered."



Vice President.

THE MOSLER SAFE CO.

375 BROADWAY, NEW YORK, N. Y.

Factories Hamilton, Ohio.

Largest Safe Works in the World

hold in conjunction with his present office of cashier. The complete list of the officers of the bank as now constituted is as follows: S. W. Barasch, president; Morris Barasch, Leo Bickel, vice-presidents; Francis A. Fullam, vice-president and cashier; David R. Slonim, assistant cashier.

The stockholders of the Peoples Commercial Bank have voted to double the amount of capital stock of the bank by the issuance of 1000 new shares which are being offered at \$150 a share, the additional \$50,000 to be derived therefrom to be added to the surplus fund.

SEABOARD NATIONAL BANK

At the annual meeting of the directors of the Seaboard National Bank of New York for the election of officers, the following promotions were made: John A. Burns, trust officer, was made vice-president and trust officer; Seymour Monroe and A. Philippe von Hemert were made assistant cashiers.

CENTRAL UNION TRUST ELECTIONS

At the annual meeting of the board of the Central Union Trust Company of New York, Robert E. Allen and Richard C. Roetger, assistant treasurers, and Virgil W. Miller, assistant secretary, were made vice-presidents. All other officers were re-elected.

FIDELITY TRUST COMPANY

At the director's meeting of The Fidelity Trust Company of Buffalo four promotions were made and a new office was created. Harley F. Drollinger, heretofore manager of the new business department, and George P. Rea, formerly manager of the investment department, were elected to the positions of vice-presidents. A. Erwin Rankin, formerly assistant secretary, was selected to fill the newly created office of investment trust officer, and Joseph E. Bright, formerly assistant secretary, was made manager of the new business department.

PLAINFIELD TRUST COMPANY

At the January meeting of the board of directors of The Plainfield Trust Company of Plainfield, N. J., several important changes were made in the official staff.

Harry H. Pond was again elected president and Augustus V. Heely and DeWitt Hubbell vice-presidents. Mr. Hubbell, who



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

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Correspondence and inquiries invited

Capital - \$3,000,000

Surplus and

Profits - 9,000,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

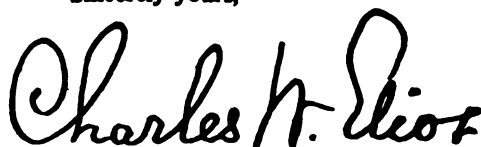
Cambridge, Mass., 11 December, 1924.

Dear Mr. Calwell:

I think I have never written anything on the qualities and attributes which a person charged with executive responsibilities should possess. Some of these qualities are natural gifts, such as a calm temperament and a love of work; but others can be acquired by observation and experience. Any man who is going to be efficient under great responsibilities will need the capacity to select competent assistants, and to give them their heads when once proved. An executive who finds it necessary to do everything himself will get to the limit of his potentialities long before he is really old.

I never expect to get as far as Philadelphia again. My present limit for visits is about half an hour's drive in my own automobile.

Sincerely yours,



Charles S. Calwell, president of the Corn Exchange National Bank of Philadelphia, recently received the letter reproduced above from Charles W. Elliot, president emeritus of Harvard University

has been secretary and treasurer of the company since 1913, has for several years past held the position of vice-president, secretary and treasurer. F. Irving Walsh was made secretary of the company.

H. Douglas Davis, formerly assistant secretary and trust officer, was advanced to the position of treasurer. He will retain the title of trust officer as well.

Russell C. Doeringer, formerly assistant treasurer, was made assistant secretary also. Miss Marjorie E. Schoeffel, who succeeded unofficially to the duties of Miss Adele H. Kirby, former assistant secretary and assistant treasurer of the company, was made an assistant secretary in November of 1923, and at the recent meeting was given the additional title of assistant treasurer.

Frederick H. Stryker was appointed assistant treasurer and Frederick I. Wilson assistant trust officer.

PEOPLES BANK ELECTS DILLISTON OFFICER

William H. Dilliston comes to the Peoples Bank and Trust Company of Passaic, N. J., as director and vice-president from the Fed-

eral Reserve Bank of New York where he has been assistant Federal Reserve Agent, and also the manager of the bank examinations department; in addition to being a National bank examiner.

Mr. Dilliston was born and brought up in Passaic County; his home is in Paterson. He began his banking career in the Silk City Safe Deposit and Trust Company of Paterson in 1903.

FRANKLIN TRUST COMPANY

At the annual meeting of the Franklin Trust Company of Philadelphia, the following stockholders were elected directors to serve for the ensuing year: Milton D. Gehris, Philip J. Baral, Henry G. Peddle, Robert H. Hood, John J. Caine, George B. Wells, C. Henderson Supplee, William Innes Forbes, C. Addison Harris, Jr., Thomas E. Coale, Anthony H. Geuting, A. E. Ford, and Charles W. Mills.

At a meeting of the directors the following officers were unanimously elected: C. Addison Harris, Jr., president; A. B. Dauphinee, vice-president and treasurer; Arthur Kitson, Jr., vice-president and trust officer; A. L.

Crispen, assistant treasurer and secretary; E. S. Conro, H. Ennis Jones, H. Earle Jarden, A. L. Taber, A. M. Cholmeley-Jones, J. Harry Fernan and Norman T. Heath, assistant treasurers; and Edw. Stonehill, real estate officer.

NATIONAL SAFE DEPOSIT CONVENTION

The National Safe Deposit Association has completed arrangements to hold its next convention at The Ambassador Hotel, Atlantic City, N. J., May 29 and 30. The business meetings will be held in the morning and afternoon of both days, and the conference will close with a banquet Saturday evening.

Lewis S. Stackhouse of the Trenton Banking Company, Trenton, New Jersey, is in charge of the convention arrangements.

THREE BANKING CONVENTIONS AT HOTEL TRAYMORE

The Hotel Traymore, Atlantic City, N. J., will be the headquarters for three banking conventions in 1925.

The Maryland Bankers Association will hold a meeting there on May 12, 13 and 14.

The Pennsylvania State Bankers Association will meet there on May 20, 21 and 22.

The American Bankers Association will have its headquarters there at the fifty-first annual convention which will be held September 28, 29 and 30, and October 1.



New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

SINCE the new year opened there has been a decided turn for the better in the major New England industries. Buying, both of raw materials and finished products, is on a much broader scale and gives every evidence of steady improvement during the months to come. New England and New England industries have been extremely conservative in accepting and acting upon the evidence of business improvement, and this conservatism still holds buying in check



Monongahela National Bank, Brownsville, Pa.

THE new banking home of the Monongahela National Bank was remodeled from a three story brick hotel building formerly the Monongahela House.

There were a number of unusual conditions to be met by the architects, such as to preserve an appearance of an individual bank building and retain the upper floor for rental as offices.

The bank's quarters are finished with Tavernelle marble counter-screen, with bronze wickets. An attractive directors' room is at the rear of the mezzanine floor over the ample vaults and safe deposit department.

The remodeling was planned and directed by

Morgan, French & Co., Inc.

Architects and Bank Engineers

19 West 44th Street . New York

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

FRESH AIR for YOUR BANK

Gerdes ventilation systems and electric window ventilators diffuse healthful and invigorating *unheated* fresh air without causing draft or chill. The cost is repaid many times in increased efficiency and better health.

RESULTS GUARANTEED

Our absolute guarantee on every installation insures satisfaction. Reports and proposals made without obligation or charge. Booklet containing references of the highest character sent on request.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 2893

somewhat, but it is the conservatism of the analytical rather than the fearful. The textile industry, for instance, has been carefully analyzing the increasing demands of its consumers and, with a very fair gauge of possible and probable future demands, has slowly increased production in proportion. The price situation has been carefully analyzed also. It is well recognized that while mills feel that their prices should be higher, consumers will not stand for higher prices. Hence, profits must come from operating economies rather than from an increase in prices.

During the past month labor—the last item to be tackled—has taken its wage cut, and has taken it rather philosophically on the whole. By taking the wage cut labor in the mills has been assured of full employment for a long period, as against the irregular employment of the past. In the shoe industry much the same conditions have prevailed, and during the past month the outlook has improved for the whole industry. The hardware, tool and machinery trade reports a greatly improved outlook, with heavy orders from the building trades, and better

orders from the general field of manufacturing.

Retail trade in New England has been a little below par in the larger department stores but a little better in the smaller towns where an improved employment situation has been a factor. Wholesale trade is better than retail just at this writing, but retail trade is expected to catch up before the end of the month, as the response to special sales, clearance sales and other intensive selling efforts in retail lines is most encouraging. Collections in both wholesale and retail lines have been rather poor. There is little to offer by way of logical explanation of this, but the fact remains.

The money situation shows little change. Money is plentiful and cheap and the demand, both from commercial sources and for mortgages, is below the supply. Business failures are normal in number and do not indicate any strain in any one line or locality.

The real estate market is passing through the quietest period of the year, but there is nevertheless a substantial amount of business being done and prospects for spring are far brighter than they were a year ago. Prices

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

for new property and newly constructed houses have changed but slightly, but buyers at present prices are growing scarcer, and the decline in the price of the older properties is bound, by spring, to bring all real estate to a slightly lower price level and thereby improve the whole business. A great deal of investment money is again going into apartments and business properties—an indication that prices, rents and future prospects of these properties have become stabilized and thoroughly understood. There is a large amount of winter building going on. Building materials are at a very fair price level, building labor is efficient and available, the housing needs of various localities have been well analyzed and the whole building industry is on a sound footing that bids fair to blossom into a fairly long era of prosperity if rightly handled.

COX MADE VICE-PRESIDENT FIRST NATIONAL

Channing H. Cox, retiring Governor of the State of Massachusetts, has become associated with the First National Bank of Boston as one of its vice-presidents.

Governor Cox, a native of New Hampshire, got his common school education in Manchester and was graduated from Dartmouth College in 1901 and from the Harvard Law School in 1904. He has received the degree of LL. D. from his Alma Mater and from Tufts College.

From the time of his graduation, Channing H. Cox has been much in politics. Elected to the Boston Common Council in 1908 and 1909, he disclosed those abilities which have been used freely for the service of the Commonwealth. His election to the House of Representatives followed two years in Council. He labored in the House until 1918,

when he quit the Legislature to campaign for the Lieutenant-Governorship, to which he was elected in 1918.

For the two years that Calvin Coolidge was Governor—1919-20—Channing Cox was his Lieutenant-Governor. Through the troublous times of the Boston police strike,



CHANNING H. COX

Retiring Governor of the State of Massachusetts, now vice-president First National Bank of Boston

the Governor well knew that he had in his aide a staunch supporter, who did much in the way of encouragement when the times made such service grateful.

Then he followed Mr. Coolidge's elevation to Vice-President of the United States and, at the same time, Massachusetts promoted

the young Lieutenant-Governor to be Governor, starting with the first two-year term of the chief executive in the long history of Massachusetts.

Governor Cox proved the efficacy of the budget system of government which the Federal Government patterned after Massachusetts in developing its own. But the pay-as-you-go policy, inaugurated during the Cox régime, was a product of that administration. When Governor Cox took the helm the net state debt was \$35,128,239.62, and the state tax had risen to \$14,000,000 yearly. Despite all this, there was a deficit in the state treasury.

During his first year as head of the state the debt was reduced to \$29,311,796.03. While the state tax remained what it had been there was a balance in the treasury after Governor Cox's first year instead of a deficit and this balance amounted to more than \$6,500,000. This made it possible to reduce the state tax the second year of Channing Cox as Governor.

During the second year, too, the debt of the state was cut to \$23,712,611.74. The state tax was cut \$2,000,000 this year, to \$12,000,000. The third year ended with a state debt reduced to \$20,792,233.44 but the state tax was allowed to remain as it was.

As the Governor's fourth year closes he points to a state debt of \$18,922,007.11. This shows that in his four years as Governor of Massachusetts, Channing Cox reduced the debt by \$16,205,332.51. The fourth year also brought a reduction in the state tax to \$10,000,000, showing that he had cut the state tax \$4,000,000 in four years. This was all accomplished while the debts and taxes in other states have taken the opposite move and have risen instead of fallen.

The Governor's establishment of the state police and his leading the governors of New England in their joint efforts to accomplish something of real benefit to the railroads and to the public as well, are all facts in recent history fresh in the thought of all. He has doubled the size of the state forests, and the Department of Education shows that the Governor has always thrown the entire weight of his influence in forwarding the advancement of the schools.

HARTFORD-CONNECTICUT TRUST ELECTIONS

The Hartford-Connecticut Trust Company, Hartford, Conn., has announced the election



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PARLETTE-PADGET COMPANY
WILLIAM PADGET - President
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of Arthur P. Day as vice-chairman and Nathan D. Prince as president.

OLD COLONY RAISES CAPITAL TO \$10,000,000

At the annual meeting of the Old Colony Trust Company of Boston it was voted to increase the capital stock of the company from \$7,500,000 to \$10,000,000. All officers and directors of the bank were re-elected.

MANUFACTURERS NATIONAL BANK

At the annual meeting of the stockholders of the Manufacturers National Bank of Cambridge, Mass., the following new directors were added to the board: Howard H. Davenport, vice-president and sales manager Metropolitan Ice Company; Frank Golding, treasurer Cambridge Electric Light Company; Isaac T. Haddock, vice-president Cambridge Gas Light Company; and John R. Goldsberry, president Cream Fried Cake Company.

At a meeting of the board the following

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officers were elected: George A. Giles, chairman of the board; Walter M. Van Sant, president; Timothy W. Good and Alfred E. Cleveland, vice-presidents; Gerard L. Bond, cashier; and Alfred M. Keeler, assistant cashier.

The present board now consists of the following twenty members: Samuel L. Bickford, Charles A. Briggs, Louis C. Brine, Alfred E. Cleveland, Edward M. Cromwell, Howard H. Davenport, George A. Giles, Timothy W. Good, Frank H. Golding, John R. Goldsberry, George M. Gray, Isaac T. Haddock, Frank W. Lane, Joseph W. Motherwell, Albert N. Murray, Ava W. Poole, Joseph H. Perry, Robert H. Sanderson, Fred F. Stockwell, Walter M. Van Sant.

BOSTON BANK TO ENGAGE IN FOREIGN FINANCING

Interests identified with the Atlantic National Bank of Boston have incorporated the Atlantic National Corporation under the laws of Massachusetts for the purpose of

engaging in foreign banking, especially in the financing of the foreign business of the bank's customers. The new corporation will have an authorized capital of \$1,000,000, of which \$300,000 is to be issued at once. Officers of the corporation are identical with those of the bank.

The new corporation will open a New York branch office at 67 Wall street, under the management of P. Del Dyson-Skinner, who has been manager of the bureau of foreign and domestic commerce and director of publicity for the Boston Chamber of Commerce during the past year.

MASSACHUSETTS NATIONAL BANKS ORGANIZE

Frederic B. Washburn, president of the Mechanics National Bank of Worcester, Mass., has been elected president of the Massachusetts National Bank Association, which was formed at a meeting of representatives of 100 national banks of the state, held at the Federal Reserve Bank of Boston. Raymond B. Cox, president of the Webster & Atlas National Bank of Boston, was elected vice-president; L. L. Titus of the City National Bank of Holyoke, second vice-president, and Richard F. Churchill of the Atlantic National Bank of Boston, secretary.

The executive committee comprises: Charles F. Weed, vice-president First National Bank of Boston; J. C. Batchelder of the Metacomet National Bank of Fall River; Harry Wells of the Chapin National Bank of Springfield; Norman I. Adams, vice-president National Shawmut Bank of Boston; Elmer A. Onthank, president Safety Fund National Bank of Fitchburg, and John F. Tufts, president Union Market National Bank of Watertown. Mr. Weed and Mr. Wells are to serve for one year, Mr. Adams and Mr. Batchelder for two years and Mr. Onthank and Mr. Tufts for three years.

The association has been organized for the purpose of promoting the general welfare of the member banks. Besides fostering personal relations, particular attention will be given to legislation and other matters directly concerning the banks.

PROPOSED BILL AFFECTING BANK OFFICERS AND EMPLOYEES

A bill presented in the Connecticut General Assembly recently has for its purpose of

the filing of monthly reports by brokers and investment dealers of all transactions between them and any employee or officer of a banking, trust, savings, loan or other financial institution under the jurisdiction of the State Bank Commissioner, giving the date of sale, amount paid and manner of payment. The bill carries a penalty of a fine of not less than \$100 nor more than \$500. It is a consequence of circumstances appearing in three bank embezzlements occurring in the last year.

JOHN N. EATON PROMOTED

John N. Eaton, formerly credit manager of The Merchants National Bank of Boston, has been elected a vice-president of that bank. Previous to his connection with The Merchants National Bank, Mr. Eaton was connected with E. Naumburg & Company



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JOHN N. EATON

Vice-president The Merchants National Bank of Boston

and for a number of years had charge of the New England business of this firm. In 1914 he left E. Naumburg & Company and became associated with the Industrial Trust Company of Providence as manager of their Pawtucket branch. He came to The Merchants National Bank in September 1918 in charge of credits. Mr. Eaton is president of the Robert Morris Associates, a national

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 National Banking Association
Charleston, S. C.
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organization of loaning officers and credit executives from about 400 leading banks throughout the United States.



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

SO careful a student of economic conditions as Rudolf S. Hecht, president of the Hibernia Bank of New Orleans, finds, as the new year enters, "a business sky that seems clearer than for a long time past." He elaborates: "The underlying conditions are such as fully to justify us at this time in taking a decidedly optimistic view of the outlook."

Mr. Hecht is talking especially about the South and New Orleans, but is casting the horoscope from the stars of national conditions.

His summary shows the sound basis of his argument.

The farming situation of the South, he says, has shown marked improvement during the past year, though Louisiana's sugar



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and rice production suffered heavily from the late drought. The Louisiana sugar crop will probably total 105,000 tons as compared with 162,000 in 1923, and the price of raw sugar is 4.65 cents as compared with 7. If it were not for the heavy sugar content in the cane, the season would have resulted more disastrously than it did.

Starting with excellent prospects, rice suffered from the shortage of water, "with the result that few of the farmers were able to much more than clean up their current crop advances, and could not liquidate the old debts which three previous unfavorable seasons had forced them to carry over." The 1924 production of rice for Louisiana is estimated at 17,000,000 bushels as compared with 16,000,000 in 1923.

Cotton totalled a heavier production, but the lower level of prices means less income for the farmers. The estimate for 1924 is 13,153,000 bales, compared with 10,985,000, and the spot price for middling is 24.60 compared with 35.53 cents.

In other crops, farmers are better off than they have been for many years.

The lumber industry of the South has had a most prosperous year. With a production of 16,000,000,000 feet, 1924 was the best on record for the Southern pine industry. The hardwood and cypress industries benefitted from the immense building program, highway construction, automobile output, and railroad development. The outlook for the lumber industry in 1925 is most favorable.

Contrary to the usual trend in the Sixth Federal Reserve district, the retail trade in November showed an improvement over that of October. December's business, however, showed a brisk pick-up. According to unofficial statements, it was sufficient to make up the fall losses, with perhaps something to spare. For in December, the delayed normal buying of the season piled up with the Christmas business. The year's retail business in New Orleans showed a slight gain over that of 1923, according to informal estimates. But there will be many sections in the South where results will not be so favorable.

Employment conditions throughout this section are generally satisfactory. There is some unemployment in Georgia due to transients from the North. Cotton oil mills at Augusta closed down for a time. Atlanta building trades developed a surplus. Highway construction in the South is absorbing

a large percentage of the productive manpower in Florida. In Alabama, the situation is mixed, showing labor cuts in the Mobile and Anniston sections, but increases in the Montgomery section. In Louisiana, the situation is very satisfactory. In Mississippi, industrial employment picked up, with some lumber mills working double shifts. Tennessee has developed a surplus.



CONVENTION DATES

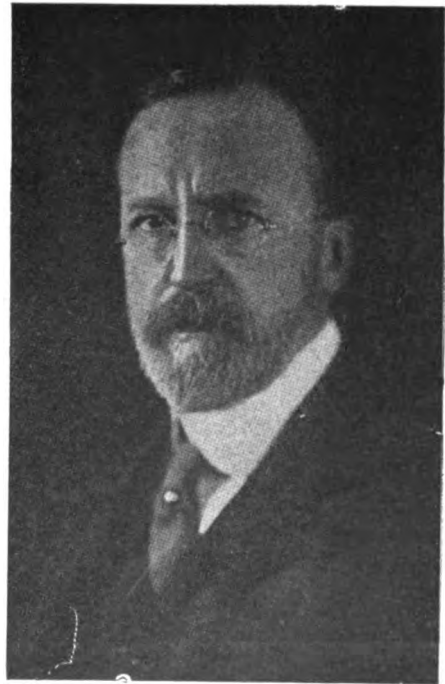
Executive Council, A. B. A.—at Augusta, Ga., April 20-23.

North Carolina—at Pinehurst, May 7-9.

Maryland—at Atlantic City, N. J., May 12-14.

BALTIMORE BANKS MERGE

Directors of the Atlantic Exchange Bank and Trust Company and the Baltimore Trust Company have agreed, subject to approval of the stockholders, upon terms for combining the two institutions under the



WALDO NEWCOMER

Chairman Baltimore Trust Company, with which the Atlantic Exchange Bank has been merged

name of the Baltimore Trust Company.

The new company will have \$3,500,000 capital, \$3,500,000 surplus and \$450,000 undivided profits. A special reserve fund of \$450,000 also will be created. Deposits will be \$42,000,000 and total resources \$54,000,000. Neither company absorbs the other, both having agreed upon a merger on the basis of an exchange of stocks.

Waldo Newcomer, chairman of the Atlantic Exchange Bank, will hold the same position with the enlarged company. William Ingle, president of the Baltimore Trust Company, will be vice-chairman and Eugene L. Norton, now president of the Atlantic Exchange Bank & Trust Company, will be president.

JULIEN HILL AGAIN HONORED

Julien H. Hill, president of the State & City Bank and Trust Company, was unanimously re-elected second vice-president of the Richmond Chamber of Commerce at the recent annual meeting, all the officers



JULIEN H. HILL

President State & City Bank and Trust Company, Richmond, Va., unanimously re-elected second vice-president Richmond Chamber of Commerce

being re-elected for another term. Mr. Hill has been prominent in civic affairs for a number of years, and is widely known throughout the South and East.

HIBERNIA BANK'S NEW OFFICERS

At the annual organization meeting of the board the Hibernia Bank and Trust Company of New Orleans, E. Molitor, former cashier of the Federal International



E. MOLITOR

Vice-president Hibernia Bank and Trust Co., New Orleans, La.

Banking Company of New Orleans, was added to the staff as vice-president; W. B. Machado, former cashier, was elected vice-president and cashier; Louis P. Banchet and E. F. LeBreton, former cashiers, were elected assistant vice-presidents. All of the other officers were re-elected. The senior officers are as follows: Hugh McCloskey, chairman; R. S. Hecht, president; and the following vice-presidents: R. W. Wilmot, W. P. Simpson, A. P. Howard, Fred W. Ellsworth, Paul Villere, R. N. Sims, James H. Kepper.

NATIONAL CENTRAL BANK PROMOTIONS

Several promotions among the officers were made by the directors of the National Central Bank of Baltimore at their recent or-

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JOHN M. MILLER, JR.

President

Resources over \$32,000,000

ganization meeting. George F. Lang, cashier, was elected a vice-president; William Katenkamp, assistant cashier, was elected cashier, and Harry H. Hahn, assistant cashier.

Mr. Lang entered the bank's service in 1900 as a runner, and since then has risen steadily, step by step, to a vice-presidency. Mr. Katenkamp joined the bank in 1905 as discount clerk, and was elected assistant cashier in 1918. Mr. Hahn went with the bank in 1918, as auditor.

August Weber was re-elected president and John P. Lauber, vice-president.

RICHMOND BANK OPENS NEW BANKING HOME

All local records were broken by the State & City Bank and Trust Company of Richmond when at the recent opening of its new banking house the crowd blocked traffic along Main street in front of the building.

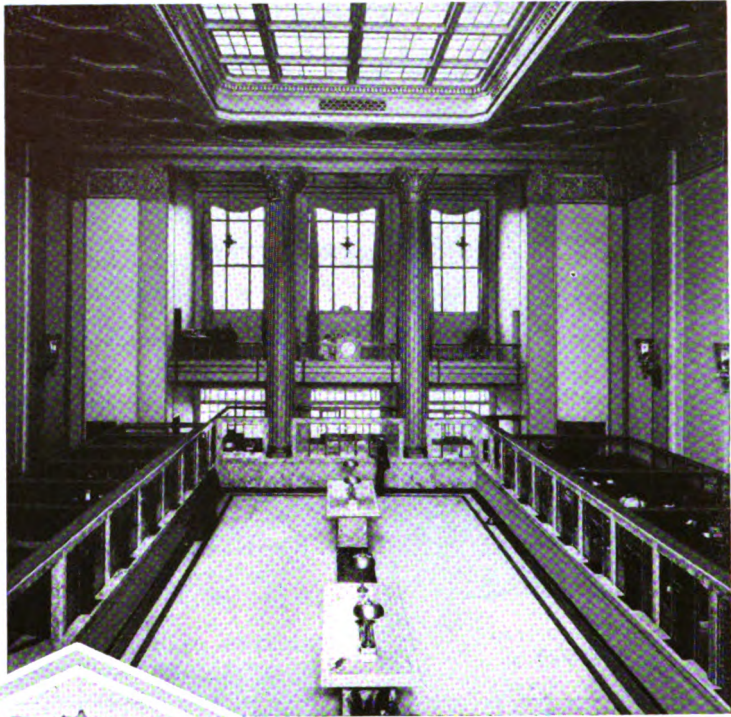
The first day of the opening was for the customers and other friends of the bank and the next afternoon for the school children. More than 12,000 visited the new

banking house during the formal opening, and the officers and directors who received the visitors in informal reception were roundly complimented upon the beauty and completeness of the institution's new quarters.

On the day following the opening from 3 to 5 o'clock the school children were invited, and they responded in crowds. They were more than 7000 in number and, as rapidly as they could be handled, they were admitted in groups and escorted through the various departments of the bank.

The children, who never before, so far as known, had been invited to a Richmond bank opening, were in such hilarious crowds, however, that they jammed the big main doors, filled the sidewalk, and overflowed into the streets bringing traffic to a halt. A number of special police officers had been assigned to duty in front of the building and they finally managed to open the street again.

The State & City Bank and Trust Company's new quarters occupy the first, basement, mezzanine and third floors of the big fourteen-story building recently completed by the bank.



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John Graham, Architect



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MANY NEW INDUSTRIES IN SOUTH

Continued industrial development in the territory served by the Southern Railway System is shown by the annual report of the Southern's development service covering the year 1924.

The report lists a total of 132 new industries placed in operation during the year, twenty-eight new industries under construction on December 31, eighty-four enlargements of existing industries placed in operation during the year and eight enlargements under construction at the end of the year, a total of 253 new industries and enlargements.

NEW WINDSOR, MD., BANK ELECTIONS

Stockholders of the First National Bank of New Windsor, Md., have elected the following directors for the ensuing year: Nathan H. Baile, J. Winfield Snader, John S. Baile, John G. Snader, Geo. P. B. Englar, J. Walter Englar, Townsend Scott, Thomas J. Stauffer, J. Sterling Geatty and J. Walter Getty.

The board re-elected Nathan H. Baile president after fifty-six years of service; J. Winfield Snader vice-president and J. Walter Getty, cashier.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri

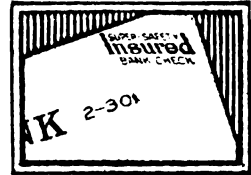
ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

MONEY has been becoming easier again since the first of the year and although there has been an increase in the borrowing demand it has not yet made appreciable inroads on the enormous volume of surplus credit available. Commercial paper is quoted at 3½ to 3¾ per cent., the advance of one-half point in the minimum rate recorded last month being retained, but how long this level will continue is uncertain. Bankers toward the end of the year were predicting firmer rates within a short time, but developments do not indicate an

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early realization of these prophecies. Bank loans are about on a 5 per cent. level. Re-discounts at the Federal Reserve Bank are again receding, after a temporary increase due to end-of-the-year requirements, and the reserve ratio of the institution is again nearing 75 per cent.

Improved industrial and commercial conditions during the last two months of 1924 were responsible for a marked increase in savings deposits in Chicago banks, as the re-employment of labor halted the withdrawals of the summer and early fall months. Returns made to the Comptroller of the Currency and the state auditor in response to the call early this month show an increase of \$21,621,000 since the last previous call, October 10, in these deposits. While national banks showed a loss of \$1,946,000 compared with the October figures the state institutions gained \$23,567,000 and the total of \$637,324,000 establishes a new record for the city.

Although loans of the state banks were expanded \$4,220,000 between calls the na-

tional banks reduced their outstanding loans and discounts \$50,561,000, year-end settlements being largely responsible for the reduction as the volume of new business was materially enlarged during December. Cash resources were naturally enlarged, national banks gaining \$24,624,000 and state banks \$29,210,000, the total of \$608,675,000 comparing with \$554,841,000 on October 10.

There was also a noteworthy gain in deposits by state banks, which reported an increase of \$51,539,000 while the national banks lost \$23,419,000, leaving a net improvement of \$28,419,000 for the period between calls. The loss noted in deposits of the national banks is attributed largely to the lowering of the interest allowance on country bank balances in November, which resulted in the withdrawal of about \$50,000,000 by interior institutions and the re-investment of this money in securities pending an increase in general business which would require amplified financing.

A brisk demand for Chicago bank stocks based on the favorable character of the annual financial reports which have been appearing since the first of the year has resulted in a marked upward swing in the prices of these securities under the leadership of Illinois Merchants Trust. Bids of \$450 a share are \$15 higher than at the first of the year and no stock is available in the market.

During the latter part of last year there was only a limited inquiry for bank stocks, as investors evidently assumed that the low interest rates current during 1924 had made banking less profitable than in preceding years, but the demand has been stimulated by the good showing of the banks in their statements, indicating net income only slightly lower than in 1923.

Stock of the First National Bank has advanced \$7 a share to \$459 bid, Foreman National, which only recently was brought out at \$400, is quoted at \$410 bid. Continental and Commercial National is up to \$310, Central Trust \$232, State Bank of Chicago \$560, Union Trust \$400, Standard Trust \$175, Chicago Trust \$170 and National Bank of the Republic \$182.



CONVENTION DATES

Missouri—at St. Louis, May 19-20.

Iowa—at Dubuque, June 15-16-17.

Wisconsin—at Milwaukee, June 16-17.



First National Bank Building, Chicago. Inserts, left to right: Frank O. Wetmore, chairman, and Melvin A. Traylor, president, of both the First National Bank and the First Trust and Savings Bank

New Developments in First National and First Trust of Chicago

THAT banking history in Chicago is still in the making is evidenced by the new developments, both in personnel and physical properties, in the First National Bank and the First Trust and Savings Bank as the year opened. At the annual meeting, Frank O. Wetmore was elected chairman of the boards and Melvin A. Traylor president of the banks, Mr. Wetmore having been president of the First National Bank and Mr. Traylor president of the First Trust and Savings Bank. Other promotions in the First National Bank were: Harry Salinger

was made vice-president in charge of the foreign banking department, which succeeds the foreign exchange department of which he was manager; Frank M. Gordon, vice-president of the First Trust in charge of the bond department, was elected to the same position in the national bank, retaining his title in the savings bank. In the bond department of the latter, Irving L. Porter was promoted from assistant vice-president to vice-president, and John H. Grier and James P. Feeley were made assistant cashiers; in the banking department W. Potter



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Holst was appointed assistant cashier, and in the real estate loan department C. B. Jennett and George Hill were made assistant managers. C. Edward Dahlin was appointed assistant attorney of both banks and William Rosbe assistant manager of the discount and collateral department of the First National Bank.

The careers of the men who now jointly head these two banks present a marked contrast. Frank O. Wetmore was born at Kalamazoo, Michigan, November 12, 1867. Shortly thereafter his parents moved to Adrian, in the same state, where he attended school. He began his business career by working after school hours in his father's hardware store. In 1886 he came to Chicago and since that time has been continuously connected with the First National Bank of Chicago. After serving as messenger and bookkeeper he was appointed general man and mastered the detail of banking by working in every department. In 1897 he was appointed auditor, reporting on the bank's loans to the board of directors. His rise in the bank from that time was rapid. In 1904 he was elected assistant cashier, and the next year cashier of the bank. In 1907 he became vice-president and a year later the chief assistant of Mr. Forgan in the supervision of all the credits of the bank. Since 1910 Mr. Wetmore has been a director of both the First National and the First Trust and Savings Bank, and on January 11, 1916, was elected president of the former.

Mr. Wetmore has just been elected a member of the Federal Advisory Council of the Federal Reserve Board, representing the seventh district, and is a member of the Commercial Club and Industrial Club of Chicago, and other clubs and organizations. He has long been active in the work of the American Red Cross, is treasurer of the local chapter, and was chairman of the Chicago committee to handle the Red Cross Japanese relief, which work he carried to a successful conclusion. During the War he was chairman of the finance committee, and his plan of organizing the drive for funds in the city by wards was the solution of a most difficult problem and was adopted for the Liberty Loan drives. In recognition of these labors he was elected trustee of the endowment fund of the national organization of the Red Cross.

Mr. Wetmore succeeds Mr. Forgan not only as the head of the two great banking

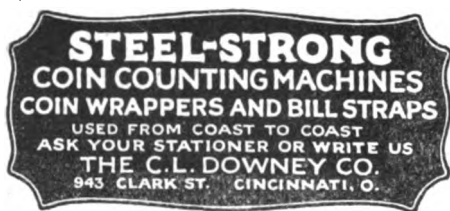
institutions, but also as a director of the Equitable Life Assurance Society of the United States, and of the Chicago Title and Trust Company. Mr. Wetmore's election to the chairmanship of the boards of directors does not in any sense mean a retirement from active duty, but the continuation under a common leadership of the First National and First Trust and Savings Banks.

Melvin A. Traylor is a comparatively young man to hold so important a position in the banking world, having been born in Kentucky in 1878. At twenty years of age he went to Hillsboro, Texas, where he worked in a grocery store and studied law at night. Soon after being admitted to the bar in 1901 he was elected city clerk of Hillsboro, and subsequently assistant county attorney of Hill County, Texas, which office he held until 1905.

He began his banking career in that year as cashier of the Bank of Malone, Texas. Two years later, he was made cashier of the Citizens National Bank of Ballinger, Texas, and a year later vice-president of that institution. In August, 1909, the Citizens National Bank took over the First National Bank, and Mr. Traylor became president of the consolidated institution, then capitalized at \$200,000. In 1911 he went to St. Louis to become vice-president of the National Stock Yards National Bank of East St. Louis. After three years of service there he came to Chicago in September, 1914, as vice-president, and in January, 1916, was elected president of the Live Stock Exchange National Bank, now the Stock Yards National.

In October of 1918, Mr. Traylor was elected president of the First Trust and Savings Bank and vice-president of the First National Bank of Chicago, and was made a director of both institutions. He assumed his new duties on January 1 of the following year and has since been an active factor in the development of the two banks of which he now becomes president.

Preceding the Second Liberty Loan, Mr. Traylor was appointed director of sales for the Treasury Certificates of Indebtedness for the Seventh Federal Reserve District. He built up a remarkably successful sales organization, and throughout the war and the period immediately succeeding was eminently successful in the broad distribution of certificates throughout the district. He has taken an active interest in banking organizations, and was president of the Il-



Illinois Bankers Association 1923-24. For several years he served as chairman of the Economic Policy Commission of the American Bankers Association, and in 1924, was elected second vice-president of the association, which is indicative of election to the presidency in 1926.

He is an enthusiastic golfer, a member of many leading clubs and societies, is a trustee of Northwestern University and Newberry Library, Chicago, and is president of the Shedd Aquarium Society. In recognition of his attainments, Illinois College at Jacksonville, in 1922, conferred upon him the honorary degree of Master of Arts.

Coincident with these changes in personnel, plans for the extension and unification of the First National Bank and the First Trust and Savings Bank buildings at Dearborn, Monroe, and Clark streets have been completed and demolition work immediately north of the present building on Clark street has been started. On this site will now be erected an eighteen-story addition to the existing buildings of both institutions. The frontage comprises 321 feet on Monroe street, 191 on Dearborn and 173 feet 10 inches on Clark.

The First National Bank of Chicago and the First Trust and Savings Bank had at the close of 1924 combined deposits of \$373,916,608 as compared with \$87,590,241, the deposits of the First National when its building was completed in 1903. Earnings of the banks for the year 1924 were \$3,961,089 from which dividends of 22 per cent. on the stock of the national bank amounting to \$2,750,000 were paid. Due to this steady growth the problem of adequate banking rooms has been continuous and the comprehensive plan of making additions and alterations that would insure ample facilities for some years to come seemed imperative as well as logical.

The present plan provides for an imposing vestibule and corridors with high-speed

passenger elevators in the new Clark street addition; the elimination of the present Monroe street elevators from the First National and the First Trust buildings, and the complete union upon all floors of both with the one under construction.

The First Trust and Savings Bank will occupy the entire ground floor with its savings, bond and real estate loan departments, the trust department occupying more than double its present space on the mezzanine floor. The First National will occupy all of the banking floor and additional space upon the floors above. The vaults, coupon and committee rooms of the National Safe Deposit Company will be removed to the basement, with a complete lighting and ventilating system.

It is expected that the entire project will be completed in about two years, without interruption or inconvenience either to the banks or their customers or to tenants in the buildings. The plans were prepared by and the construction and alterations will be under direction of the Leonard Construction Company.

UNION TRUST OF CHICAGO

With several hundred stockholders as luncheon guests, the Union Trust Company of Chicago reversed the usual custom of holding the annual stockholders meeting by proxy in the bank. A majority of the institution's 550 shareholders attended the unique luncheon in the Crystal Room of the Blackstone Hotel, where the business of the annual meeting was later transacted. Frederick H. Rawson, chairman of the board, and Harry A. Wheeler, president, were the principal speakers.

The stockholders voted to increase the capital stock from \$2,000,000 to \$3,000,000 the capital stock to be offered at par, \$100 a share, to stockholders of record April 2 in the ratio of one new share for each two shares held. The bank's surplus and undivided profits will be \$4,000,000. George Pick of George Pick & Co. was elected a new member of the board, while all the former members were re-elected. Mr. Pick is also treasurer of Bernard Hewitt & Company and a director of the American Radiator Company.

At a meeting of the directors immediately following the stockholders meeting several important promotions in the official staff were made as follows: H. Lindsay Wheeler,

assistant vice-president from cashier; R. Kingsley O'Hara, assistant vice-president from assistant cashier; John J. Anton, cashier from assistant cashier; and Chester E. Herrod, assistant cashier from auditor. "The increase in our capital is necessary in order to maintain the proper ratio of capital to deposits," said Mr. Rawson. "Our deposits now are about \$63,000,000 and had been considerably higher during the year. They were \$55,000,000 at the end of 1923. The event of outstanding importance in the bank during 1924 was the distribution of several thousand shares to nearly 400 new stockholders."

**CENTRAL TRUST OF ILLINOIS
ELECTION**

At the annual meeting of the directors of the Central Trust Company of Illinois, Chicago, Illinois, held January 27, 1925, Charles G. Dawes was re-elected chairman of the board and all other officers were re-elected. An advisory committee was created and Edwin F. Mack, vice-president, was elected chairman, B. Ulrich appointed assistant chairman and Millar Brainard appointed as a third member of the committee.

The following promotions are announced: Howard S. Camp, formerly cashier, to be vice-president and cashier; A. R. Floreen, formerly assistant vice-president to be vice-president; Millar Brainard formerly assistant vice-president to be vice-president; J. Sanford Otis to be assistant vice-president; Geo. W. Doonan to be manager of the foreign department; and E. J. Gustaf to be assistant manager of the foreign department. Charles C. Haffner, Jr., was appointed comptroller, a new position created by the board.

The statement of the Central Trust of Illinois, as of December 31, last, shows total resources of \$109,090,850, total deposits of \$97,692,037, capital \$6,000,000 and surplus \$3,000,000.

NATIONAL REPUBLIC COMPANY

The organization of the National Republic Company of Chicago has been announced by the National Bank of the Republic of that city.

The National Republic Company has a paid up capital of \$500,000, and will engage in the purchase and sale of investment securities.

The company will succeed to the business

**A Specialized
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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,
Chairman

MELVIN A. TRAYLOR,
President

**Combined Resources
Exceed \$350,000,000**

of the bond department of the National Bank of the Republic and all of its stock will be held in trust for the bank's stockholders. Its directorate will be identical with that of the National Bank of the Republic.

THE FOREMAN BANKS

The Foreman Banks, Chicago, comprising the Foreman National Bank and The Foreman Trust and Savings Bank, the combined capital and surplus of which was recently increased from \$6,000,000 to \$10,000,000, by permitting customers and the public to purchase shares, has announced its new board of directors. Thirteen representative Chicagoans, all of local and some of national prominence, have been added to the board. Among them are Albert D. Lasker, president of Lord & Thomas, formerly chairman of the United States Shipping Board; William H. Finley, president Chicago & North Western Railroad; Delos W. Cooke, associate director Cunard Steamship Company, Ltd.

The combined total resources of the Foreman Banks are \$88,596,008. Total deposits are \$75,430,595, capital is \$5,000,000 and surplus \$4,500,000.

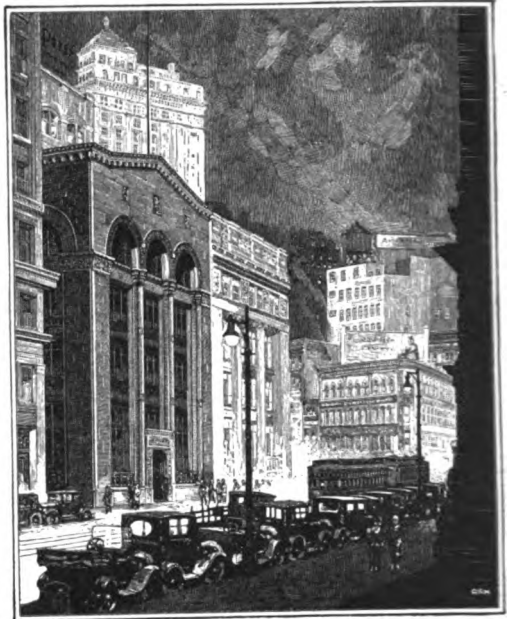
FIRST WISCONSIN TRUST

Wilbur I. Barth, formerly secretary of the First Wisconsin Trust Company of Milwaukee, has been made secretary and treasurer. Willis C. Otis and A. H. Brunkow have been made assistant trust officers.

SECURITY TRUST COMPANY MOVES INTO NEW BUILDING

The removal of the Security Trust Company, Detroit, Mich., from the Moffat Building to their new home at 735 Griswold street, emphasizes the rapid changes on the "Wall street" of Detroit, which are no less amazing than the city's growth in other ways. Next door to the Security's new home, the new building of the First State Bank is rapidly nearing completion. But recently the American State Bank moved to new quarters at Griswold and State streets, while the Buhl Building, nearly finished, will house another new financial institution.

It was less than a year ago that the Security announced it would erect a new build-



New building of the Security Trust Company, Detroit, Mich., at 735 Griswold street

ing on the south half of the old McGraw Building site. Nine months from the time destruction of the McGraw Building started, the new structure was completed and the company able to occupy its new quarters.

The material of the facade of the new building, which has occasioned much comment during its construction, is a limestone treated to give it a buff tone. The spacious windows are in wrought-iron frames, with Levantine marble spandrels. The doorway, with its huge bronze doors, might have been torn out of a palace in northern Italy, where the design employed by Mr. Kahn had its development and greatest vogue; but the ornamentation is fully modern. The unique ceiling and wall treatment is so soft and mellow as to give an impression of the beautiful, age-old frescoes of Europe. Italian marble is used for interior trim, while the artistic wood finish is walnut. The furniture is of the Adams period.

The entire four floors of the new building will be devoted to handling the trust company's business, while in the basement are the security and cash vaults and files, in addition to which are large book and file vaults on other floors. The ground floor carries the official quarters, the new business and bond departments. On a mezzanine in the rear of the first floor are the auditing sta-

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We Invite Correspondent Bank
Business on Our Record



FREDERICK H. RAWSON
Chairman of the Board

HARRY A. WHEELER
President

UNION TRUST COMPANY CHICAGO

RESOURCES MORE THAN \$75,000,000

tistical, stenographic and secretarial force. Estates and personal trusts, publicity and real estate divisions are located on the second floor. The stock transfer, corporation trust and industrial departments are on the third, and the directors room, as well as the rest and recreation rooms, on the fourth floor.

To step into the new quarters is instantly to realize that a great deal of effort and thought were put into the arrangement, equipment and furnishings. The appointments create an atmosphere that unconsciously expresses the spirit and personality which has largely been responsible for the growth of the Security Trust Company.

Security Trust Company goes into its new home in the nineteenth year of its existence, having begun business July 2, 1906. It had been organized a few months before by a group of persons associated with Detroit and Michigan banks, headed by M. J. Murphy, who was its first president. Its original capital was \$500,000 with \$500,000 of surplus.

In 1921 the company increased its capital to \$1,000,000 and surplus to \$1,000,000. Its statement of December 31, 1924, showed capital, surplus and undivided profits of

\$3,088,080, besides which it has been a consistent dividend payer during its entire history. The values of the trusts and estates committed to it, which run into many millions of dollars, are not included in its financial statement.

James S. Holden is chairman of the board of The Security Trust, Claud A. Guerin vice-president and secretary, and Robert L. Nixon treasurer. Walter B. Hayes trust officer, Herbert V. Pusch assistant trust officer, Charles N. Gray manager and A. B. Hoffman assistant manager of the Industrial department, and Bertrand R. Porter manager of the real estate department. S. Harvey Hughes is manager and W. S. Gilbreath, Jr. assistant manager of the bond department. The assistant secretaries are: Fred L. Adams, C. Tom Darnton, Harry R. Gleeson, Frederick J. O'Donnell, Kenneth C. Thom, Alfred W. Massnick and Charles F. Mitchell. Harrison B. Grimm is in charge of the business extension and publicity departments.

GUARDIAN TRUST COMPANY

Stockholders of the Guardian Savings & Trust Co., Cleveland, at the annual meeting,

January 19, authorized a change in the name to the Guardian Trust Company, under which title the bank was chartered on May 28, 1894, according to an announcement by J. A. House, president. The change will become effective as soon as the necessary legal steps are completed, and, as in the past, the savings department will continue to be one of the most important divisions of the bank.

Deposits of the Guardian Savings & Trust Co., according to Mr. House's annual report, increased 12.31 per cent. in 1924, the largest percentage gain made by any of Cleveland's six largest banks. Last year deposits climbed from \$91,745,329 to \$103,045,804. Capital, surplus and undivided profits total \$9,234,305. The volume of trust business transacted last year was also large, Mr. House said. Two branch offices were opened during the year, the Euclid-Superior office, East Cleveland, and the Coventry office, Cleveland Heights. C. P. Hine of the law firm of Thompson, Hine & Flory, Cleveland, was added to the board of directors by action of the stockholders.

JOY APPOINTED TO EXAMINE DETROIT FINANCE

Mayor John W. Smith in his efforts to develop a business administration for the City of Detroit, has asked a committee of business men of which two are bankers to make a thorough investigation of the bonded indebtedness and other financial problems of the city.

Richard P. Joy, former comptroller of the City of Detroit, treasurer of the Packard Motor Car Company, and for many years president of the National Bank of Commerce, is serving as chairman of the investigating committee.

In bringing the matter to the attention of the citizens, Mr. Smith in an address at the Detroit Board of Commerce said:

"The members of the city government should be more than the officials to whom by election or appointment the public Service is committed. The government must include in its scope every citizen in the governmental entity. The constituted officials have the duty and the responsibility for performing public service but they cannot know that service unless they receive the information and advice which must come from every member of the community.

"In a few days the public officials will begin the consideration of the budget for the ensuing fiscal year. We are now left

with many large programs uncompleted. It is time we go back to count the single dollars, because by the saving of the single dollar by proper and discreet economy the millions will shrink, perhaps not to thousands, but to a figure well within the means of the people of this city. We are in sound financial shape but we must look around before committing ourselves to anything further. I am not in favor of costly surveys



RICHARD P. JOY

President National Bank of Commerce, Detroit, appointed by Mayor John W. Smith as chairman of committee to investigate Detroit financial condition

by professional experts who from time to time look over public activities. When the mass of detail is gathered, either the public demand for the inquiry has died down or the very magnitude of the detail stands in the way of putting it to effectual use. I, therefore, have thought great good could come to the city through the examination of city finance by the ablest of the city's financiers.

"Tonight I have the opportunity of telling you that such an examination will be made. I have requested Richard P. Joy, president of the National Bank of Commerce, who a few years ago set a mark for public finance as comptroller of this city, to serve as chairman of a committee of business men who will go into the city's financing with a view of conveying to the average citizen comprehensible information about his pub-

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OUTCAULT CHRISTMAS CLUB**

The purpose is:

**To Transfer the greater part of Christmas Club
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How do we do it? Ask

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lic business. The other members of the committee are John Ballantyne, former president of the Merchants National Bank and treasurer of Dodge Brothers, Richard H. Webber, president of the J. L. Hudson Co., Charles H. Hodges, president of the Detroit Lubricator Co., and James S. Holden, president of the J. S. Holden Company.

"It is obvious that the services of these gentlemen are beyond price. They are to go into this work with free hands. When they finish they will tell you and me what the city has done in a financing way; what it can do, and perhaps, if they care to, what it should do.

"It will then become my duty as mayor and the duty of the members of the Common Council and the department heads, to consider their recommendations and do our work. Mr. Joy and his associates are going to do the splendid part of citizenry. They are going to do in a great way the thing that each citizen must do in his way, the thing that you members of the Board of Commerce will do in your way. They are going to participate in the government.

"The public officials will not shirk their responsibility but if all of us will co-operate with the fine public spirit these gentlemen are showing I am sure we are going to make this city a better place to live in."

CLEVELAND TRUST ELECTIONS

E. S. Curtiss, assistant treasurer of The Cleveland Trust Company, Cleveland, Ohio, was elected a vice-president at the annual meeting of the company. Assistant secretaries J. R. Cotabish, A. A. Denison and E. B. Merrell were named assistant vice-presidents, as were assistant treasurers J. H. L. Janson and E. W. Burdick. R. T. White, manager of the foreign department,

was also named an assistant vice-president. J. J. Schwitz and F. J. Haffner of the trust department were named assistant trust officers, and Emil C. Heil of the company's Forest City Bank at West Twenty-fifth and Detroit, was named an assistant treasurer. R. E. Rylander was made assistant manager of the company's bank at St. Clair avenue and East 138th street, while J. M. Sawyer, acting manager of the Euclid-79th bank, was made manager there.

In his annual report President Harris Creech said: "The year 1924 was one of business inactivity. All lines of industry reached the low point in the summer, but a change of conditions is noted and optimism is expressed on all sides for the coming year. As a result of this inactivity surplus funds accumulated in large centers, which made it almost impossible to employ funds to advantage. Interest rates were lower than at any time since 1915. Nevertheless all departments show a very satisfactory growth. Total deposits increased \$10,415,708, or a gain of 5.82 per cent., the number of accounts increased 14,314 or 3.56 per cent."

NORTHWESTERN NATIONAL BANK

At the meeting of stockholders of the Northwestern National Bank of Minneapolis on January 13 there were represented nearly one-third of the employees of the bank and its affiliated organization, The Minnesota Loan and Trust Company. The bank's policy of extending ownership to employees was greatly facilitated during the first two weeks of January, according to E. W. Decker, president of the bank.

During that time, officers and directors have made available for employees a block of 493 shares, at less than market price. In addition, 364 shares were taken over by the executive officers, bringing the total re-



FRANCIS R. MORISON

Mr. Morison, of Cleveland, is receiving the congratulations of bankers all over the country on the completion of his thirtieth year in the financial advertising field. He has served a generation of bankers along advertising and business building lines, working always on a strictly professional basis and supplying a service based upon analytical study of the requirements and opportunities of each client institution.

distribution to 867 shares. This procedure, combined with the bank's new policy of placing depositors on a stock ownership basis, has more than doubled the number of shareholders in the past eighteen months. In July 1923 the stockholders numbered 780. Today there are 1571, of whom 1231 are residents of Minneapolis, Mr. Decker said.

The bank's method of placing a larger proportion of share ownership in the hands of employees and depositors, as explained by Mr. Decker, has been to secure options on holdings of stock, as they become available, and to induce large shareholders to release portions of their holdings. The average number of shares owned by each stockholder in The Northwestern National Bank has been reduced from fifty-one in July 1923 to twenty-five at the present time. No changes were made in The Northwestern directorate or officers' staff for 1925.

FIRST NATIONAL IN ST. LOUIS

At the annual meeting of the stockholders of the First National Bank in St.

Louis on January 13, four new directors were elected to fill the vacancies on the board during the past year: Isaac H. Orr, Sydney M. Shoenberg, R. S. Hawes, W. W. Smith. Mr. Hawes and Mr. Smith are vice-presidents of the bank. Isaac H. Orr is president of the St. Louis Union Trust Company, which is affiliated with the First National Bank.

At the meeting of the board of directors, F. O. Hicks, formerly connected with the bank, was elected vice-president. All other officers were re-elected.

In his annual report to shareholders, President Watts stated that the bank had earned 15½ per cent. on its capital stock, 13 per cent. of which was paid out in dividends, with a substantial sum added to surplus. The report also showed that the deposits of the bank in 1924 had shown a net increase of \$28,565,000 over the previous year, which is a record for all times for a St. Louis bank.

The First National Bank's total deposits at the close of business December 31 were over \$143,000,000. Total resources were over \$162,000,000.

VAUGHAN MADE OFFICER FIRST TRUST OF AKRON

W. A. M. Vaughan has been made vice-president and treasurer of the First Trust and Savings Bank of Akron, Ohio, resigning as treasurer of the Seiberling Rubber Company of Barbarton, Ohio, to assume his new office.

Mr. Vaughan, who was born in Kansas City, Mo., has had long experience in banking and the rubber business. In 1902 he went to Havana, Cuba, as an employee of the National Bank of Cuba, then a small company with deposits of \$5,000,000. When he left in 1914 he was cashier of the institution which had \$50,000,000 deposits and thirty-nine branch banks over the island.

When the Goodyear Tire & Rubber Company undertook its crude rubber plantation project in the Far East ten years ago Mr. Vaughan was selected by F. A. Seiberling, former Goodyear president, to go to Sumatra to finance and organize this enterprise. He spent three years in the work. Later he became secretary and treasurer of the Los Angeles plant of Goodyear, which he helped finance.

When Mr. Seiberling started the Seiberling Rubber Company in 1921 Mr. Vaughan was made treasurer, having helped organize and finance that corporation.

FEDERAL COMMERCE TRUST ELECTION

Two new vice-presidents of the Federal Commerce Trust Company of St. Louis were elected at the board of directors' meeting following the annual meeting of stockholders. W. W. Ainsworth, treasurer, was elected vice-president and treasurer, and E. T. Tobey, of Memphis, Tenn., was elected a vice-president. The following officers were re-elected.

John G. Lonsdale, chairman of the board; W. L. Hemingway, president; David Sommers, vice-president; J. A. McCarthy, secretary; W. A. Bell, assistant secretary; J. C. Walker, assistant treasurer, R. J. Whitfield, assistant treasurer.

With the coming of E. T. Tobey, the Federal Commerce Trust Company will enter more extensively into the real estate mortgage business, as he will head that department. He comes from the firm of Marx and Bendsdorf, Memphis, one of the strongest real estate organizations in the South. Mr. Tobey organized and was manager of the real estate department of the firm, and was prominent in the affairs of the Tennessee Realtors Association. He takes up his new position immediately.

W. W. Ainsworth, the other new vice-president, began as manager of the bond department of the National Bank of Commerce four years ago and aided in organizing the Federal Commerce Trust Company, which is owned by the stockholders of the bank.

LONSDALE GIVES DINNER FOR RAILROAD EXECUTIVES

St. Louis railroad executives were honor guests at the "St. Louis Gateway" dinner given in that city Monday evening, January 12, by John G. Lonsdale, president of the National Bank of Commerce in St. Louis. The 200 guests included the leading railroad, manufacturing and banking interests of the city, while the outstanding theme was transportation, and all of the speeches dwelt upon the welfare of the roads and the future of St. Louis as the "gateway of the great Southwest."

The banquet hall of the St. Louis Club was, for the time being, a bustling railroad yard, with tracks, interlocking switch towers, bridges and semaphores, and there was also a large sized working model of a locomotive which chugged and performed



JOHN G. LONSDALE
President National Bank of Commerce in St.
Louis, who gave a dinner to St. Louis
railroad executives

its part of the entertainment in a most satisfactory manner.

As each railroad president was called by Toastmaster Lonsdale, in his capacity as "call boy," the block system gave the speaker the clear signal. Then, as the speaker proceeded, moving scenery showed the section of country served by his line.

The subject and speakers were: "Dean of the Profession," C. E. Schaff, president Missouri-Kansas-Texas Lines, who was represented by C. N. Whitehead, executive vice-president; "Red, Yellow or Green," Daniel Upthegrove, president St. Louis, Southwestern (Cotton Belt); "No. 1925 on Time," L. W. Baldwin, president Missouri, Pacific R. R. Co.; "Head In, Back Out," Henry Miller, president Terminal Railroad Association of St. Louis; "Giving the Southwest the 'Highball,'" J. M. Kurn, president St. Louis, San Francisco Railway Co.; "Keep Your Eye on the Board," J. E. Taussig, president Wabash Railway Co., and "All Aboard, Let's Go!" W. Frank Carter, former president of the St. Louis Chamber of Commerce.

A telegram of felicitation from President Coolidge, in response to an invitation to

attend the dinner, was read by Mr. Lonsdale and evoked much applause. The telegram read as follows: "I am glad to extend to those gathered at the Gateway Dinner my good wishes. Such a meeting has wide opportunities to promote the interests of the public, as well as of those more intimately concerned as shippers or carriers, and I trust it will prove the gateway to a wider comprehension of the problems to be faced, the difficulties to be overcome and the common concern all must feel in their solution."

In his opening address, Mr. Lonsdale alluded to the projected consolidation of railroad properties and warned the city not to be caught "asleep at the switch." "Will we see some St. Louis road," he asked, "with its executive headquarters here, tagged onto another system and moving its quarters away from here, making this city a way station instead of a railroad metropolis?"

His theme was co-operation with the roads by the financial and industrial interests, and the hearty response of his hearers indicated no division of sentiment on that score.

SIX ST. LOUIS NATIONAL BANKS SUE TO ANNUL TAXES

The validity of the Missouri statutes providing for the assessment of stock of national banks for taxation and for the payment of state income taxes is directly assailed in six suits filed by that number of St. Louis national banks in the United States District Court here recently.

If these suits are successful, not only the national banks operating in St. Louis, but all the others in Missouri, would be exempt from state taxation until the legislature enacted legislation to take care of the situation.

These suits, which involve state, city and school taxes aggregating \$757,066.24, were brought against Collector Koein to enjoin him from the attempted collection of 1924 taxes, which are now due, upon the assessment of bank stock. The taxes would have become delinquent except for the filing of the suit.

Of the total amount of taxes involved in the litigation, \$263,594.81 belong to the St. Louis public schools.

The state stands to lose in revenue \$15,325.28 plus the taxes imposed for the retirement of the State Capitol and soldier bonus bonds and to pay the interest on the school certificates of indebtedness.

The total capitalization of the national banks of Missouri is in excess of \$45,000,000.

If the Missouri tax laws applicable to national banks are annulled the total loss in revenue to the counties and municipalities in which they are located, including the loss to the public school, will approximate \$1,000,000 for the past year. Of this amount the state's share would be \$22,500.

These estimates do not include income taxes, which run into many thousands of dollars annually. The income taxes which were paid last June and which have not been assessed for the current year are not directly involved in the suits, although they are levied at the validity of the state income tax law so far as it is applicable to national banks. If the suits are sustained, collection of income taxes upon dividends received by the banks' stockholders for the past year will be barred.

A Federal law passed by Congress in March, 1923, providing that a state may tax national banks in only one of three ways, is invoked in the suits. This statute provides that the states may levy an income tax against stockholders, assess the stock, or tax the income of the bank. The states must choose which method they will employ.

The contention is made that Missouri is taxing two ways, namely, the assessment of stock, and upon the income of the bank's stock, in contravention of the Federal statute limiting taxation to one form.

FIRST NATIONAL IN DETROIT

William J. Gray, senior vice-president of the First National Bank of Detroit, was made president of the institution at the annual meeting of the directors on January 13 to succeed Emory W. Clark, who became chairman of the board of directors. Mr. Clark had been president of the bank since 1911. Lawrence P. Smith, president of the Central Savings Bank of Detroit, was elected a vice-president at the same meeting and a director at the previous stockholders' meeting.

Mr. Gray, the new president, was born in Detroit, July 9, 1857. He was graduated from the University of Michigan in the class of 1877 and admitted to the bar in 1879. After actively practicing law for thirty-two years, Mr. Gray in 1912 joined the executives of the First National Bank as a vice-president—the position he held when elected to the presidency. Mr. Gray is a director of the Agricultural Credit Corporation, which has headquarters in Minne-

apolis, Minn., and which has done much to relieve farmers of the Northwest through bank loans.



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

FARM relief agitation at a time when wheat is quoted around \$2 a bushel and corn above \$1.25 may sound curious to the lay public that has been reading about the wild fluctuations in grain markets. The fact is that the Western states themselves now look upon all farm relief agitation and discussion with more or less curiosity. Yet there is some basis for a little of the agitation and discussion, notably that of the new farm commission recently appointed by President Coolidge. This commission, which lately made its first report, furnished light to those who have been confusing high wheat and high corn as the basis of all the business of the Western states. The commission did this by taking up the question of relief for the cattle industry as its first problem. In thus mapping out its work it struck at the greatest deterrent to general business improvement in the Western states.

Yes, there is elation over high wheat and high corn in the Western states. But the lofty markets are not imparting much buoyancy to trade for the reason that fully 85 per cent. of the wheat raised in 1924 in this territory has already left the farms where grown. In the case of corn, with the exception of Kansas and Oklahoma, this territory raised less than in the preceding year. Where the corn crop was a sad failure farmers who must make purchases for feeding are anything except elated over the high corn market.

At this season live stock usually outranks grain as a producer of income for the Western states, large supplies of fed animals moving from feedlots to markets. The live stock markets are high. Lambs have been selling practically at record figures. Hogs are as much as \$3 to \$4 higher than a year ago per hundredweight. But, ex-

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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 285,000 DEPOSITORS
CAPITAL & SURPLUS \$11,075,000

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cepting the lamb and sheep feeders, complaints are practically general from live stock feeders, especially the finishers of cattle. The complaints are that the prices being paid are unprofitable. Some of the losses being taken on fed cattle are large. These losses follow very unsatisfactory prices for grass cattle sold from summer pastures and ranges the past summer and fall. Mules are selling actively, but dullness rules in horses.

General business is therefore spotted in the Western states. Where wheat is the principal crop the best tone prevails. Of all the states of this territory, Oklahoma, with more wheat, more corn and more cotton than in the previous year, makes the best showing in business and financial improvement. But the live stock areas handling cattle and hogs are not in a happy spirit. The lamb and sheep industry is elated. There is most depression among cattlemen. As a result, the total mercantile business is hardly any better than a year ago. Needless to say, the volume is disappointing except in the wheat and sheep localities and the grain and cotton districts of Oklahoma.

©

BANK OF TOPEKA

Two important changes were made in the personnel of the Bank of Topeka, Topeka, Kansas, and its affiliated institution, the Prudential Trust Company, of that city; at the annual meeting of the directors of the institutions on January 6, S. E. Cobb, for the past seven years president of both banks, was elected chairman of the board to succeed F. C. Kath, resigned, and Carl W. McKeen, heretofore a vice-president of the Bank of Topeka, was made president in lieu of Mr. Cobb. Mr. Kath relinquished the chairmanship of the banks in order that he might devote his entire time to the Larabee Flour Mills Corporation, of which he is president. He, however, retains his stock in the Bank of Topeka and the Prudential Trust Company, and remains a director. Mr. Cobb, the new chairman of the board, is well known in financial circles not only in Topeka but throughout the State of Kansas.

The new president, Mr. McKeen, was born in Russell, Kansas, and was graduated from the Kansas State Agricultural College in 1902. The same year he began his banking career in the State Bank of Russell. Thirteen years later he entered the service of the Merchants National Bank of Lawrence,

Kansas, and in 1923 went to Topeka as vice-president of the Bank of Topeka. The officers of the two banks are now as follows:

Bank of Topeka—Carl W. McKeen, president; S. E. Cobb, chairman of the board; Joab Mulvane and W. H. Davis, vice-presidents; Harry D. Wolf, cashier; Arthur Wolf, assistant cashier.

Prudential Trust Company—S. E. Cobb, chairman of the board; Carl W. McKeen, president; W. W. Bowman and David W. Mulvane, vice-presidents; John E. Kirk, secretary; I. E. Henry, assistant treasurer.

The capital of the Bank of Topeka has been increased from \$310,000 to \$400,000.

TRUST DEPARTMENT FOR LINCOLN STATE NATIONAL

The Lincoln State National Bank of Lincoln, Neb., has organized a trust department with W. A. Selleck, its president, as trust officer; George W. Woods, its cashier, as treasurer, and directors J. L. Teeters, W. E. Barkley, Charles Olson, W. L. Anderson and Don L. Love as executive committee. The bank is prepared to render service to its patrons in all forms of banking, checking and savings accounts, loans, foreign and domestic exchange, trusteeships, handling of estates, and investments.



Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

BY ROBERT J. SEVITZ

BUSINESS activity in the Pacific states region for the first month of 1925 bids fair to continue the recovery from the trough of depression experienced in the summer and early fall of 1924. Apparently a definite upward swing in the curve of activity is now in progress after a downward trend of some months' duration. True, the period since the war has not been one of such a marked decline in activity as has been felt in most other sections of the country. The section along the Pacific Coast has experienced a phenomenal growth since the war-time days and it has been the new capital and energy, introduced largely at the expense of Eastern sections,

that has kept this section the only consistent "white spot" economically over the past seven or eight years.

But the past two years, and particularly 1924, have been rather difficult ones, economically speaking. A severe and extended drought, several catastrophes which in some cases attained nationwide importance, witness the hoof and mouth epidemic in California, have all united this year to complicate the economic health of the Pacific Coast section. But gradually, beginning in October and November, when the whole section was visited with the heaviest autumnal rainfall in years and faced with a strengthening market and rising prices for all its products, the tide is apparently turning.

The outlook for 1925 is generally promising. The economic forces are all here, and here to stay. Great cities have been built, great industries started, great acreages planted and brought to bearing. The steady influx of humans aided by the news that this section was the only "white spot" for so many years, led to boom conditions, and in 1923 most lines of endeavor experienced their record year. Many wise business men, economists, and observers in all lines, prophesied an awful tumble in the economic strata. But experience is showing today that the economic strata are too firmly grounded to suffer the usual setbacks of a "boom" country. And now to have come through a particularly difficult year with factors outside the regular business cycle operating to tear down the economic structure, and to begin 1925 with a tendency toward improvement already showing, gives rise to the hope that this region is really at last actually beyond the stage of a "boom" country, and, while still the "infant" section of the United States from a business standpoint, nevertheless is capable of standing on its own and is to be reckoned with in statistics of world trade and industry.

©

CONVENTION DATE

California—at Santa Barbara, May 20-23.

MORTIMER MADE VICE-PRESIDENT OF CITIZENS NATIONAL

Frank C. Mortimer has been elected a vice-president of the Citizens National Bank of Los Angeles. This bank, with its affiliate, the Citizens Trust & Savings Bank, has com-



E. W. WILSON

President Pacific National Bank, San Francisco, Cal.

Raised on a farm in Illinois, and educated in the district and high schools, Mr. Wilson began his business career as bookkeeper in a grain office and later in the same capacity in a Mercantile establishment, afterwards taking a course at a law school and for a time engaging in the practice of that profession. He then commenced his banking work at Salt Lake City, where he became cashier of the Continental National Bank. This position he resigned in 1905 to become a vice-president in the American National Bank, San Francisco. In 1910 Mr. Wilson was made the San Francisco manager of the International Banking Corporation. When, in 1916, the National City Bank purchased the stock of this institution, the domestic business (deposits and loans) was sold to the Anglo and London and Paris National Bank, in which Mr. Wilson became a vice-president.

In 1920 he was offered, through the Bureau of Insular Affairs, the general management of the Philippine National Bank, Manila. He resigned this position in April, 1923, returning to the United States through Europe, traveling over the Siberian Railway through Russia, and visiting the principal business points in Poland, Austria, Czechoslovakia, Germany, Norway, Sweden, Denmark, Holland, Belgium, England, Ireland, Scotland, France, Switzerland, Spain and Italy.

The Pacific National Bank was organized by Mr. Wilson on his return to San Francisco, and opened for business September 17 last, with an authorized capital of \$1,000,000 (of which \$500,000 was paid in, the remainder being payable in five equal monthly installments), and \$100,000 surplus.

binéd resources of over \$100,000,000. Mr. Mortimer is to assume his duties immediately. He is widely known on the Pacific Coast

where he was engaged in banking prior to joining the National City Bank of New York several years ago, to handle new business and loans in the Pacific Coast district. For a year he acted as Pacific Coast representative and was then transferred to New York to administer the business of the bank in the seven Pacific states. Later on, in addition to his bank duties, he was elected president of the Number Eight Realty Company, a subsidiary of the National City Bank. These positions he recently resigned to return to California.

Mr. Mortimer's banking experience in California has been with the Bank of California N. A., San Francisco, and as cashier and manager of the First National Bank of Berkeley, which position he held jointly with that of treasurer of the Westinghouse Pacific Coast Brake Company. He is a former member of the board of regents of the American Institute of Banking, and recently served as national trustee of the Sons of the American Revolution. He has appeared on the platform at bankers' conventions and among his contributions to banking literature are "The Investment of Trust Funds," "School Savings Systems," and "Paragons on Thrift."

UNION TRUST OF SPOKANE

At the annual meeting of the shareholders and directors of The Old National Bank and Union Trust Company, Spokane, Wash., the following promotions were made in the official staff of the Union Trust Company:

Arthur S. Blum, formerly treasurer, and Harold E. Fraser, secretary, were elected vice-presidents. George L. Kimmel, assistant secretary, becomes secretary; Fred D. Graff, assistant secretary, is made treasurer; and Arnold F. Brunkow, publicity manager, was elected assistant secretary.

The official staff of The Old National Bank remains the same, and no changes were made in the joint directorate.

BANK OF ITALY

Characterizing the year 1924 as one of unusually satisfactory progress, James A. Bacigalupi, president of the Bank of Italy, San Francisco, described the progress that had been made during this last year, and discussed plans for the future, at the annual meeting of the bank's stockholders.

An increase of more than \$55,000,000 in the bank's resources was shown during this period, and the deposit growth exceeded \$1,000,000 a week for the entire year. Par-

ticular attention was drawn to the liquidity of the statement, emphasis being placed upon the investment in United States and other securities, aggregating nearly \$100,000,000. The increase in the bond account alone amounts to \$40,000,000 for this last year.

Reference was made to the inauguration of the employees' stock ownership plan, effective the first of the year. Already the bank's personnel—numbering 2200—is participating in the new arrangement, 100 per cent. Reports from the branches throughout the state show enthusiastic and wholehearted reception of the provisions outlined. The addition of the entire staff of employees to the group of 14,000 stockholders makes possible an even greater diversification of holdings.

Mr. Bacigalupi pointed out that the growth of the Bank of Italy this past year, although one of marked proportions, represented but the normal or natural growth. No banks were acquired during the last six months, and but seven in all during the preceding half year. The branches added were Monterey, Reedley, Sanger, San Juan, Selma, Shafter, and Wheatland.



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 confidence in early business expansion in the United States which has been reflected in rising prices for securities in Wall street has in a minor key permeated financial and business conditions in Canada. While in this country the expectations for improvement do not go so far as they evidently do on the other side of the border, fundamental conditions, particularly in regard to the great agricultural industry, are regarded as much more healthy in view of the advance in prices for wheat and other grains, and this improvement is expected to continue in the direction of better prices also for live stock and dairy products. This development in the agricultural situation was a satisfactory feature of the latter

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

part of 1924, a year which as a whole did not register general business expansion. In lumbering, business was only fair, and in such manufacturing lines as iron and steel, textiles, boots and shoes, clothing, furniture and agricultural implements part time operation was the rule. On the other hand the paper industry was active and showed expansion, while in Ontario and British Columbia the mining industry prospered. Fishing in British Columbia showed improvement and in the Maritimes also had a good year. Generally speaking, those industries based on natural resources and supplying food stuffs, or raw materials, in demand in other countries, prospered, while those general manufacturers competing with other countries in products in which labor is a large factor felt the effects of economic problems, including heavy taxation of profits and a tendency toward lower tariff protection on the part of the liberal government in power.

The new year is expected to see a material increase in buying power on the part of the agricultural community in particular, and this should mean a materially larger market for manufactured products of the East in the prairie provinces. Evidences of this improvement are already being noted in a moderate way, but there is a marked absence of that tendency, in evidence a few years ago, to spend in anticipation of improved income; there is rather a more healthy determination to meet existing obligations and arrears.

The indications of improved economic conditions in Europe are also regarded as an

important factor in providing a profitable market for farm products and certain raw materials. The rapid rise in sterling exchange has not only put the British importer in a more advantageous position to buy Canadian products, but provided opportunities to bring British capital into the country on satisfactory terms. That a larger volume of money is not being so secured at present is said to be due to the fact that in the present business situation there is no shortage of capital in the country, and little opportunity to place new funds to advantage. In this connection it is argued by economic students that what the country needs is not so much new capital but opportunities to place capital to advantage. Depressed industrial conditions and heavy taxation, it is argued, are discouraging enterprise; the situation is one where the investor must be prepared to share largely his returns with the various taxing bodies, while he must bear his losses alone.

The effect of curtailed output of manufacturing industries is reflected in the annual reports of the various banks now being presented. As current loans have been reduced holdings of government bonds and other high-class securities have increased. At the same time, as savings deposits have increased, funds available have been larger. The effect has been to curtail profits to some extent. The banks show an improved liquid position not so much as evidence of general strengthening at the expense of profits but rather as evidence of curtailed business activities. Expenses have been

maintained and taxation burdens have been heavy.

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UNION BANK OF CANADA

The statement of condition of the Union Bank of Canada, Winnipeg, for the year ending November 29, 1924 was presented to the shareholders of the institution at their annual meeting on January 13. The statement shows net profits for the period, after deducting expenses of management, interest due depositors, reserve for interest and exchange and making full provision for all bad and doubtful debts, of \$911,942. This amount, together with a balance to credit of profit and loss of \$317,075, brought forward from the preceding year, made \$1,229,017 available for distribution. After appropriating from this sum \$640,000 to pay the usual quarterly dividends, \$25,000 written off bank premises, \$10,000 contributed to officers' pension fund, \$134,582 to take care of Dominion Government taxes on bank note circulation and \$100,000 reserved for contingencies, a balance of \$319,435 remained to be carried forward to the next year's profit and loss account. Total resources of the institution are given at \$120,575,116, of which \$57,628,101 are readily available assets, or 52.22 per cent. of the bank's liabilities to the public. Total deposits are shown as \$92,275,016, of which \$66,987,204 are interest-bearing deposits. The bank is capitalized at \$8,000,000 with a rest account of \$1,750,000. W. R. Allan is president and J. W. Hamilton general manager.

ROYAL BANK INCREASES SCOPE IN LATIN AMERICA

The Royal Bank of Canada, head office Montreal, has purchased seventeen branches and the main offices of the Bank of Central and South America, an institution controlling affiliated banks in Peru, Colombia, Venezuela and Costa Rica, including seventeen branches in all. It was organized August, 1922, with capital of \$5,000,000 and surplus of \$2,500,000 to take over the active banking business of the Mercantile Bank of the Americas, which is owned by a group of American banks, and in the period of post-war deflation was forced to reorganize.

Robert F. Loree, who is on the board of directors of nine other institutions doing a foreign banking business principally with

South American countries, is president of the institution. Board members include Arthur M. Anderson, an assistant partner of J. P. Morgan & Co.; Walter E. Frew, president Corn Exchange Bank; Gates W. McGarrah, chairman Mechanics and Metals National Bank; John McHugh, president Mechanics and Metals National Bank; William C. Potter, president Guaranty Trust Company; Edward R. Stettinius, partner of J. P. Morgan & Co., and Albert Strauss, of J. & W. Seligman & Co., all of New York.

BANK OF TORONTO

Considering the conditions which have prevailed in trade and industry the fact that the Bank of Toronto shows profits of \$968,204 for the year ending November, as compared with \$984,669 in the previous year, and \$878,762 in 1922, will no doubt be well regarded by the shareholders, and that this is the case is indicated by the fact that the stock now selling around 195 opened the year about 175. Appropriation for dividends, taxes and premises showed no change, but there was an increase of \$25,000 in the amount devoted to pensions, leaving \$68,204 to be added to the balance compared with \$109,699 and \$23,762 for the two previous years, respectively. The bank's reserve strength is indicated by its surplus of \$6,000,000 and balance of \$1,239,116 compared with capital of \$5,000,000. Following are comparative profit and loss figures:

Income Account, Year Ended November			
	1924	1923	1922
Profits	\$ 968,204	\$ 984,669	\$ 878,762
Pension	50,000	25,000	25,000
Taxes	100,000	100,000	80,000
Premises	150,000	150,000	150,000
	<u>\$ 300,000</u>	<u>\$ 275,000</u>	<u>\$ 255,000</u>
	\$ 668,204	\$ 709,669	\$ 623,762
Dividends	600,000	600,000	600,000
	<u>\$ 68,204</u>	<u>\$ 109,669</u>	<u>\$ 23,762</u>
Bal. forward	1,170,911	1,061,241	1,037,479
Balance	\$1,239,115	\$1,170,910	\$1,061,241

Increases of \$2,000,000 in current loans and of nearly \$3,000,000 in deposits are the principal changes in the bank's position during the year indicated by the balance sheet. Total assets are now \$103,508,897.

BANQUE D'HOCHELAGA

Now ranking fifth among Canadian banks as a result of its absorption of la Banque Nationale, la Banque d'Hochelaga reports

total assets of over \$122,000,000 in its annual report. This is an increase of \$50,000,000 during the twelve months to November 29. That all of this increase is not due to the combination of the two banks is indicated by the fact that assets show an increase of about \$3,000,000 since May 31 last, when the first statement of the combined banks was available.

Profits show, of course, considerable increase for the year, amounting to \$737,083 as against \$600,122 for the year 1922. These net earnings when compared with the average paid up capital of the bank for the period (\$4,000,000 for five months and \$5,500,000 for seven months) figure out at 15.12 per cent. on the capital stock and 7.38 per cent. on the combined capital, reserve and undivided profits. These figures each show a fractional improvement over the previous year.

The comparative profit and loss figures are as follows:

	1924	1923
Profits	\$737,083	\$600,122
Balance forward	239,658	194,536
	<u>\$976,741</u>	<u>\$794,658</u>
LESS		
Dividends	\$475,000	\$400,000
Pension fund	25,000	20,000
Federal taxes	103,750	85,000
Bank premises		50,000
Provision for payment to the Treasurer of the Prov. of Quebec (under Statute 14, Geo. V. Ch. 3)	125,000	.....
	<u>\$728,750</u>	<u>\$555,000</u>
Balance forward	\$247,991	\$239,658

SAYS POOLS WILL FAIL

J. P. Bell, general manager of the Bank of Hamilton branch of the Canadian Bank of Commerce advocates open competition in business as against pools and combines. "Trusts or pools were originally formed to keep prices up or to regulate production," he says, "but they have never been successful, just as the farmers' pools for marketing grain will in the long run be found unworkable. Nearly all those schemes are as ancient as Roman laws, and the rock on which they split is human nature. The farmers will have a bad year. The pool will not make returns, and next year the farmer will have no wheat to deliver. It will belong to his wife or his children."

IMPERIAL BANK'S NEW ISSUE

Marking its fiftieth anniversary, the Imperial Bank of Canada is placing in circulation a new issue of bank notes—fives, tens, twenties, fifties and hundreds— carrying

portraits of Peleg Howland, president, and A. E. Phipps, general manager. It is particularly appropriate that Mr. Howland's portrait should appear on the new issue replacing that now in use of his father, H. S. Howland, who was the first president of the bank when it was founded fifty years ago. The new notes are artistic and pleasing in design and the engraving is specially designed to discourage counterfeiting.

CANADIAN BANK OF COMMERCE

The most striking feature in the annual report of the Canadian Bank of Commerce is the substantial provision which has been made for any possible contingencies; the profit and loss account has been treated in such conservative fashion that after providing for dividends, bonus, and other deductions the combined profit and loss account of the bank, which now includes the profit and loss account of the Bank of Hamilton, has been reduced by some \$900,000. The burden of taxation is clearly shown by the fact that Dominion and provincial taxes have taken \$450,000 in the face of this cut in surplus account.

An appropriation of half a million dollars has been made "to adjust British and foreign exchange." It is understood that most of this represents a reserve that has been established to care for possible losses in the bank's South American investments as a result of the continuous low quotations for the milreis.

Again the directors have been most careful in dealing with real estate account and no less than \$750,000 has been written off this item.

	1924	1923	1922
Balance	*\$2,367,588	\$2,097,502	\$1,946,745
Profits	3,424,722	2,913,419	3,002,435
	<u>\$5,792,310</u>	<u>\$5,010,921</u>	<u>\$4,949,180</u>
Dividends	\$2,550,000	\$1,950,000	1,950,000
Pension fund	174,230	175,286	176,678
Taxes	450,000	350,000	325,000
Premises		350,000	400,000
Reserve	150,000	.....	.....
Exchange	500,000	.....	.....
Real estate res.	750,000	.....	.....
Balance	<u>\$1,218,080</u>	<u>\$2,185,635</u>	<u>\$2,097,502</u>

*Includes \$181,953 Bank of Hamilton profit and loss balance transferred December 31, 1923.

Several important changes were made on January 9 by the board of directors of the Canadian Bank of Commerce. R. A. Rumsey, heretofore general supervisor at the head office; C. W. Rowley, formerly superintendent of Manitoba and Saskatchewan branches, with headquarters at Winnipeg, and F. M. Gibson, previously manager

at Havana, Cuba, were promoted to assistant general managers of the institution. Other appointments which were ratified at the same meeting of the directors included the promotion of M. D. Hamilton to superintendent of Pacific Coast branches to succeed H. H. Morris, who retires on a pension; J. A. C. Kemp, formerly chief inspector, who becomes manager of the Toronto branch

of the bank; G. G. Laird, who becomes chief inspector in lieu of Mr. Kemp, and A. E. Taylor, heretofore assistant general supervisor, who was made manager of the Hamilton branch of the bank.

The New York agency of the Canadian Bank of Commerce is at 16 Exchange Place. S. H. Logan, C. J. Stephenson and J. Morton are agents.



Bankers Supply Purchased by Todd

ANNOUNCEMENT has been made that The Bankers Supply Company, Chicago, has been purchased by the Todd Protectograph Company, Rochester, New York. This is news of interest to the banking world, both because of the service these companies have rendered to banks, and because the union purposes greatly to increase and broaden these services.

The newly combined organization will be international in scope—with branches in nearly all principal cities of the world, and with increased facilities for rendering greater service to banks and the bank-using public.

The Bankers Supply Company, in eighteen years, has become the largest manufacturer of bank checks in the world. Its Super-Safety bank checks, today in wide use, were originated upon the idea of serving banks by making every possible banking supply part of a business-building plan.

To this end Super-Safety checks have been continuously advertised in large national publications, as a background for a campaign of education on banks and banking problems. At the same time, vast production under modern methods made it possible to offer these checks—with their uniquely valuable protective features—at prices no greater than for any checks of comparable quality.

A more recent step in The Bankers Supply Company plan was the initiation of a year-round local advertising service for banks, with a number of features never before attempted.

Just as The Bankers Supply Company plan has been directed toward encouraging wider use of banking service, so the Todd Protectograph Company has worked along lines that more or less directly build the business of banks.

By protection of checks in transit, through

the Todd Protectograph, and Todd Greenbac checks, this company has exerted an unusual influence in the extension of modern banking service. It has afforded invaluable protection to the funds of the business world in general.

Today Todd Protectograph check-writing machines are made in thirty-six languages, and are used by the business and commercial houses of nearly every nation. The company was founded twenty-five years ago.

It is looked upon as a logical step in the development of these separate services that the two companies should come under one management. With close and helpful co-operation between highly specialized staffs, and with co-operation a keynote in the powerful advertising campaigns each company carries on, it is obvious that more and more important developments will be made in services already valuable to the banking and general business worlds.

Laboratories for study and research in check protection are maintained by each company. It is now expected that intensive co-operation will give multiplied efficiency in the development of protective measures for banks and the banking public.

No changes in present policies are contemplated. As divisions of one company, each will operate upon much the same basis as now. Co-operation will, of course, be a major part of the new program. With increased representation each division will be able to maintain much closer contact with banks, and consequently will be able to offer a greater, more valuable service than ever before.

Production and deliveries of each division will go on as at present, uninterrupted by the merger. New assistance in merchandising bank service, and in building bank business, will be but a natural result.

New York's Oldest Bank in New Quarters



A Hamilton

Founder Bank of New York

was organized in 1922 as a merger of the Bank of New York and the New York Life Insurance and Trust Company—two of the country's oldest banking institutions. The Bank of New York, New York's oldest bank, was founded in 1784 by Alexander Hamilton; it was well established at the time of the adoption of the Constitution and the beginning of the Federal Government. The first money the new government borrowed was a loan of \$200,000 from the Bank of New York in 1789. The money was withdrawn gradually and the bank still has in its possession the first warrant for \$20,000 which was signed by Alexander Hamilton, as secretary of the treasury, on September 13, 1789. When the New York Clearing House was established, the Bank of New York was assigned "No. 1," and the Bank of New York & Trust Company has preserved this position of distinction. After the Civil War, the bank gave up its ancient

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. The uptown office of the bank is at Sixty-third street and Madison Avenue.

Accompanying this article are a number of views of these new quarters which are now being occupied by the bank.

The Bank of New York & Trust Company



EDWIN G. MERRILL

President Bank of New York & Trust Compar.



Head office of the Bank of New York & Trust Company, at
52 Wall street, New York



Entrance to trust department

charter to become a national bank, but by a special ruling of the Treasury Department, it was allowed to keep its name and merely added the phrase "National Banking Association" thereto. In 1922 the Bank of New York dropped its national charter and returned to the state banking system as a part of and under the charter of the New York Life Insurance and Trust Company, which dates from 1830.

The New York Life Insurance and Trust Company holds the distinction of being the first financial institution in the United States to begin business with "trust company" as a part of its title. Organized under a special charter granted by the legislature in 1830, it has always made a specialty of personal trusts and the company at the time of its merger with the Bank of New York was caring for the property of several families whose first trusts were placed with it not long after the company was established over ninety-two years ago.

Edwin G. Merrill, president of the Bank of New York and Trust Company, was formerly president of the New York Life

Insurance and Trust Company. In 1903 Mr. Merrill organized the Merrill Trust Company of Bangor, Maine, later becoming vice-president of the Central Trust Company of New York, and afterwards for some years president of the Union Trust Company of New York. Upon the consolidation of the Central and Union Trust Companies, he became vice-chairman and vice-president of the consolidation.

The board of trustees is composed of the following: Frederic W. Stevens, honorary trustee; Edmund L. Baylies, Joseph H. Choate, Jr., Henry D. Cooper, Lincoln Cromwell, William M. Cruikshank, Norman H. Davis, Thomas Denny, Cleveland E. Dodge, Philip T. Dodge, Herbert L. Griggs, Edward J. Hancy, Robert C. Hill, Eustis L. Hopkins, Columbus O'D. Iselin, L. F. Kiesewetter, James B. Mabon, Alfred E. Marling, William J. Matheson, Edwin G. Merrill, Lewis Spencer Morris, Frank C. Munson, Stephen P. Nash, Henry Parish, Walter Wood Parsons, W. Emlen Roosevelt, Moses Taylor, Edward M. Townsend, Howard Townsend, Paul Tuckerman.



Banking floor, showing a part of senior officers' platform



View from senior banking officers' platform



Trust officers' platform



Public space, showing tellers' windows



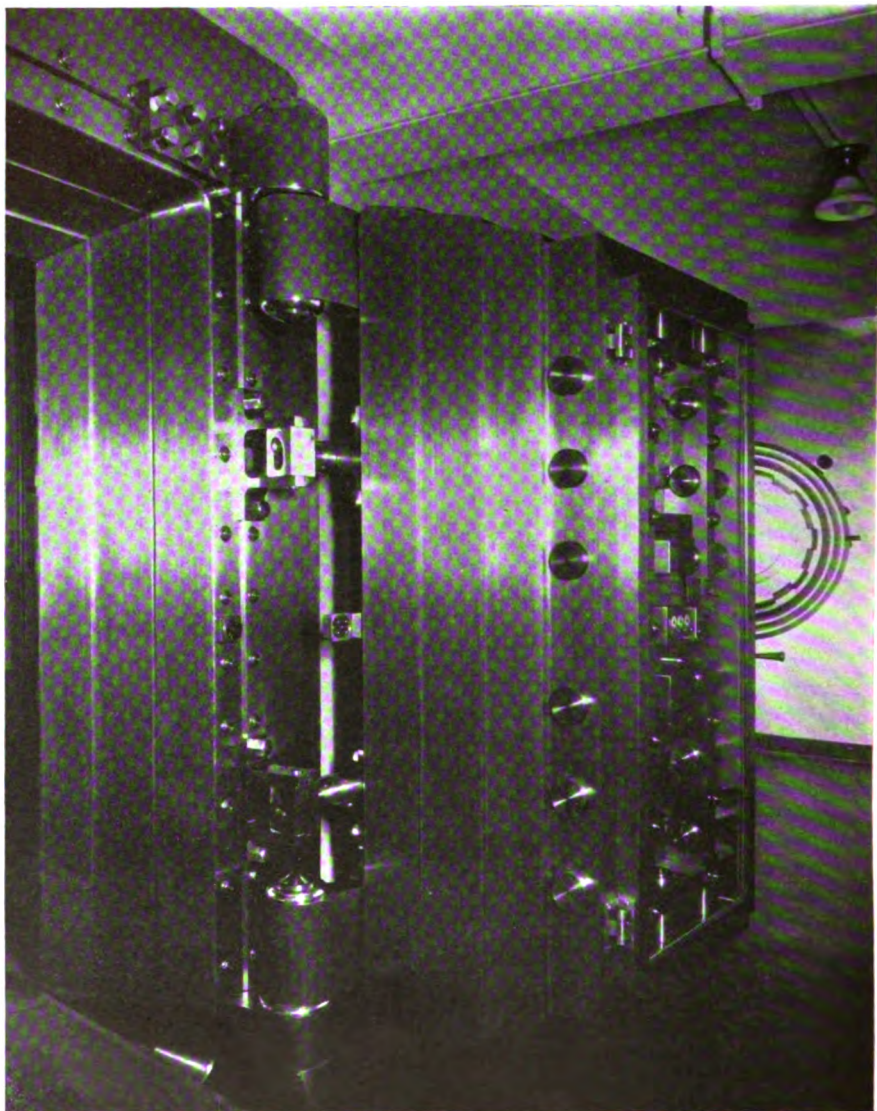
A corner in the ladies' room



Board room



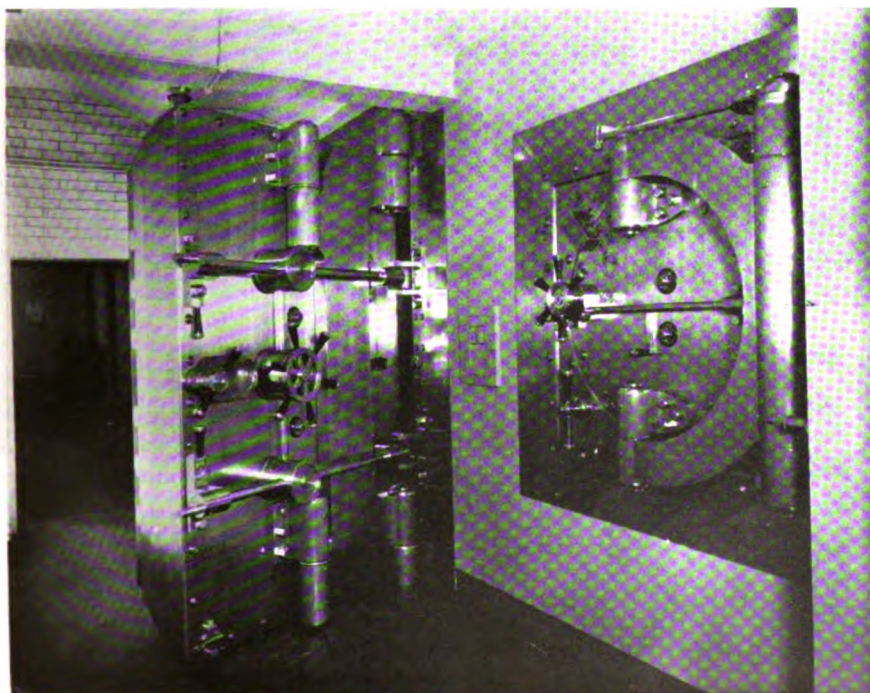
Banking officers' platform, junior officers to the right



Main entrance to security vault. Vaults were built and installed by the York Safe and Lock Co., York, Pa.



Conference room



Main and emergency doors to security vault



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

New Bank Building Planned for New York's Financial District

IT has been announced by J. P. Morgan & Co. and The Equitable Trust Company of New York that The Equitable Trust Company of New York has acquired the leasehold of the Mills Estate property comprising the well known Mills Building, and will erect on this prominent site a thirty-four story bank building.

The Mills Building, a twelve story red brick structure completed in 1892, was at the time of its erection the largest office building in the world. It was built by Darius O. Mills, father of Mrs. Whitelaw Reid and grandfather of Ogden Mills Reid of the *New York Herald-Tribune*. The Mills Building has been the business home of many noted individuals and firms. Prominent among them was Grover Cleveland, who maintained offices in the building during the interval between his two terms as President of the United States and after his retirement from office. George Hearst, father of William Randolph Hearst, was

also a tenant. Among the prominent firms now occupying the building or who have been tenants in the past are Henry Clews & Company; Chas. D. Barney & Company; Brumley, Chamberlin & Company; Jenks, Gwynne & Company; H. N. Whitney & Sons—all members of the New York Stock Exchange; Stetson, Jennings & Russell, attorneys; Anderson & Anderson, attorneys; Cerro de Pasco Copper Corporation, etc.

Writing in the *New York Times Magazine*, Harold Norman Denny says of the old Mills Building:

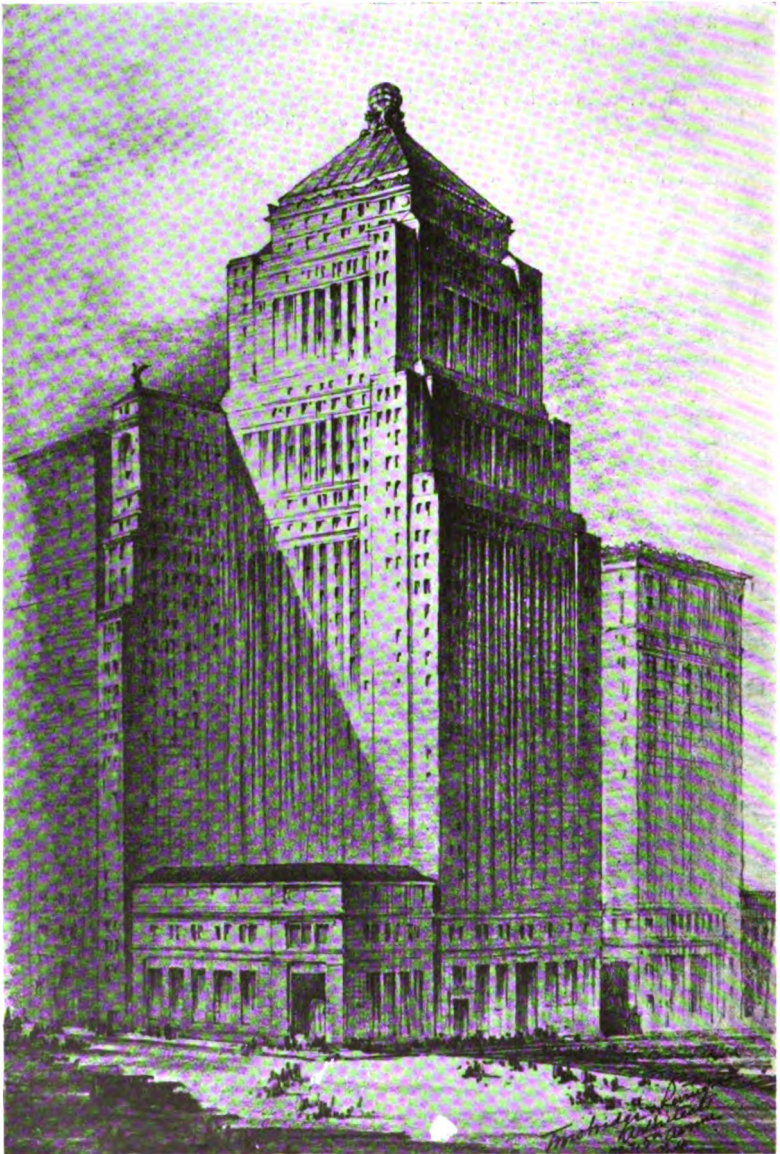
The Mills Building was one of the sights of the town in the '80s and '90s, with its proud height of 120 feet. The new Equitable will go 500 feet into the air. The Mills Building rested on piles—17,000 of them—driven into the sand. First one set was driven down, then another on top of the first, in clusters fastened together with metal bands. The Equitable Trust is to rest on a coffer-dam foundation. Solid walls of ar-



ALVIN W. KRECH
Chairman of the board Equitable Trust Company



ARTHUR W. LOASBY
President Equitable Trust Company, New York



Proposed new building for The Equitable Trust Company, to be located on the present site of the well known Mills Building at Broad and Nassau streets, New York

mored concrete eight feet thick will be put down, clear to bed-rock, sixty-five feet below the surface. The interior will be dug out and will contain five basements, in which will be much of the mechanical equipment of the building, the vaults and some of the workrooms of the bank, besides much valuable storage space.

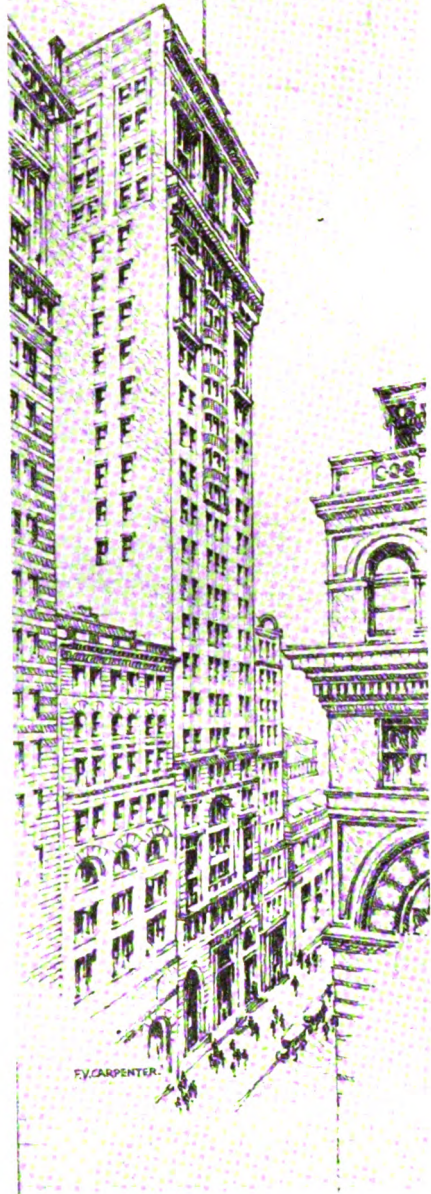
The generation now passing was impressed by the large open court of the Mills Building, which let light and air into the offices. The new Equitable Trust Building will have giant lungs which will draw in air from outside, wash it so that it is cleaner than the air we breathe in the streets, warm it in cold weather, and force it into the remotest rooms. Fans will suck out the used air.

Business men of the '80s were thrilled with the deliberately moving hydraulic elevators which had just displaced the steam lifts. They admired the carved brownstone ornamentation of the Mills Building, and especially its arching entrance. Those who enter the banking room of the new Equitable Trust through massive granite portals will look up thirty feet to softly lighted, harmoniously decorated ceilings. Instead of the seven elevators, which were the pride of the Mills Building's early tenants, they will find twenty passenger elevators. Besides these there will be eight private or semi-private cars in the Wall street wing and in the part of the building used by the Equitable. The Mills Building housed 800 tenants. The new Equitable will have a population of about 5000.

The Mills Building is massive and would be impressive even today if not overshadowed by super-sky-scrapers. The new building, with its walls of mottled buff culminating in a pyramid, will embody the strong, yet delicate management of mass and line which our sculptors of buildings have learned since the first skyscraper. The modern skyscraper as exemplified by it falls into no hitherto known school of architecture. It has the lift of the Gothic and the sturdiness of the Romanesque without being either. Perhaps the best name that can be given it is that coined by Lyman V. Rhoades, vice-president of the Equitable Trust Company. He calls it the Modern Gotham.

The Mills Building was erected in 1881-2 by Darius O. Mills, father of Mrs. Whitelaw Reid and grandfather of Ogden Reid. Colonel Post may be called the father of the skyscraper. He worked in a city which gaped at eight-story structures, and startled it with his ten-story venture. He pioneered his way through the '70s and '80s, circumventing engineering obstacles, and for years each new building he erected represented an advance.

Colonel Post had made a name for himself



The present home of The Equitable Trust Company, at 37 Wall street, New York

as an inventor ten years before he attempted the Mills job. As early as 1871 he had the vision of lofty buildings which would make



The Mills Building which, at the time of its erection in 1882, was the largest office building in the world, and which is soon to be replaced by the new thirty-four-story Equitable Trust Company Building

the greatest possible use of the cramped space of the Wall street district, where land even then was immensely costly. His ideas triumphed in the construction of the Equitable Building, which was seven stories at first, later eight. He knew that stairways would not serve, and assisted in the devising of passenger lifts to take care of the tenants on the upper floors. But even with these, the owners of the building were afraid that people would refuse to take space on the top stories. Colonel Post replied by offering to rent these stories himself, confident that he could sublet them at a profit. His offer was not accepted, but his judgment was abundantly justified. The public took to the elevators without a moment's hesitation. In this same period Colonel Post installed steam-heating in offices, which previously had been dependent on fireplaces.

The job of erecting the Mills Building was won by Colonel Post in a competition; in the same week he captured in a similar manner the contract to erect the New York Produce Exchange, still standing. Darius O. Mills, "Lucky Mills," who had built a great fortune on the Western Coast and then had come East, wanted a monument, as Woolworth and others have wanted monuments since, and so commissioned Colonel Post to build the highest business building in the world.

"There was little to work with in those days as we know materials now," says his son, William S. Post, who helped on the job. "There was no steel; there were no rolled sections, except I-beams; we did not have plain concrete. Brick and brownstone, cast-iron and wood columns were our chief materials. The cast-iron columns were round and hollow. When we were putting up the Produce Exchange one of the workmen fell into a column and we hoisted him out with a derrick. My father worked on the job and tested the columns for blowholes with a hammer. There were no Carnegie handbooks in those days. Designing was not done then as it is now. Nowadays every detail of a building is planned in the office—down to the last inch of plaster—before construction starts. In my father's day his designs were comparatively rough. He had to do considerable experimenting as the job went on, and make changes here and there. He had to be his own building superintendent and his own engineer, as well as his own designer. Whereas nowadays an architect's office must contain specialists in sanitary, electrical, heating, ventilation, refrigeration and construction engineering, the architects of the first skyscrapers embodied all these functions in themselves."

The site of the Equitable's new building is an enviable location in the heart of the

financial district, opposite the New York Stock Exchange and adjoining the handsome structure of J. P. Morgan & Company. One wing of the new building will extend through to Wall street, adjoining Morgan's on the Wall street side.

Not only is the new building less than a stone's throw from the greatest financial institutions of the district, but its tenants will enjoy more than the usual allotment of natural light in their offices, the height of the new building, its construction, and the comparatively low surrounding structures assuring this advantage.

The architects are Trowbridge and Livingston and the builders the Thompson, Starrett Company. Trowbridge and Livingston have associated with them as consultants the following well known firms: Moran Maurice and Proctor; Meyer, Strong and Jones; and Weiskopf and Pickworth.

The newcomer among financial skyscrapers will add the final touch to the impressive structures grouped at the corners of Wall, Broad and Nassau streets, where are found the towering addition to the Stock Exchange, the low and massive marble walls of J. P. Morgan and Company, the sombre imposing facade of the old Sub-Treasury Building, the new U. S. Assay Office, and the white tower of the Bankers Trust Company.

The new Equitable Trust Company building will be constructed of brick and limestone. It will embody a number of new ideas in modern business convenience and utility. While it probably will not be possible for work on the new building to be started before the spring of 1926, it is believed that the building will be completed and ready for occupancy on or about May 1, 1928.

Good natural lighting and ventilation have been serious problems in New York's congested financial district, and the 500,000 square feet of office space which will be made available when this spacious building is completed will be a welcome addition to Wall street's business facilities.

The new building will be accessible from three of the financial district's most important streets—Wall street, Broad street and Exchange place. The building will have entrances on each of these streets.

Its main entrance will be located on Broad street, about 175 feet from Wall street. North of this main entrance, The Equitable Trust Company will have a private entrance

to its banking offices. The trust company will occupy the first and second basements, the ground floor, the first floor, in which will be located the general banking offices, and the second, third, fourth and fifth floors, which will house the other departments of the bank.

The main building will be equipped with twenty passenger elevators and two freight elevators. The placement of the building's elevator system has been given a great deal of study, and the various units have been grouped in such a way as to be equally convenient and accessible to all entrances.

The placement of elevators and the arrangement of corridors adds much to the convenience of tenants and customers, and a solution has been found in this building to the serious problem of congestion which is often found in a busy building where groups of elevator passengers wait in corridors through which people are passing constantly. Each group of elevators will be placed in a blind corridor, and no one need enter or leave a corridor unless using the elevators installed there.

The Equitable Safe Deposit Company will have light, well ventilated offices in the basement of the building. It is planned to go down to bed-rock with the second basement in order that the company's vaults may rest on this solid foundation. It is estimated that these vaults will be in the neighborhood of sixty feet below the earth's surface.

The erection of this building, at a cost estimated to be in the neighborhood of \$12,500,000, is a natural development of The Equitable Trust Company's growth. The

Equitable now owns a twenty-five story structure at 37 Wall street, its offices occupying fifteen floors in this building and more than four floors in the building at 43 Exchange place.

The Equitable first opened its doors for business on April 19, 1871, under the name of the Traders Deposit Company. The company was then located at 120 Broadway. The name was afterwards changed to the American Deposit and Loan Company. Under this name the company later occupied offices at 149 Broadway.

It was not until 1902 that the name was changed to The Equitable Trust Company of New York, and the activities broadened to include every banking and trust function. The company at that time was located at 25 Nassau street and later at 15 Nassau street, these addresses being on the Nassau street side of the old Equitable Life Assurance Company Building at 120 Broadway.

After the disastrous fire which gutted the entire Equitable Building in January 1912, the Equitable Trust Company for about three weeks occupied temporary offices at 115 Broadway. When the Trust Company of America was merged with the Equitable on February 24, 1912, the Equitable fell heir to the building it now occupies at 37 Wall street. Various changes and renovations have been made in the offices occupied by the company, but realizing eventually that the only way adequately to provide for future growth was to erect a new building, the officials of the Equitable conducted negotiations culminating in this decision.



A Famous Old London Bank

Glyn, Mills & Co., Now in 172nd Year, Remains Sole Private Bank in London Clearing House

THE banking house of Glyn, Mills & Co. dates from the middle of the Eighteenth Century, having been founded in 1753 at a time when all the English banks, with the solitary exception of the Bank of England, were private partnership firms. Since the business of Messrs. Coutts was acquired by the National Provincial Bank in 1920 Glyn's have been the only private bank in the clearing house. Though registered as an unlimited company in 1885, they still remain in all essentials a private bank. The whole of the capital is held by a very small number of partners, nearly all of whom take an active part in the management.

The name of the firm was originally Vere, Glyn & Halifax. The name of Vere soon disappeared, and that of Mills is first found in 1773. After two or three minor changes it became, in 1829, Glyn, Halifax, Mills & Co. The name of Halifax dropped out on the death of the last representative of that family in 1851, and the style was changed in 1864 to Glyn, Mills, Currie & Co., when the business of Currie & Co. in Cornhill, which had existed for more than ninety years, was amalgamated with Glyn's.

Among former partners, who have been well known outside banking circles, may be noted Sir Richard Glyn, First Baronet (one of the founders of the firm), Lord Mayor of London 1758-9, M. P. for the city and subsequently for Coventry; Sir Richard Carr Glyn, a younger son of the preceding and also created a Baronet, Lord Mayor 1798-9 and M. P. for St. Ives; George Carr Glyn, created Lord Wolverton in 1869—previously M. P. for Kendal and chairman of the London & North Western Railway; George Grenfell Glyn, Second Lord Wolverton, M. P. for Shaftesbury and successively, in Gladstone's first three administrations,

Patronage Secretary to the Treasury, Paymaster General and Postmaster General; Sir Charles Mills, First Baronet, a director of the East India Company and one of the original members of the Secretary of State's Council; Sir Charles Henry Mills, Second Baronet, M. P. for West Kent, created



St. Edmund the King, Lombard Street, 1820

Lord Hillingdon in 1886; Raikes Currie, M. P. for Northampton; Bertram Currie, member of the Council of India and one of the British delegates at the International Monetary Conference at Brussels in 1892.

More recently the firm had to deplore the loss of the Hon. Charles T. Mills, M. P. for the Uxbridge Division of Middlesex, who was killed in action in October 1915, while serving as a



Sir Richard Carr Glyn, 1755-1839, Lord Mayor of London, 1798-9, one of the many partners of Glyn, Mills & Co., who have attained prominence outside the banking field

lieutenant in the Scots Guards on the Western Front during the Great War. Though only 28, Mr. Mills had already shown great promise both in the city and in Parliament.

Two of the existing partners, General The Hon. Sir Herbert Lawrence, K.C.B., and Brigadier General Arthur Maxwell, C.B., C.M.G., D.S.O., had distinguished records in the Great War. The former rose from the rank of a

major on the retired list to that of a full general and Chief of the General Staff in France, and the latter from being a territorial captain became a brigadier general.

It may be of interest to record that the present partners, belonging to the three families of Glyn, Mills and Currie, represent the fifth and sixth generations of those families who have followed the profession of banking.

Glyn's have since the earliest days of railways been closely associated with their finance. They have been the bankers for the Railway Clearing House since its foundation and have probably more railway accounts than any other bank. They have supplied in past years many railway directors, and at the present time two of the existing partners are on the boards respectively of the London Midland and Scottish and of the Great Western Railways.

Many foreign banks, insurance companies and large businesses are also to be found among Glyn's customers.

The freehold premises in Lombard street occupy an island site, Change Alley being the boundary on two sides and Birchin Lane on the fourth. No more central position is to be found in the City of London. A considerable portion of the present building has been occupied by the firm for over 100 years; but the Birchin Lane frontage, which had been for many years the office of Overend, Gurney & Co., was only acquired in 1866. The sign of the house is the anchor.



The old premises of Messrs. Child in Fleet Street, previous to removal of Temple Bar
Reproduced by courtesy of
"The Bankers Magazine,"
London



Exterior of 3 Whitehall Place (Holt's Branch)
London, S. W. I.

Till 1923 Glyn's had no branches, but it was then decided to embark on a policy of extension. In February of that year they took over the business of Messrs. Holt, bankers and army, navy and air force agents in Whitehall Place, and thus obtained an office in the West End of London. Holt's had been established in 1809 by William Kirkland and had absorbed the army agency of Lawrie & Son in 1884, and the navy agency of Woodhead & Co. in 1915.

In May, 1924, Glyn's obtained a second branch by acquiring the old-established business of Messrs. Child at 1 Fleet street. Child's are believed to have existed as goldsmiths before 1600, and had the reputation of being the old-

est bank in London. Among their customers have been Oliver Cromwell, Nell Gwyn and William III. Their romantic history has been well told by Hilton Price in his interesting book, "The Marygold by Temple Bar," the marygold being the sign of the tavern on the site now occupied by the bank.

Child's and Holt's are now known as Child's branch and Holt's branch of

Glyn, Mills & Co., but the management of both has been as little altered as possible. The aim of the new combination is to afford to its clients facilities as great as or even greater than its component parts have hitherto provided; and it is probable that the house will long continue an example of the advantages of the old English private bank.



The Trend Toward Over-selling

WRITING in the February number of *The American Mercury*, J. R. Sprague comments on the youthfulness of American business executives, and offers the following explanation:

"Younger and younger men are becoming the heads of our great enterprises simply because our national business policy is constantly tending toward mere go-getter salesmanship. A man is a better sales-manager under forty than afterward. He has more pep to flay and stimulate the salesmen under him. To organize drives. To break down sales resistance. American big business is now almost wholly a selling game, and so it is a game for young men.

"But I doubt if business that depends so much on salesmanship for its profits is on the soundest of foundations. Breaking down sales resistance may bring in this year's dividends, but in the long run, I believe, it is apt to cause trouble for the seller and the buyer alike."

As a result of this condition he states that America has embarked upon a national policy of over-selling, with many signs that the saturation point is soon to be reached. As an example of the results of over-selling he cites the case of a young mechanic, recently investigated by welfare workers, whose family consisted of a wife and two small children.

"This young mechanic was receiving wages of \$6 a day. It was very fair remuneration, considering conditions in the community, but he was constantly in hot water. The investigation developed the following facts: The

young man had engaged himself to pay \$30 a month in instalments on a second-hand automobile. To one of the local furniture dealers he was obligated for a like amount each month in payment of a set of parlor furniture of plush and fumed oak. Besides these obligations he had taken it on himself to buy from other instalment houses a piano, a gold watch, a baby carriage, a diamond ring for his wife, and various other articles. Had he met all of his instalments, which manifestly he could not, his monthly payments would have amounted to more than his wages. When haled to his employer's private office and questioned, the young man defended himself by the surprising statement that he could not help himself."

He closes his article with a plea to bankers as the one class of big business men who could be in a position to put a brake on this modern tendency of over-selling. In conclusion he says:

"Something might be done if the bankers would get together in an agreement to withhold credit from any firm whose chief executive ever speaks of breaking down sales resistance. The bankers could go further. They could make an iron-clad rule that any corporation president should at once be declared persona non grata in banking circles if caught making an uplift speech or giving an interview to any newspaper that contains a reference to 'Opportunity, Advancement, Service, the value of clean living in business, or how to make money and become like Me.'"



New building of the Bank of Coney Island, Coney Island, New York., as it will look when completed. The architects are Messrs. Holmes & Winslow of New York

The Bank of Coney Island Solves an Interesting Building Problem

THE Bank of Coney Island, Coney Island, N. Y., owns a 50-foot frontage on Surf avenue on the corner of Twelfth street. The bank has outgrown its own building, which occupies only about one-half of this frontage, but cannot obtain possession of the entire lot for two more years, when a present lease expires. The directors were, therefore, faced with the problem of providing immediate facilities for an ever-expanding business and at the same time starting a building program which could not be fully completed for two more years. This problem has been solved in a very satisfactory manner.

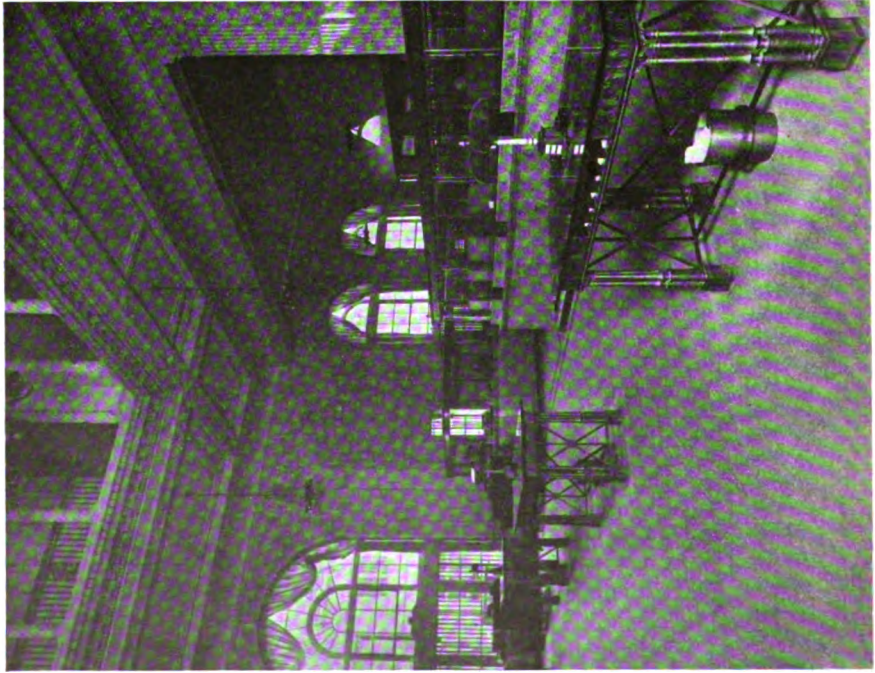
As is shown in the accompanying plan, the entire rear portion of the building has already been completed, including an L in the rear projecting forty feet beyond the front elevation. This rear portion of the new building has been connected with the old building so that now the entrance to the new building is through the old. The bank is thus able to use one-half of its new build-

ing as well as all of its old. In two years the old building will be torn down and the front portion of the new building completed.

Since front retail locations on Surf avenue are extremely valuable, the new building provides for two choice retail stores on either side of an arcade leading back to the main banking room. In this way the bank will have a Surf avenue entrance and will, at the same time, be able to make a good income from the rental of their store locations. A perspective drawing of the building as it will be when completed accompanies this article.

SAFE DEPOSIT DEPARTMENT A FEATURE

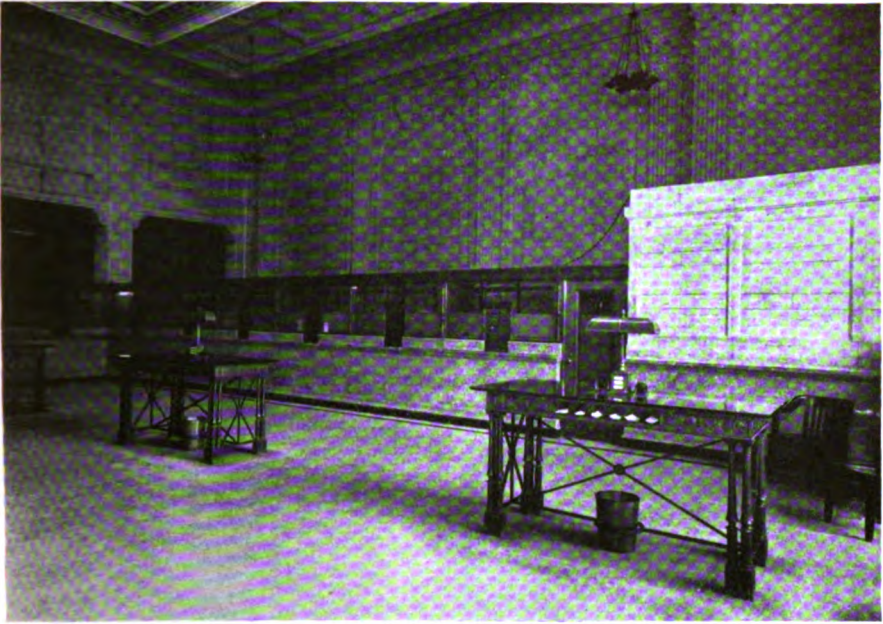
In planning its new home the Bank of Coney Island has made a special feature of its safe deposit service. Four separate vaults have been provided—all of the most modern type of construction. The main public safe deposit vault is located in the front part of the banking room in such a



Public space looking toward Twelfth street and passageway to safe deposit department, and entrance to bank



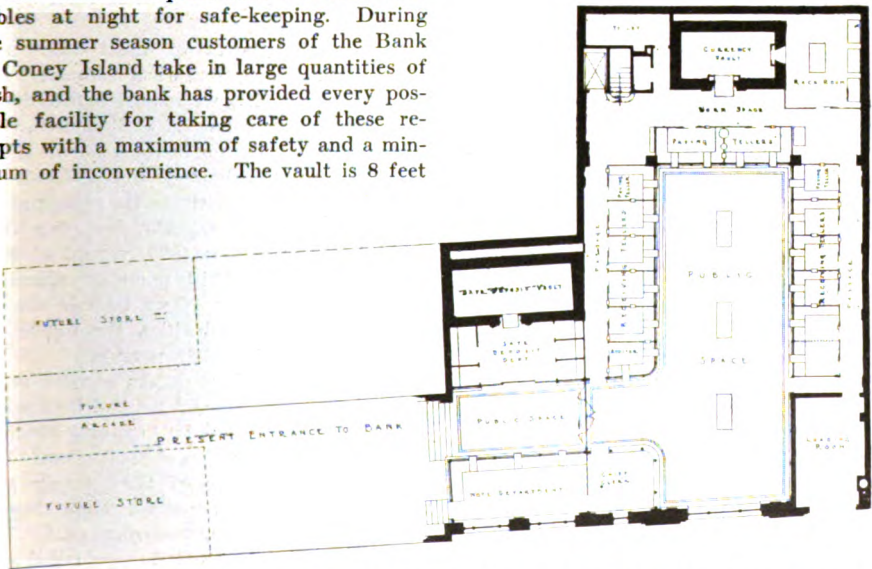
Another view of the public space, showing receiving and paying tellers' cages, with the currency vault at the rear



The white marble wall to the right encloses the special loading room for the bank's armored car. A private passageway runs from this room direct to the currency vault

way that this department can be shut off from the rest of the banking quarters. This is because the safe deposit department is frequently open at night when the banking department is closed, to enable customers of the bank to deposit cash and other valuables at night for safe-keeping. During the summer season customers of the Bank of Coney Island take in large quantities of cash, and the bank has provided every possible facility for taking care of these receipts with a maximum of safety and a minimum of inconvenience. The vault is 8 feet

wide by 20 feet long and 16 feet high. All of the vaults are protected by 24-inch reinforced walls and the latest type of electric burglar protection. They were installed by



Floor plan of the Bank of Coney Island as designed by Messrs. Holmes & Winslow. The entire rear portion of the bank (shown at the right) has already been completed

the Diebold Safe and Lock Company, New York.

Another protective feature of this bank, which is unusual, is the special loading room for the bank's armored car, which is inside the bank with an entrance on Twelfth street. By means of this room it is possible to drive the car into the bank, close and lock the outside doors, load it with money or other valuables directly from the bank's own security vault, lock the car and drive off to New York without it being exposed to attack at any time.

INTERIOR ARRANGEMENT

As will be seen from the accompanying illustrations, the bank is built around a sky-

light well so that the banking lobby is flooded with natural light. The working quarters are on the mezzanine and second floors. The counterscreen is of Rosato marble and bronze, and the floor of tile Tennessee marble. The floor of the working space is of cork tile which provides a quiet and yet durable surface. A dining room and kitchen with all of the most modern equipment is another feature.

The heating plant of the building is in a specially constructed water-tight basement. As this is under tide-water a special type of construction had to be provided for.

The architects of this building were Messrs. Holmes & Winslow of New York, who are bank specialists.



Food Products Exports Exceeded \$150,000,000 in 1924

EXPORTS of principal food products from the United States during 1924 showed increased valuations of \$151,156,918 over the previous year, when figures of \$1,040,552,984 were reached, as compared with \$889,896,071 for 1923, according to the Food-stuffs Division of the Department of Commerce. The importance of this growing trade is emphasized by comparisons with export values during the prewar period 1910 to 1914, when average shipments amounted to but \$500,000,000 a year.

Grains and grain products exported from the United States reached valuations of \$443,750,892 during the year 1924, as compared with \$311,302,346 during the preceding year, or a gain of approximately \$122,000,000, wheat constituting approximately \$121,000,000 of this increase. The quantity of wheat exported totaled 166,301,788 bushels, compared with a total export of 98,553,482 bushels for 1923. Canada's imports of wheat increased approximately 50 per cent. over her imports for 1923, United Kingdom and Netherlands imports increased about 57 per cent., while Germany increased her wheat imports from the United States about 70 per cent. The exports of corn, rye, rice and wheat flour showed some de-

crease over exports for the year 1923.

In the case of every commodity with the exception of buckwheat grain, biscuits, macaroni, and "other wheat preparations," the export price of the products shipped out of the country was greater than during 1923.

The total exports of meat and meat products show a decline when compared with 1923. During 1924 we exported 803,394,058 pounds of meat, valued at \$113,844,270, compared with total exports for 1923 of 1,036,608,101 pounds, valued at \$149,967,743.

Bacon exports constitute the principal decrease in our meat exports, dropping from 456,797,497 pounds in 1923, valued at \$60,084,422, to 286,627,810 pounds, valued at \$37,035,454 in 1924. If we include the exports of Cumberland sides, the figure for 1924 reaches 314,102,689 pounds.

In the case of fats, decreases were noted in all except oleo oil and neutral lard which slightly advanced. Lard exports declined approximately 9 per cent. last year. The average export price of lard during 1923 was 12.57 cents per pound, increasing to 13.31 cents per pound during 1924. The German market, which is the principal outlet for American lard, showed a decided decrease in lard takings for 1924.

The Homewood Peoples Bank of Pittsburgh

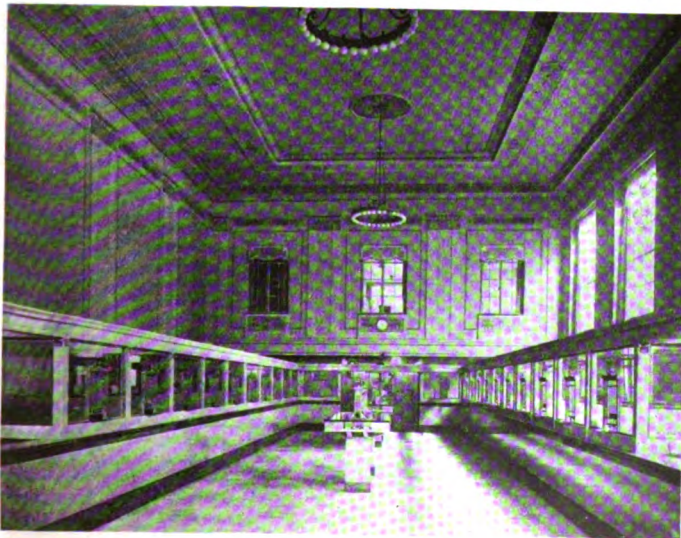
THE Homewood Peoples Bank of Pittsburgh has recently taken possession of its new building, illustrations of which accompany this article. Constantly increasing business made it imperative some time ago to erect a new building to meet the requirements of its customers, and the present building is the result of a very careful study of the needs of its patrons on the part of the officers and directors, who made an exhaustive investigation of modern bank buildings before finally determining on the plans for the present structure. The contract for the planning, erection and complete equipment of the building was awarded to Simons, Brittain & English of Pittsburgh.

FRENCH RENAISSANCE ARCHITECTURE

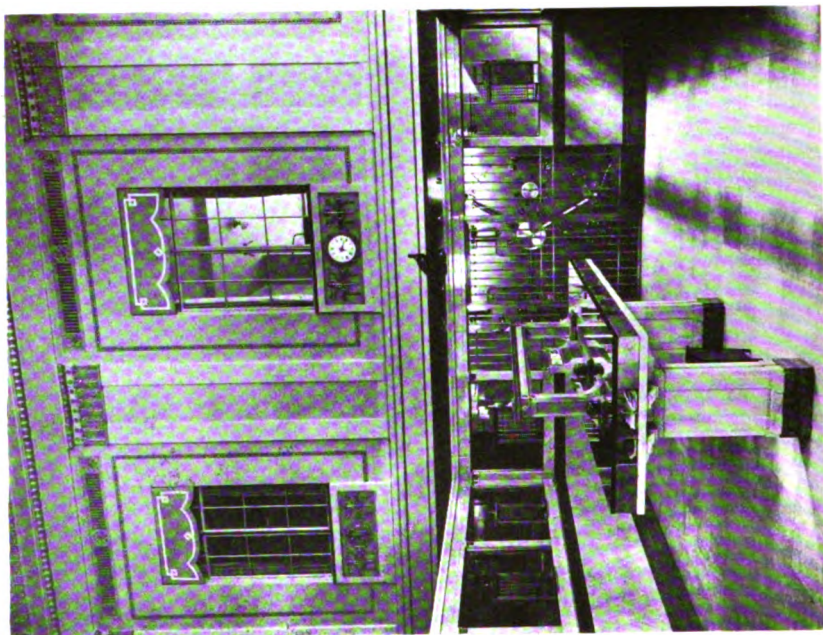
The exterior of the new Homewood Peoples Bank building is the style of the French Renaissance, and the interior feeling is a modern adaptation of the Georgian. It is refined in character and of modern design, being in dignity and attractiveness a notable contribution to the architecture of Pittsburgh. The predominating feature is the arched entrance motif, the effect being heightened by a series of pilasters across the building. The entrance itself is sufficiently wide to permit the driving of an automobile into the public corridor so that



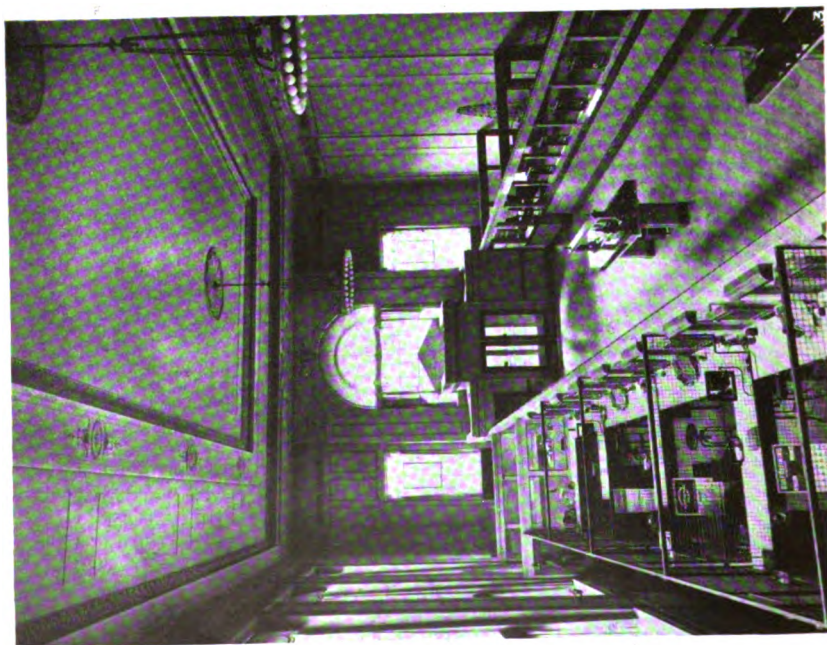
Main entrance, Homewood Peoples Bank of Pittsburgh



A general view of the interior, showing public space and tellers' cages



Rear of public space, showing vault entrance



A bird's-eye-view, looking toward the entrance



Exterior of the Homewood Peoples Bank of Pittsburgh

it is possible, and entirely practical, to introduce a substantial exhibit, even a motor car, in the corridor if desired. The exposed facades of the building are of variegated Indiana limestone. It is as nearly fireproof as any building can be made, fire resisting materials being used almost exclusively, combustible material being used in a very limited way. The floor and roof slabs are of reinforced concrete and steel. All window areas contain either rolled steel sash, or hollow metal sash, and the doors are of hollow metal. The vaults are of reinforced concrete and lined with steel. A low pressure steam heating system of the most modern type was selected.

The general ensemble of the main banking room, the flood of light, the agreeable color scheme, the simplicity and dignity of the architectural detail, create a most agreeable impression. Upon entering the room in the quadrangle forming the public corridor, twenty tellers' wickets for the transaction of business may be seen, and standing check desks are provided for the use of



GEORGE J. SIMONS

President Simons, Brittain & English, of Pittsburgh, architects who designed this building

customers. At the right of the entrance, spaces used by the officers of the bank, and on the left of the entrance attractive ladies' waiting and rest rooms and a general customers' space, are provided.

THE VAULTS

To the rear of the public corridor is located the entrance to the vault. The vault is an impressive unit of stability and safety, being built on generous lines, the owners having in mind meeting not only present needs, but anticipating a large immediate growth. The vault walls, floor and ceiling are each 27 inches thick, affording a maximum protection. The opening in the entrance to the vault is 84 inches in diameter, and the door is 20 inches thick, exclusive of compression system and trim. As an addi-

tional safeguard the owners have installed an electric protective system.

Over 3000 safe deposit customers may be accommodated in this vault, the boxes, of course, varying according to the several requirements of the customers. There was specified a non-pickable type of lock, thus making it impossible for even an expert to open up the private lock box of a customer.

Contained in the vault are twelve heavy steel constructed money chests for storing money and securities of the bank. Near the vault is provided a group of comfortable and well lighted booths for the use of safety deposit customers, where complete privacy can be had for reference to the contents of boxes. Provision is also made for the storing in safety of heirlooms, jewelry, tableware and valuable papers not requiring to be stored in safe deposit boxes.



Entrance to vault of the Homewood Peoples Bank



Building of the First National Bank of Detroit, which is equipped with Reed Air Filters

Clean Air for Your Bank

THE necessity of providing proper ventilation in banks and bank buildings as a safeguard to the health and comfort of the occupants has been realized by leading architects and engineers for some time. The paramount importance of this factor in the proper functioning of the personnel is becoming appreciated more and more each day by the executive and operating departments of financial institutions themselves.

In new buildings adequate provision for proper ventilation can be made in the initial layout of the mechanical equipment by the engineer. In existing buildings that were designed and constructed prior to the present era of mechanical ventilation the problem is more difficult and may in some cases involve extensive alterations.

To obtain proper ventilation in either case demands that a definite quantity of fresh air be drawn from the outside and distributed in such fashion as to procure proper air movement within the room or rooms ven-

tilated. The amount of air supplied of course depends on such factors as the size of the room, number of persons occupying the room and other variables affecting the design of the system.

REMOVING DUST FROM THE AIR

Since it is a known fact that the air, especially in large cities and manufacturing districts, is highly charged with dirt, dust (bacteria laden) and soot (the latter element increasing in volume daily with the increasing use of soft coal and oil as fuels), it is not difficult to appreciate that the most vital part of a properly designed system is a simple, efficient means of air filtration.

Air charged with dust and soot can hardly be termed fresh air, and unless adequate means are provided for the removal of these impurities untold damage can result in permitting them to settle on desks, papers and merchandise in general, causing spoilage of furnishings and discoloration of decora-



Detail of Reed Filter and frame

tions. To eliminate this trouble and insure clean air, air filters must be installed.

The Reed Air Filter, otherwise known as the "dry" type filter, manufactured by the Reed Air Filter Company, Incorporated, Louisville, Kentucky, and shown in cut, is

being successfully used for this purpose. The Reed Air Filter will actually remove 97 per cent. of all solid particles in the air, including carbon, with a minimum resistance to the air flow. In addition to its unusually high cleaning efficiency and low resistance an important feature is the ease with which it can be handled and the resultant low operating and maintenance cost.

In the development of the Reed Air Filter two well known principles were brought together. For some time it has been known that a surface coated with an adhesive substance would collect dust rapidly when in the path of a dust laden current of air, and also that dust particles thus carried would not maintain their position in the air stream when passing around an interruption but would impinge on the interruption. In order to produce a commercially practical filter a media had to be obtained that would cause as many interruptions as possible with minimum resistance, the media to be coated with an adhesive compound having an affinity for dust, and the unit easily cleaned and handled.

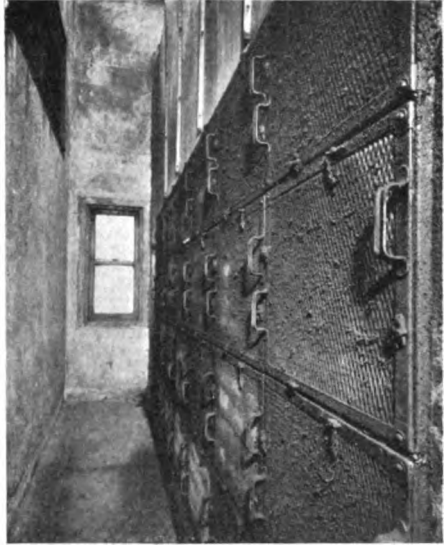


Showing arrangement of duct work in office, arrows indicating the registers through which fresh air is distributed. This system is especially applicable in old buildings where there is no central ventilating system

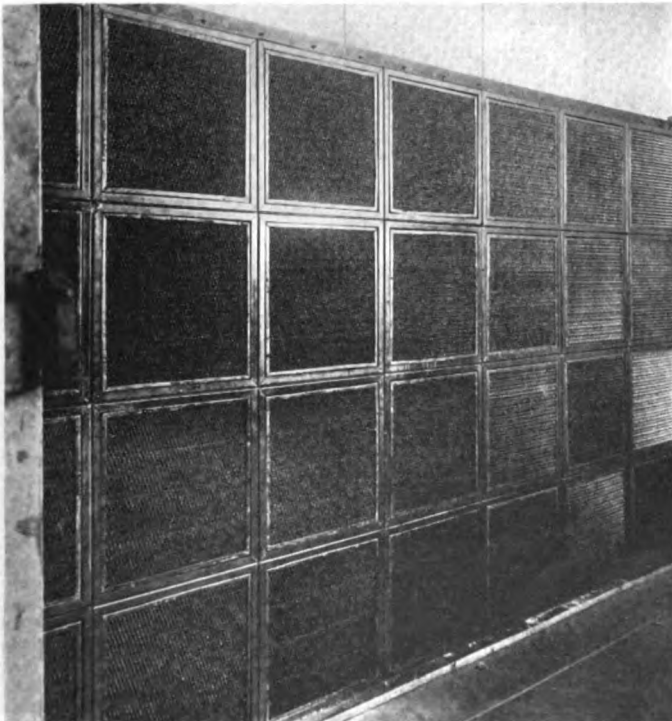
FILTERS CAN BE CLEANED PERIODICALLY

After several years of operation the Reed Air Filter has met these conditions with unusual success. The filter unit consists of a cell 20 by 20 by 4 inches, with an expanded metal front and back, the space between being carefully packed with a definite quantity of split wire. This unit in turn sets into a frame and these frames are bolted together in a bank in front of the ventilating fan. Periodically the filters are taken out, cleaned and recharged with the adhesive substance. Spare units are supplied so that the operation of the system need not be interrupted to accomplish cleaning.

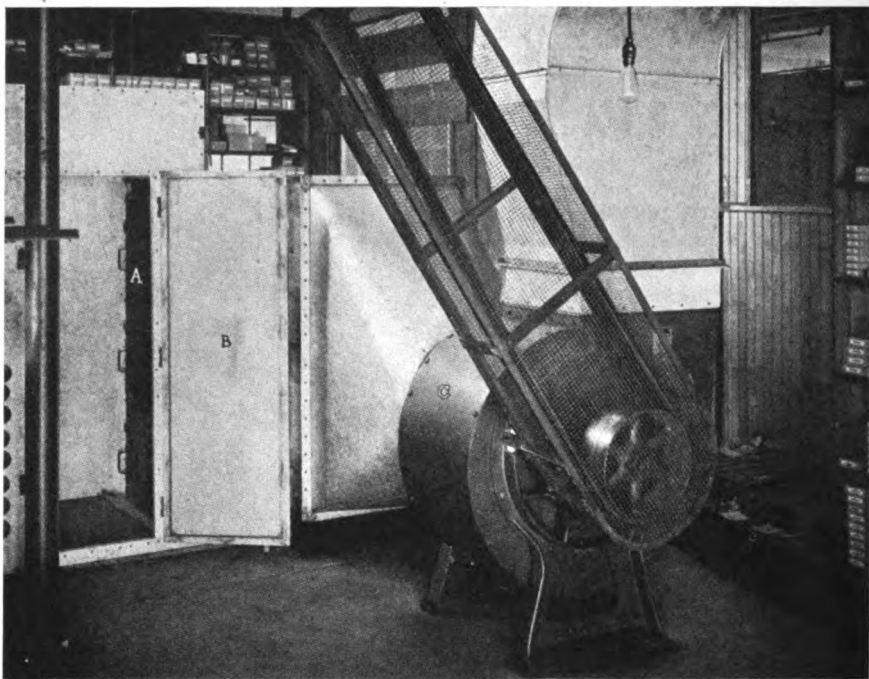
Where a complete ventilation system has been installed the Reed Air Filters are set up on the intake side of the fan for the supply system. The accompanying illustrations show several installations that have been made in financial institutions, and also show clearly the high cleaning efficiency obtained as the photographs referred to pic-



Showing the amount of dirt removed from the air by Reed Filters



The reverse side of the same bank of filters shown above, after the dirt has been removed



Showing air intake with (A) filters, (B) tempering arrangement for heating the incoming air in cold weather, and (C) supply fan

ture the same bank of filters, one on the intake side and the other on the reverse side after the air has been cleaned.

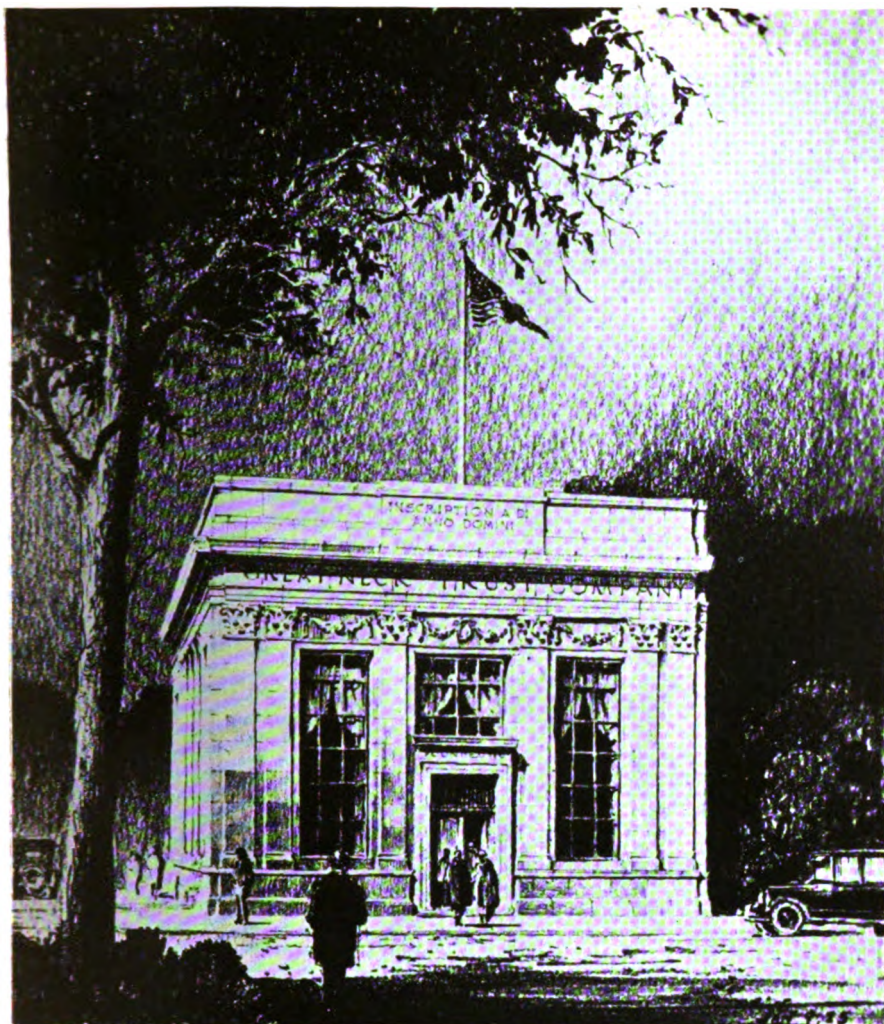
INSTALLING THE SYSTEM IN OLD BUILDINGS

In cases where there is no controlled ventilation system it is very possible to install a system consisting of fresh air intakes, air filters for cleaning, heating coils for tempering, supply fan and distribution duct work; the latter usually being near the ceiling and of neat design so as not to interfere

with the general appearance. The accompanying illustrations show the arrangement of duct work and air intake of an installation made in a large bank for ventilating the clerical department.

The Reed Air Filter Company, Incorporated, maintains branch offices in all of the large cities and also maintains an extensive engineering department, the services of which are always available in connection with the solution of any problems where air cleaning and air filtration are involved.





Proposed new building for the Great Neck Trust Company, from plans prepared by Alfred C. Bossom, architect and bank engineer of New York

Some Recent Bank Building Operations

NEW BANK BUILDING FOR GREAT NECK TRUST COMPANY

GROUND will be broken soon for the new bank building of the Great Neck Trust Company, to be erected at Great Neck, L. I.

The increased facilities that the enlarged institution will furnish for Nassau County are made necessary by the growth of the suburban communities it serves. Announcement has been made by the vice-president,

Mr. Eldridge, that plans for the new building have been prepared by Alfred C. Bossom, architect and bank engineer of New York City, and that the contract will shortly be let.

In the Neo Grec style, and adorned on the outside with Corinthian pilasters, this structure of Indiana limestone will be a conspicuous landmark when completed. It will be 40 feet in width, 70 in length and 35 feet in height. In order to insure the maximum amount of daylight and natural



Mural ceiling decoration in the Union Market National Bank, Watertown, Mass., depicting finance, agriculture and manufacture. At the top is the seal of Massachusetts. Manufacture is further depicted by the spinning wheel indicating the local textile industries, and the guns are indicative of the United States Arsenal near at hand. The center figure is "Finance," and the one on the left, "Agriculture."

The building was designed by Messrs. Dennison and Hiron, architects of New York

ventilation it will have, in addition to the street frontages, a 10 foot alley on one side and a 20 foot yard at the rear.

On the left side of the broad entrance foyer will be a reception room for women customers, and on the right a similar room for men. The commodious public banking space will be 26 by 28 feet. It will be decorated with Botticino marble and the screens will be of the same material. A unique feature, a check desk, 28 feet in length, will be placed along the entire side directly under the north windows.

The space for the officers of the company, who come in direct contact with clients, will be at the left of the banking room. The cages of the cashier and tellers will be at the rear of the public space.

Farther back will be a large safety deposit vault for clients, three coupon booths, and the money vault. Half of the floor area will be devoted to quarters for the clerical force.

On a mezzanine floor above the working space will be the directors' room and additional quarters for the staff.

In the basement will be a storage vault for silverware, trunks, and other valuables, for the accommodation of residents of the vicinity, who frequently wish to deposit valuables for safe keeping when their country homes are closed.

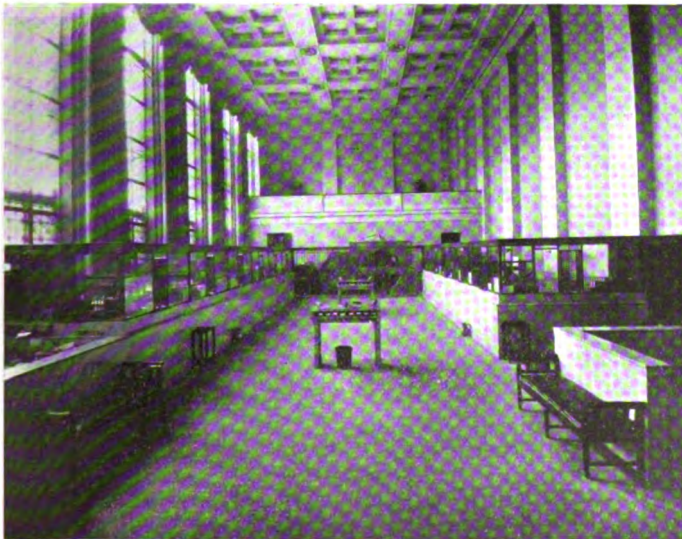


Merchants National Bank of Allentown, Pa., which was designed, built and equipped by the Griswold Building Co., Inc., of New York

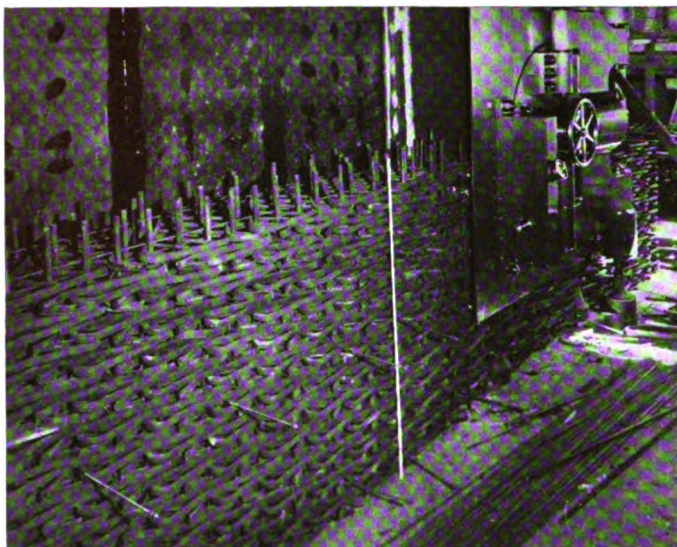
MERCHANTS NATIONAL BANK OF ALLENTOWN,
PENNSYLVANIA

THE growth and prosperity of a financial institution is dependent upon its service to the public and the business principles upon which its existence is based. With the opening of the modern new home of the Merchants National Bank of Allentown, Pa., the public was admitted into a bank carefully designed to serve the financial needs of the community not only for the present but for the years to come.

Distinctiveness and reasonable conserva-



Interior of the Merchants National Bank showing, at the rear, the entrance to the vault, which was installed by the York Safe & Lock Co., York, Pa.



Federal Reserve Bank Vault, Pittsburgh, Pa.

A sample of the heavy horizontal type re-inforcement surrounding bank vaults which is installed by the Rivet-Grip Steel Company of Cleveland. This is a picture of the installation in the new Federal Reserve Bank at Pittsburgh, Pa., while in course of construction. Concrete is poured over this network of specially designed steel bars, thus imposing another effective barrier to the safe blower. This installation is being made on the theory that it is important to make the vault walls, floor and ceiling strong, as well as the door



Lincoln Trust Company, Scranton, Pa.



Old building of the Lincoln Trust Company, Scranton' and the new building (to the left) designed by Morgan, French & Co., Inc., architects and bank engineers of New York

tism in design mark the architectural treatment of the exterior, which is of the refined dignity of the Doric order. Mt. Airy granite was chosen for the exterior stone, for its richness lends very readily to the simplicity and strength of the design and at the same time serves as the necessary bond for the sturdiness which the bank suggests. The ideal corner location allows a solid expanse of windows on two streets, thus providing the desire of every bank—an abundantly lighted interior. These windows, which can be illuminated at night by concealed reflector lights, are of steel trim with bronze guards near the street level. They are but a part of the fire-proof construction used throughout the entire building. The proportions of the building, 101 by 46 feet, and 45 feet high, present the ideal type for a banking home of this size.

The interior of the bank arrests attention through the quiet taste and rich dignity of its decorations and equipment. Rather than a cold, austere color scheme, the bank has reflected its message of good will and warmth through the happy blending of the interior decorating plan. This effect has much to do with the mental attitude of not only the bank's patrons, but its employees as well. The pink Tennessee marble floor of the public lobby, the Botticino marble and ornamented bronze of the counter-screen, the impressive beauty of the coffered ceiling, all take their places in the harmony of the interior.

On the right of the marble floored and wainscotted vestibule are found the ladies' alcove and retiring rooms, complete with mahogany wainscot and furniture, while on the other side of the entrance is located the private office of the president, also furnished in Mexican mahogany. Adjoining this room is the officer's space which changes slightly from the appointments of the other rooms, as the mahogany wainscotting is supplanted by one of marble matching the counter-screen. A customers' alcove across the lobby from this space provides a room which is utilized for the convenience of the bank's clients. A marble staircase near this alcove leads to the basement, in which are located the safe deposit department and vault.

Thirteen bronze wickets, matching the other bronze of the counter-screen, serve the public need, and two marble check desks with bronze fittings match the marble of the counter. Mahogany benches, one at the entrance to the officers' space and the other



London Guarantee and Accident Insurance Company Building, Chicago. This building was designed and constructed by Dwight P. Robinson & Company, New York

near the customers' alcove, prove a convenience for the public not ordinarily found.

The cages of olive-painted steel are so planned that ample room is given the employees working in them. The flooring in the cages and in all space behind the counters is of quarter-inch thick battleship linoleum. Concealed reflector lights are located along the tops of the counter-screen so that in any emergency adequate light is always available to those working at the counters. Also placed with the reflector lights is the indirect lighting system employed to illuminate the main banking room. This method of lighting throws a soft subdued glow which melts into the perfect blending of the interior coloring and decorations without losing its efficiency.

Directly to the rear of the banking room is the security vault, given over to the safe keeping of the bank's funds and securities. It is constructed of twenty-inch solid reinforced concrete with a one and one-half inch laminated steel lining, and is guarded not only by a ten inch round solid steel door, but by the most modern of electric burglar proof protection as well. Adjacent to the security vault is the large posting machine room, and conveniently located in one corner of this room is the entrance to the large book vault. A janitors' closet, stationery



Quincy City Hall,
where the National
Mount Wollaston
Bank opened its
first office in 1853

room, and stair hall leading to the basement stairs, occupy the remaining portion of the rear banking room.

In the basement are situated the safe deposit vault and department to which easy access is provided by the marble staircase from the public lobby. The safe deposit department is in itself a complete unit of the bank's efficiency, and being set off by itself impresses one still further with its impor-

tance and facilities. Terrazzo flooring with a marble base is used in the safe deposit department and in the adjoining coupon booths. The lobby is separated from the vault lobby by a handsome bronze grill running to the height of the ceiling. The safe deposit vault is constructed in the same manner as the security vault on the main banking room floor, and a rectangular steel door, installed by the York Safe & Lock Co.

Board of directors
about 1863. Left to
right: Wm. S. Perry,
J. Q. Adams, L.
Bass, W. S. Mor-
ton, F. M. Johnson,
E. Turner, J. W.
Robertson, J. S.
Fogg, E. Frederick



New bank building of the National Mount Wollaston Bank, Quincy, Mass., planned by Thomas M. James Co., architects of Boston and New York



HISTORIC QUINCY BANK IN NEW HOME

protects the entrance. Other space in the basement is utilized by the spacious, well-appointed directors' room, the men's and girls' wash and locker rooms, another vault used for storage purposes, and the heating system of the bank.

The bank in its entirety was designed, built, and equipped by the Griswold Building Company, Inc., of New York City.

A NEW bank building of national interest is that of the National Mount Wollaston Bank at Quincy, Mass., which was organized before the Civil War and which numbered in its directorate men of national and international importance and standing. The bank was chartered by the state in 1853



Main banking room of the National Mount Wollaston Bank, Quincy, Mass., designed by Thomas M. James Co., Boston and New York. At the rear is the safe deposit department, built by the Herring-Hall-Marvin Safe Co., Hamilton, Ohio

and was named in honor of Mount Wollaston, the first settlement in what is now Quincy, established by Capt. Wollaston in 1625.

At the first meeting of the incorporators, Charles Francis Adams was chosen chairman and afterwards president of the bank, and quarters were established in the present City Hall. In 1859 Mr. Adams resigned as president, and in 1861 was appointed Ambassador to the Court of St. James by President Lincoln, where he rendered diplomatic services which stamped him as a worthy successor to his father and grandfather, both Presidents of the United States. John Quincy Adams took his father's place on the bank's board. Presidents of the bank from 1858 to the present time include Charles Francis Adams, Francis M. Johnson, Edward Turner, John Quincy Adams, Joseph W. Robertson, E. B. Pratt, E. H. Dewson, Charles A. Howland, Henry M. Faxon.

The bank placed its resources at the service of the state and the country during the war. In 1864 it became a national bank, and its name was changed to the National Mount Wollaston Bank.

The new building is built of Quincy granite from the quarries of the Granite Railway Company. This company built the first railway in the United States, to transport granite from its quarry to tidewater to build Bunker Hill Monument. It is an interesting fact in connection with the inexhaustible granite industry of Quincy that the supply was reported in 1752 to be sufficient to build King's Chapel in Boston and probably another building of equal size!

Thomas M. James Company, architects of Boston and New York, planned the new building, which is simple and dignified in design, consisting of two stories and a basement. The front facade of granite prepares the visitor for the spacious, restful interior.

On the right on entering is the officers' enclosure, finished in marble. Leading off from this space is the private office and con-

sulting room of the president, panelled in American walnut. Then come the teller's cages built of marble, with bronze counter screens. Practically the entire north wall behind the tellers' cages is window space, shedding a diffused light throughout the entire banking room.

At the left of the entrance is a splendidly equipped room for the convenience of customers, which can be used for conferences or for particular business that requires privacy. Beyond this along the left wall in recesses are the check desks for the use of depositors.

At the rear of the main floor are bronze grill doors leading to the safe deposit department in which is located the vault with its compartments for the use of safe deposit customers of the bank.

Beyond the safe deposit department is another storage vault for the bank's books, and a room where all the machinery, such as typewriting, adding and statement machines, is installed, thus removing from the main banking room all noise and disturbance. The vaults were installed by the Herring-Hall-Marvin Safe Company of Hamilton, Ohio.

Upstairs, reached by a stairway leading up from the bank floor, is the directors' room, which is furnished and decorated in harmony with the rest of the bank.

BANK BUILDING FORECAST

THE Fourth Annual Forecast and Survey of *The Architectural Forum* predicts the construction of 345 new bank buildings throughout the United States during the year 1925. According to the Survey this building will be divided geographically approximately as follows:

	Number of buildings	Value
Northeastern states	35	\$ 2,313,000
North Atlantic states	103	26,590,000
Southeastern states	22	2,085,000
Southwestern states	30	4,597,000
Middle states	122	15,477,000
Western states	33	5,645,000

This survey is based on confidential reports furnished by 1562 architect's offices, covering new buildings scheduled for 1925.



BOOK TALKS

Special Section of The Bankers Magazine

FEBRUARY 1925

How To Test Your Banking Knowledge

The successful banker like the successful doctor or lawyer must be a constant student of his profession—he must be well informed on a variety of subjects. Many bankers are keeping a copy of "Encyclopedia of Banking and Finance" by Glenn G. Munn on their desks and devoting a few minutes every day to refreshing their memories on many different banking subjects. All of the questions given below are answered in "Encyclopedia of Banking and Finance" (Bankers Publishing Company, \$10). Read over these questions and see how many you can answer to your own satisfaction.

1. What are the three meanings of the term "acceptance?"
2. What is the meaning of the term "acceptance for honor?"
3. What is "account turnover?"
4. What are "adjustment bonds?"
5. Name six kinds of "administrators."
6. What is an "allonge?"
7. When was the American Bankers Association founded?
8. Describe an "amortization loan."
9. Describe the operation of "arbitrage."
10. What is an "arrival draft?"
11. What are "assigned book accounts?"
12. Define the term "backwardation."
13. What is a "bailee receipt?"
14. Name fourteen functions which constitute a complete banking service.
15. Name the important bookkeeping records of a bank.
16. Describe the organization of the Bank of England.
17. What are the essential features of the Federal Bill of Lading Act?
18. What is "bimetallism?"
19. Describe the "block system."
20. Describe the organization of a building and loan association.
21. Describe the theory of "business cycles."
22. Describe the "call money market."
23. Describe the "Canadian banking system."
24. What is a "cattle loan company?"
25. What are the seven essential elements of a check?
26. Describe the functions of a clearing house.
27. Define commercial paper and define its advantages to the borrower and to the buyer.
28. What is commodity paper?
29. What is a consolidated mortgage?
30. What are "contingent liabilities?"
31. What is a "cremation certificate?"
32. What are "day loans?"
33. What is a "discount corporation?"
34. Describe the theory of "distribution of risk."
35. Describe the provisions of the "Edge Act."
36. Describe an "equipment trust."
37. Define the term "escrow."
38. What is a "factor?"
39. Describe the provisions of the "Agricultural Credit Act of 1923," and the "Federal Farm Loan Act."
40. Where are the twelve Federal Land Banks located?
41. Name the twelve Federal Reserve Cities.

BOOK TALKS

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

FEBRUARY 1925

Shop Talk

THE author of "Encyclopedia of Banking and Finance," Glenn G. Munn, spent several years in assembling the data for this very valuable work. In order to obtain the information which is conveniently set forth in this book the reader would have to consult literally hundreds of separate books and documents. In fact much of the information contained in this book is not available elsewhere. Not only is this book an indispensable work of reference which should be in every bank, large or small, but it also may be systematically used by the student of banking as a means of acquiring a complete knowledge of his profession. Half an hour each day studying this book would be time well spent.



For years we have been selling books on an approval basis. We have always felt that our customers should be the best judges as to whether any given book answered their own particular requirements. In our advertisings and circulars we have attempted to point out what we considered the valuable features of our books but we have always left it to our customers to decide for themselves whether or not they agree with our recommendation.

We are always glad to send any of our books on five days' approval to any domestic bank or banker. Orders from non-bankers and all orders from foreign countries should be accompanied by cash but we will always cheerfully refund the price of any book which is returned in good condition within five days of its receipt.

MANY readers of THE BANKERS MAGAZINE have been binding each volume of the Magazine and making these volumes a part of their permanent library. We furnish without charge at the end of each six months' period a complete index of the contents of the six issues which constitute each volume.

Bound volumes of the Magazine with proper indexes furnish a complete history of current banking affairs.

If you wish to bind your copies write to us for information and also for your free copy of our semi-annual index.



WE still have a few copies left of the special autographed edition of "Recollections of a Busy Life" by the late James B. Forgan. These copies were all personally autographed by Mr. Forgan shortly before his death.

Margaret Reynolds, one of the leading bank librarians of the country writes of this book:

"If you have not read this book which contains the story of a fascinating as well as busy life, plan to do so. We do not believe in making New Year's resolutions but we do suggest that you read this book."



THE "Reading Course in Banking," conducted by Glenn G. Munn which has been running during the past months in THE BANKERS MAGAZINE will eventually be published in book form, considerably expanded and elaborated. If you wish to be notified when this book is ready send us your name and address.



ANOTHER announcement of interest to our readers is that the material contained in the department in THE BANKERS MAGAZINE entitled "Some Bank Credit Problems" will eventually be published in book form, rearranged and carefully indexed. We will be glad to notify you when this is ready if you will send us your name and address.

BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

PUBLIC RELATIONS; A HANDBOOK OF PUBLICITY. By John C. Long, manager Educational Department, National Automobile Chamber of Commerce. New York: McGraw-Hill Book Co., Inc.

This book is a thorough, common-sense treatment of the place, purpose, possibilities and methods of publicity in promoting good public relations.

The book first describes the media of publicity — newspapers, press syndicates, magazines, the lecture platform, motion pictures and radio. It explains the possibilities of these media and best methods in using them.

It then discusses effective publicity for corporations, retail stores, financial institutions, chambers of commerce, trade associations, philanthropic enterprises, and professional men and women.

Should be of interest to bank publicity managers.

+

COMMON STOCKS AS LONG TERM INVESTMENTS. By Edgar Lawrence Smith. New York: The Macmillan Company. \$1.50.

This book challenges many time-honored theories about wise investing. The author has taken a number of groups of common stocks and bonds and has found out their respective income values for three twenty-year periods; from this comparison he has discovered that the investor in common stocks came out far ahead of the investor in bonds, not only in income, but in the market value of his holdings at the end of the period. The author discusses the results of this study and the reasons back of those results, bringing out many interesting points in regard to investment, investment management and the value for any investor of a diversified list of common stocks in sound companies of good credit, as opposed to bonds.

+

BANK CREDIT PRINCIPLES AND OPERATING PROCEDURE. By Glenn G. Munn, author of "The Paying Tellers Department" and "Encyclopedia of Banking and Finance." New York: McGraw-Hill Book Co., Inc.

As the author states in his preface, "the credit and loan function is the heart of banking. Making successful loans depends upon the accurate appraisal of the underlying facts pertaining to the applicant's business, that is, the measurement of the credit risk."

This book contains a statement of the methods applied by the banks employing the most scientific methods of credit measurement—but which at the same time, are applicable to all types of business enterprise.

The chapter headings follow: What is Credit?; Bank Credit; the Essentials of Credit; the Bank Credit Department; Sources of Credit Information; Work of the Credit Investigator; Financial Statements; Statement Analysis; Estimated Future Balance Sheets; Rôle of the Mercantile Agencies; Miscellaneous Aspects of an Investigation; Judging a Credit Risk; Credit Files and Folders; Commercial Paper Purchases; Credit Policy Towards Borrowing Accounts; The Most Profitable Ways to Lend Credit; Credit Reports; Letters Answering Credit Inquiries; Ethics of Credit Interchange; Credit Department Statistics; the Service of the Credit Department.



New Books

BANKRUPTCY. By Stanley Farrar Brewster. New York: Ronald Press Co. \$1.25

+

THE PANIC OF 1837; SOME FINANCIAL PROBLEMS OF THE JACKSONIAN ERA. By Reginald Charles McFarlane. Chicago: University of Chicago Press. \$2.00

+

STATISTICAL METHODS APPLIED TO ECONOMICS AND BUSINESS. By Frederick C. Mills. New York: Holt. \$3.60.

+

THE UNCLAIMED WEALTH; HOW MONEY STOPS PRODUCTION. By J. A. Hobson. New York: Macmillan. \$2.00.

+

BOOKKEEPING AND INTRODUCTORY ACCOUNTING. By H. W. Sweeney. New York: McGraw-Hill. \$4.00.

+

ACCOUNTING PRINCIPLES UNDERLYING FEDERAL INCOME TAXES, 1925. By E. L. Kohler. Chicago: A. W. Shaw Company. \$5.00.

+

OFFICE MANAGEMENT; PRINCIPLES AND PRACTICE. By William Henry Leffingwell. Chicago: A. W. Shaw Company. \$5.00

How to Build a Banking Library

WITH a very small investment it is possible for any bank or banker to accumulate a useful and practical library of books pertaining to the immediate problems of bank administration.

For the individual banker such a library means the increased efficiency which comes from keeping well informed. For the bank as an institution the maintenance of such a library means giving to members of the staff the means of increasing their usefulness through increased knowledge. Every bank, no matter how small, should have a library of banking books.

It is not necessary to purchase a complete library at one time. Books can be accumulated gradually, a few each month. In a surprisingly short time a well-rounded library can be built up.

The books described in these pages were all written to be of practical value to the banker in the solution of his every-day problems. They contain no theory or guess work but the tried-out

conclusions of writers who have learned from actual experience.

Realizing that it is difficult to decide on the suitability of a banking book without an actual examination of the book itself, the Bankers Publishing Company has adopted an approval system which enables any bank or banker to send for any of its publications on five days' examination, at the expiration of which time the books may be returned or a remittance sent if they are satisfactory.

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THE GIRARD NATIONAL BANK

PHILADELPHIA

The **BANKERS**
MAGAZINE

APR 8 1925

TITLE REGISTERED IN U. S. PATENT OFFICE

Vol. CX

MARCH 1925

No. 3

Future Developments of ~~American~~ Banking



The Changing Economic Position of the United States

The Heart of the Tax Problem

Promoting Closer Banker-Farmer Contact

Announcing Another Prize Contest

FOR TABLE OF CONTENTS SEE PAGE III

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The Bankers Magazine

Published Monthly by

THE BANKERS PUBLISHING COMPANY

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BOSTON

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MARCH 1925

No. 3

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The Heart of the Tax ProblemBy William P. Helm, Jr.	449
<p>The author has made a careful study of the question of taxation as Washington correspondent of the National Budget Committee for the last three years. Mr. Helm says that he wonders if readers of THE BANKERS MAGAZINE have caught the full significance of the cost of American government. He says that we all know that taxes are high. But do we all realize how high they are? Do we realize, for instance, that those who dwell in our chief cities are paying more per capita today for government than they are for food?</p>	
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THE HANOVER

NATIONAL BANK OF THE CITY OF NEW YORK

Established 1851

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Capital \$5,000,000
Surplus and Profits 22,000,000

The "Hanover," is New York Correspondent of over 4000 Banks

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<p>Every section of the country is covered in this department by items of current interest to bankers about banks and banking.</p>	



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is what many people have in mind when they choose a bank. Modern banking has gone into many fields of usefulness. Some, later on, may be of value to you. So when you open an account look into the service the bank is fitted to render.

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The Publisher's Page

THE Editorial Comment in the April number will include discussion of such subjects as "The Banker Vice-President," "Getting Taxes Down," "The Search for Peace," "A Disguised Form of Socialism," "Branch Banking Legislation Delayed," and "Congressmen Increase Their Pay."



WHAT makes savings departments prosperous? Is it the number of new depositors obtained? Is it the number of depositors held? Or is it primarily the number of real savers developed? G. Prather Knapp, whose years of practical experience in such matters are many, and who is one of the pioneers in the field of modern financial publicity, believes that a prime factor in developing savings business is efficient and economical cultivation of the present depositor. Mr. Knapp tells, and shows, why he believes this in his article "Developing the Savings Business Through Cultivation of the Existing Customer," which will appear in the April number. This article is practical rather than theoretical; it is based on facts and figures and not on guesswork.



THE ever increasing bid for new trust business by trust companies and trust departments of national and state banks through the medium of newspaper publicity will make Theodore Tefft Weldon's article "Newspaper Advertising as Part of the Trust Selling Campaign," which will appear in the April number, of particularly timely interest. This will be the second article of a series prepared by the author for THE BANKERS MAGAZINE under the general heading of "A Complete Campaign for New Trust Business." Mr. Weldon, as advertising manager of the Northern Trust Company of Chicago, has had unusual success with newspaper and other forms of publicity which he used as aids in securing new trust business.



SUPPOSE that one of the old-line conservative bankers of a hundred years ago should suddenly return in the flesh to an institution of which he had been one of the founders. What would he think of present day methods of the present day

generation of financial men in their manner of seeking contacts with the public? Osborn Fort Hevener in his article "Change—Or the Strange Experience of G. Hatfield, Publicity Director," gives some interesting sidelights on what might occur should the publicity manager of a large modern bank suddenly be brought face to face with the shade of the man who was president of his institution a century previous. Mr. Hevener's article, with illustrations by Burriss Jenkins, Jr., will appear in the April number.



THE history of few fortunes carries with it as much of legend and romance as that of the Rothschild family. When great fortunes are thought of that of the Rothschilds is usually one of the first to come to mind. The story of this famous fortune, its vicissitudes and the legends which have sprung up regarding it, is interestingly told by Withers Woolford in his article "The Romance of the Rothschild Fortune" which will appear in the May number of THE BANKERS MAGAZINE. One of the several interesting legends related in Mr. Woolford's article is that of Nathan Rothschild's method of obtaining private information in London regarding the outcome of the Battle of Waterloo before the news reached the rest of the city, and of his putting this information to such use that it netted him a profit estimated at \$2,500,000.



IN an article "The American Discount Market" which will appear in the April number, Jerome Thralls, vice-president of the discount corporation of New York, remarks that substantial progress has been made during the ten years in which American bankers have enjoyed the valuable privilege of utilizing their own credit in the direct financing of foreign trade and commerce. Dollar credits have become favorably known the world over. According to a report of the American Acceptance Council, our principal banks and bankers, on December 31, 1924, had \$821,000,000 of acceptances executed, in the aggregate. Of these credits, \$292,000,000 were for imports, \$305,000,000 for exports, \$38,000,000 for domestic shipments, \$162,000,000 for warehouse goods, and \$24,000,000 for dollar exchange.

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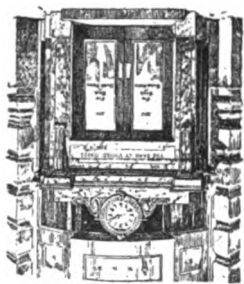


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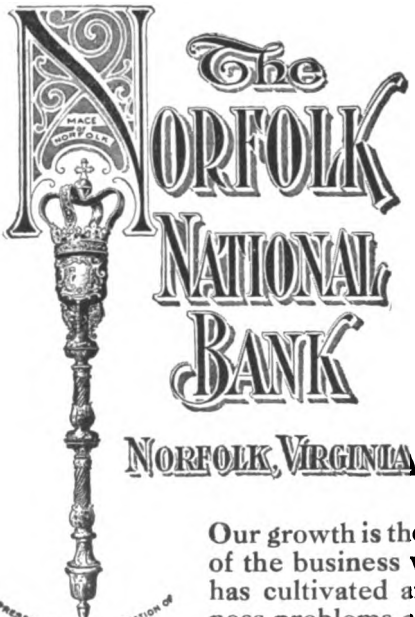
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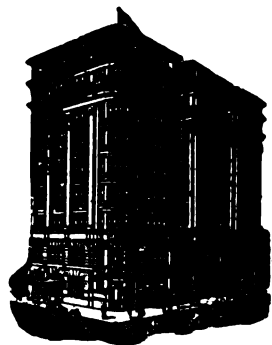
American National Bank

AUSTIN, TEXAS

Capital, \$300,000 Surplus, \$800,000

Directors' Responsibility Over \$8,000,000 United States Government Depository

**Will remit in New York, Boston, Chicago, St. Louis, Kansas City
or New Orleans Exchange when requested. We have unsurpassed
facilities for collecting on all banking points in Texas.**





ESTABLISHED 1832

Banking Service in Canada, Newfoundland and West Indies

With 265 branches in Canada, 13 in Newfoundland, 10 in Jamaica and 9 in Cuba, Porto Rico and the Dominican Republic, we are well equipped to handle the accounts of banks and corporations wishing to do business with these points.

Capital Paid-Up - - \$10,000,000
Reserve Fund - - \$19,500,000
Total Assets over - \$220,000,000

The Bank of Nova Scotia

GENERAL MANAGER'S OFFICE: TORONTO, ONT.
 J. A. McLEOD, General Manager

NEW YORK AGENCY - - - - 49 WALL STREET
 P. W. MURPHY and F. W. MURRAY, Agents

LONDON BRANCH: 108 Old Broad St., E. C. 2

CORRESPONDENTS

**LONDON, ENG.—Midland Bank Limited, Bank of England,
 Royal Bank of Scotland**

**NEW YORK—Bank of New York & Trust Co.
 National Bank of Commerce in New York**



*Over 650
Banks at
Your Service*

VALUABLE information covering data on markets, tariffs and confidential credit reports is furnished to bankers, exporters and importers through our special departments created for this purpose.

¶ Our information is gathered direct by the Managers of our 655 branches located from coast to coast in Canada, Cuba, the West Indies, Central and South America, as well as in New York, London, Paris and Barcelona. Extensive credit files are maintained at New York and at Head Office, Montreal. Our specialized service is at your disposal.

Write to our New York Office, 68 William Street

**The Royal Bank
of Canada**

Resources Exceed 580 Million Dollars

Established 1875

Imperial Bank of Canada

HEAD OFFICE, TORONTO

Capital (Paid Up) \$7,000,000
Reserve Fund 7,500,000

PELEG HOWLAND, PRESIDENT

SIR JAMES WOOD, VICE-PRESIDENT

A. E. PHIPPS, GEN. MANAGER G. D. BOULTON, ASST. GEN. MANAGER

H. T. JAFFRAY, ASST. GEN. MANAGER

Agents and Correspondents

UNITED STATES

New York—Bank of the Manhattan Co.
Boston—National Shawmut Bank.
Philadelphia—Fourth St. National Bank
Buffalo—Marine Trust Co.
Chicago—First National Bank.
San Francisco—Wells Fargo Bank &
Union Trust Co.
Seattle—Seattle National Bank.
Minneapolis—First National Bank.

GREAT BRITAIN and IRELAND

England—Lloyds Bank, Limited.
Scotland—The Commercial Bank of Scot-
land.
Ireland—Northern Banking Co., Limited,
Belfast, and Branches.

FRANCE, BELGIUM and
SWITZERLAND

Lloyds & National Provincial Foreign
Bank, Ltd.

Having as its correspondents the largest and strongest banks throughout the world, the Imperial Bank of Canada is in a position to afford the most efficient banking service.

With 212 branches in Canada our facilities for handling business throughout the Dominion are unexcelled.

Bank of Liverpool & Martins Limited.

Head Office: 7, WATER STREET, LIVERPOOL.

London Office: 68, LOMBARD STREET, LONDON, E.C. 3.

Capital Subscribed	\$93,955,600
Capital Paid Up	11,744,450
Reserve Fund and Surplus Profits.....	9,209,310
Deposits, etc., at 31st Dec., 1924	306,450,100

370 BRANCHES AND SUB-BRANCHES.

*All descriptions of Banking, Trustee and Foreign
Exchange Business Transacted.*

The Bank is prepared to act as Agents for Foreign Banks
on usual Terms.

Banca Nazionale di Credito

Capital - - Lit. 300,000,000

HEAD OFFICE: MILAN, ITALY

Over 60 Branches and Agencies Throughout Italy

Correspondents

in all the Principal Cities of the Kingdom

Every Description of Domestic and International
Banking Business Transacted

Special Travelers' Letters of Credit and
Money Order Departments

Inquiries and Correspondence Solicited

AFFILIATED BANKS

BANQUE ITALO-FRANCAISE DE CREDIT
Paris Marseilles Tunis

ITALIAN DISCOUNT & TRUST COMPANY
New York City

BANCO ITALO-EGIZIANO
Alexandria Beni-Mazar Beni-Suef
Cairo Fayum Mansura
Mit-Ghamr Port Said Tantah

BANCA DALMATA DI SCONTO
Zara Sebenico

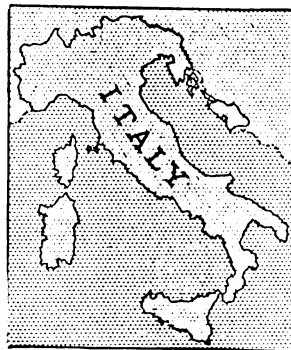
BANCA COLONIALE DI CREDITO
Asmara Massaw

In Every Important Italian Market

IN EIGHTY commercial and industrial centers of Italy a branch of the Banca Commerciale Italiana performs all the functions of a local bank, with its services closely interwoven with the business affairs of the community it serves.

The New York Agency of this institution, therefore, brings to American bankers and business men an intimate knowledge of Italian commerce and industry obtained by constant and direct relationship with these

eighty Italian business centers. Foreign branches and affiliations extend our service to England, France, Switzerland, Poland, Czecho-Slovakia, Austria, Hungary, Roumania, Jugoslavia, Bulgaria, Turkey and throughout South America. Facilities thus provided for American foreign trade are of exceptional breadth and scope.



Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital Lire 500,000,000

Paid in Lire 410,000,000 Surplus Lire 280,000,000

NEW YORK AGENCY, 62-64 WILLIAM STREET

Telephone John 1000

Recently organized

Banca Commerciale Italiana Trust Company

Capital \$1,000,000

Surplus \$500,000

62-64 WILLIAM STREET, NEW YORK

Telephone John 4666

All Banking Facilities

A Native Bank in Peru
for all Banking Operations
BANCO ITALIANO

LIMA, PERU

Established 1889

Capital Fully Paid Lp. 400,000

Surplus Lp. 450,831

BRANCHES

Callao—Arequipa—Chincha Alta—Mollendo—Trujillo

*Representatives for the U. S. A.***Banca Commerciale Italiana**

Agency in New York

62-64 William Street

Phone: John 1000



In Rhode Island
—the Industrial Trust

Branch offices in the principal centers throughout the state, and headquarters in Providence, equip the Industrial Trust for prompt and satisfactory service. Your first transaction with us will prove this to you.

INDUSTRIAL TRUST COMPANY*Member of Federal Reserve System***Main Offices: Providence, Rhode Island****BOOKS THAT BANKERS NEED**

Write for our new circular describing books
that you need for your banking library

BOOK DEPARTMENT**THE BANKERS PUBLISHING Co.**

71 Murray Street, New York, U.S.A.

The National Bank of New Zealand, Ltd.

Authorized Capital, \$30,000,000
 Subscribed Capital, \$22,500,000
 Paid-up Capital, \$ 7,500,000
 Reserve Fund, \$ 7,350,000

Head Office

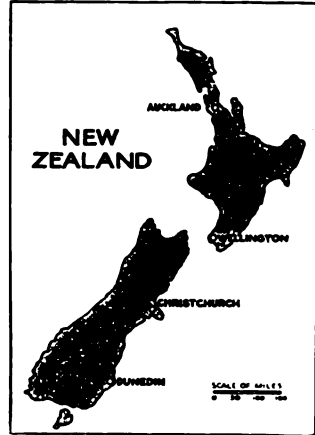
8 Moorgate Street, London, E. C. 2

Manager, ARTHUR WILLIS

Chief Office

In New Zealand at Wellington

General Manager, ALFRED JOLLY



80 Branches and Agencies Throughout New Zealand.

Bills of Exchange Collected. Wool and Produce Credits Arranged.
 All Classes of Banking Business Undertaken.

The Anglo-Egyptian Bank, Limited

(Affiliated with Barclays Bank, Ltd.)

Subscribed Capital	. . .	£1,800,000
CAPITAL PAID-UP	. . .	£ 600,000
Reserve Fund	. . .	£ 720,000

Head Office : 37 to 39 King William Street
 London, E.C. 4

BRANCHES

EGYPT. Alexandria, Cairo, Port-Said, Suez, Tantah, Zagazig, Mansourah, Assiut, Beni-Suef, Minieh, Musky.

SUDAN. Omdurman, Khartoum, Port Sudan, Makwar, Wad Medani.

PALESTINE. Haifa, Jaffa, Jerusalem, Nazareth.

MEDITERRANEAN. Malta, Gibraltar.

The Bank transacts every description of Banking business in Egypt and other Countries where it has branches, grants letters of credit and affords facilities to travellers proceeding to Egypt and elsewhere. Deposits received for one year at rates to be ascertained on application.



THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

Head Office: TAIPEH, JAPAN

Capital Subscribed.....Yen 60,000,000
Capital Paid Up.....Yen 52,500,000
Reserve Funds.....Yen 13,780,000

KOJURO NAKAGAWA, Esq.
 President

HIROZO MORI, Esq.
 Vice-president

Directors

GUNJI KAWASAKI, Esq.

MASUMI ESAKI, Esq.

TADASU HISAMUNE, Esq.

DENKICHI TAKITA, Esq.

MASAKAZU SHUTO, Esq.

Branches :

JAPAN—Tokyo (General Manager's Office), Kobe, Osaka, Yokohama.

TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Mako, Nauto, Shinchiku, Taichu, Tainan, Takao, Tansui, Taito, Toyen.

CHINA—Amoy, Canton, Foochow, Hankow, Shanghai, Swatow.

OTHERS—Hongkong, London, New York, Singapore, Semarang, Soerabaia, Batavia, Bombay, Bangkok, Calcutta, Dairen.

New York Office: 165 Broadway

K. YAMAMOTO, Agent

London Office: 25 Old Broad Street


Cable Transfers, Drafts, and Letters of Credit issued; the Negotiation and Collection of Bills of Exchange and other Banking Business transacted through our various Branches as well as correspondents in all parts of the world; offers exceptional facilities for handling transactions in the Far East.

The Sumitomo Bank, Limited

Cable address: "Sumitbank"

ESTABLISHED 1912

(Successors to The Sumitomo Bank)

Capital Subscribed . . .  . . . Yen 70,000,000

Capital paid up " 50,000,000

Head Office : OSAKA, JAPAN

BARON K. SUMITOMO, President

K. YUKAWA, Esq., Managing Director

S. YOSHIDA, Esq., Managing Director

N. YATSUSHIRO, Esq., Managing Director

New York Agency, 149 Broadway, New York

G. HIGASHI, Agent

HOME OFFICES

Osaka (11)
Shimonoseki
Kurume

Tokyo (15)
Moji
Kure

Yokohama
Hiroshima (2)
Wakamatsu

Kobe (2)
Hakata
Kokura

Kyoto (2)
Hyogo
Yanai

Nagoya
Nihama
Onomichi

Foreign Branches—Shanghai, New York, London, Hankow, San Francisco, Los Angeles, Bombay

Affiliated Banks—The Sumitomo Bank of Hawaii, Ltd., Honolulu, T. H.; The Sumitomo Bank of Seattle, Seattle, Wash.

Bankers—National City Bank of New York, New York;

Lloyds Bank, Ltd. London; Lloyds & National Provincial Foreign Bank, Ltd., Paris.

Correspondents in All Important Places at Home and Abroad

The Bank buys, sells and receives for collection drafts and telegraphic transfers; issues Commercial and Travellers Letters of Credit available in all important parts of the world, and acts as Trustee for Mortgage Bond, besides doing general Banking Business.

THE MITSUI BANK, LTD.

Capital Subscribed . . .  . . . Yen 100,000,000.00

Capital Paid-Up Yen 60,000,000.00

Reserve Funds (June 1924). Yen 47,100,000.00

Head Office : TOKYO, JAPAN

(No. 1 Suruga-cho, Nihonbashi-ku)

President

G. MITSUI, Esq.

Managing Directors

S. IKEDA, Esq.

N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq.

R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

Home Branches :

Fukuoka, Hiroshima, Kobe, Kyoto, Marunouchi (Tokyo), Moji, Nagasaki, Nagoya, Nihonbashi (Tokyo), Osaka (4), Otaru, Shimonoseki, Wakamatsu (Kyushu), Yokohama

Foreign Branches :

Bombay

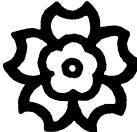
London

New York

Shanghai

The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 80,000,000
Capital Paid-Up . . .		Yen 50,000,000
Total Resources . . .		Yen 660,000,000

Head Office, Keijo (Seoul), Chosen (Korea)

Governor, K. NONAKA

Deputy Governor, S. SUZUKI

Y. KATAYAMA

Directors
I. IUCHI

M. HASHIMOTO

FOREIGN DEPARTMENT: TOKYO

(All communications relating to the arrangements of correspondents and the Bank's general foreign business to be addressed to the Foreign Department)

Principal Branches:

- CHOSŌN: (Korea) Chemulpo, Pyengyang, Wonsan, Fusan, Taiku.
- MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung.
- JAPAN: Tokyo, Osaka, Kobe, Shimonoseki.
- CHINA: Shanghai, Tsingtao, Tientsin, Tsinan.
- SIBERIA: Vladivostok.

New York Agency, 165 Broadway

H. YAMASHITA, Agent

The Kajima Bank, Limited

Established in 1888

CAPITAL SUBSCRIBED		Yen 30,200,000.00
CAPITAL PAID UP . . .		18,875,000.00
RESERVE FUNDS . . .		5,600,000.00
DEPOSITS (Dec. 31, 1924)		168,531,134.00

Keizo Hirooka, Esq., President
Chusuke Yoshii, Esq., Managing Director
Seijiro Gion, Esq., Director
Tadanosuke Emura, Esq., Director
Manroku Matsui, Esq., Auditor

Yukinori Hoshino, Esq., Managing Director
Seishichi Kawakami, Esq., Managing Director
Hikotaro Ohmura, Esq., Director
Kyuemon Hirooka, Esq., Auditor
Kin-ichiro Hoshijima, Esq., Auditor

Head Office, Osaka, Japan

Principal Branches:

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

General Banking, Foreign Exchange and Trust
Business Transacted

New York Correspondents

Yokohama Specie Bank, Ltd.
Bank of Taiwan, Ltd.
American Express Co.

London Correspondents

Yokohama Specie Bank, Ltd.
Bank of Taiwan, Ltd.
London & Brazilian Bank, Ltd.

SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG STOCKHOLM MALMÖ

Branches
In All Parts of Sweden

PAID-UP CAPITAL AND RESERVES
KR. 182,000,000

Telegraphic Address: Kreditbolaget

Foreign Exchange bought and sold, bills collected, deposit
and current accounts opened and all kinds of banking
business transacted

Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

Head Office: Athens

*Branches: Piraeus, Argos, Pyrgos, Patras, Corfou, Cephalonia, Nauplie,
Vostizza, Calamata, Syra, Chio, Candia, Volo, Salonica, Larissa,
Triccala, Mytilene, Canea, Zante, Plomari and Tripolitza*

ASSOCIATED BANK in LONDON

The Commercial Bank of The Near East, Ltd.

4 London Wall Buildings, E. C. 2

with branch in CONSTANTINOPLE

Correspondents in the principal towns of Greece and in foreign countries
throughout the world

GENERAL BANKING BUSINESS TRANSACTED

Collections, Letters of Credit, Cable Transfers, Current
and Term Deposits, Etc.

Capital and Reserves . . . Dr. 58,106,143

of the above Dr. 25,000,000 are represented by assets of £1,000,000 evaluated at Dr. 25

Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

Capital Paid up.....f.80,000,000 Neth. Currency (£6,666,666)

Statutory Reserve Fund.....f.20,045,032 “ “ (£1,670,419)

Extraordinary Reserve Fund f.22,660,000 “ “ (£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

Branches in the NETHERLANDS INDIES: BATAVIA, SOURABAYA, SAMARANG, MEDAN, and further Principal Ports.

Branches in the STRAITS SETTLEMENTS, BRITISH INDIA, CHINA and JAPAN: SINGAPORE, PENANG, RANGOON, CALCUTTA, BOMBAY, HONGKONG, SHANGHAI and KOBE.

Grant Drafts and Issue Letters of Credit on all their Branches and Correspondents in the East, on the Continent, on Great Britain, Africa, America and Australia, and transact Banking Business of every description.

LONDON CORRESPONDENTS :

The National Provincial Bank, Ltd., LONDON.

DEUTSCHE LAENDERBANK

Aktiengesellschaft

Head Office :

78, Unter den Linden (corner Pariser Platz)

BERLIN N. W. 7

Telephone: Zentrum 10130/39. Trunk Calls: Zentrum 13640/44

Branch Office: 2, Börsenbrücke, HAMBURG

Telephone: Roland 2000/7. Trunk Call: Roland 2008

Telegrams: Länderbank

Codes used: ABC (5th Ed.) Marconi's, Rudolf Mosse, Bentley's, Lieber's (Five Letters)

*Every kind of Banking Business transacted
Property Administration*

NATIONAL PROVINCIAL BANK

LIMITED
Established 1833

(85=£1)

Subscribed Capital	- - -	\$218,085,400
Paid-Up Capital	- - - -	47,397,080
Reserve Fund	- - - -	47,397,080

Head Office: 15, BISHOPSGATE, LONDON, E. C. 2
UNION BANK OFFICE: 2 Princes Street, London, E. C. 2

OVER 1,100 OFFICES in ENGLAND and WALES

The Bank offers special facilities for the conduct of accounts of
Colonial and Foreign Banks

AFFILIATED BANKS

COUTTS & CO., GRINDLAY & CO., LTD.

AUXILIARY: LLOYDS and NATIONAL PROVINCIAL FOREIGN BANK LIMITED

The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

Capital Authorized and Issued.....	£9,000,000
Capital Paid-Up	£3,000,000
Reserve Fund	£3, 50,000
Reserve Liability of Proprietors	£6,000,000

Head Office—71, CORNHILL, LONDON, E. C. 3

Manager—W. J. ESSAME Assistant Manager—W. A. LAING
Secretary—F. H. McINTYRE

193 Branches throughout Australia and New Zealand, viz.:-

*In Victoria, 47; In South Australia, 15; In New South Wales, 43; In Western
Australia, 20; In Queensland, 19; In Tasmania, 3; In New Zealand, 46.*

Agents and Correspondents in all parts of the World

The Bank offers facilities for the transaction of every description of
Banking business in Australia and New Zealand.

Bills negotiated or sent for collection. Commercial and Circular Credits
issued available throughout the World.



Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

HEAD OFFICE, SYDNEY



Head Office
Sydney, N. S. W.

Branches in all the principal towns and cities of Australia, at London (2), and Rabaul.

A Savings Bank Department at all Branches and 3,826 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

Agents and Correspondents throughout the World

Banking and Exchange Business

of every description transacted within the Australian Commonwealth,
United Kingdom, United States, Canada and Abroad

June 30th, 1924

General Bank Deposits	-	-	\$159,574,511.84
Other Items	-	-	35,222,469.96
Savings Bank Deposits	-	-	205,355,496.00
Note Issue Department	-	-	284,451,125.00
			<u>\$684,603,602.80</u>

Cable Remittances made to, and drafts drawn on United States,
Canada and foreign places direct

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened Interest on Fixed Deposits

Advances made against approved Securities

JAMES KELL, Esq., Acting Governor

EVERY BANKING
FACILITY
AFFORDED
By



CAPITAL & RESERVES EXCEED \$30,000,000.

GROWTH OF THE BANKS ASSETS

1914. \$ 73,059,300

1924. \$ 191,046,130

CORRESPONDENTS IN EVERY IMPORTANT CITY IN THE WORLD
\$5 = £1

English, Scottish & Australian Bank, Limited

Authorized Capital	\$15,000,000
Paid-up Capital	\$7,500,000
Further Liability of Shareholders	\$7,500,000
Reserve Fund	\$9,100,000

**HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3
and 370 Branches and Agencies in Australia**

Chief Office in Australia—Collins Street, Melbourne

BANKING AND EXCHANGE BUSINESS of every description transacted with Australia. **BILLS NEGOTIATED** or sent for **COLLECTION**. **REMITTANCES** made by **TELEGRAPHIC TRANSFER**. **WOOL** and **PRODUCE CREDITS** arranged. **LETTERS of CREDIT** and **DRAFTS** issued on all the Branches of the Bank.

Chief Agents in United States

NEW YORK—Guaranty Trust Company of New York.
CHICAGO—First National Bank.
SAN FRANCISCO—Crocker National Bank.

E. M. JANION, Manager.



THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

Paid-up Capital - - - - - £4,000,000

Reserve Fund - - - - - £3,625,000

Reserve Liability of Proprietors
under the Charter - - - - £4,000,000

£11,625,000

Head Office, 4 Threadneedle Street, London, E. C. 2

EDMUND GODWARD, Manager

West End Branch, 17 Northumberland Avenue, London, W. C. 2

Branches in Australasia

VICTORIA

Melbourne: 394 &
308 Collins St.; 354
Rusmore St.; 71
Collins St. East

Brunswick
Burnley
Coburg
Collingwood
Elsternwick
Malvern
Middle Brighton
Port Melbourne
Prahran
St. Kilda
Williamstown

Bairnsdale
Ballarat
Benalla
Bendigo
Bright
Castlemaine

Charlton
Chiltern
Coram
Corryong
Drouin
Euroa
Fish Creek
Foster
Geelong
Katamatite
Kingston
Koroit
Korong Vale
Korumburra
Leonagartha
Mirboo North
Mooroopna
Morwell
Nathalia
Numurkah
Port Fairy (Belfast)
Rutherglen
St. James

Wellington
Ashburton
Auckland
Christchurch
Dannevirke
Dunedin
Eltham
Featherston
Felling
Gisborne
Gore
Hamilton

Victoria, Contd.

Sale
Shepparton
Stawell
Stony Creek
Strathmerton
Tallangatta
Terang
Traralgon
Tungamah
Walwa
Warragul
Warramboul
Wedderburn
Weldpool
Wycheproof
Yaakandandah
Yarram
Yarrowonga

NEW SOUTH

WALES
Sydney: Martin
Place; 85 Pitt St.;
555 George St. Se.;
Westworth Ave.;
336 William Street
Bondi Junction
Hurstville
Kogarah
Leichhardt
Marrickville
Newtown
North Sydney
(84 Mount St.)

Peterborough
Albury
Ballina
Bathurst
Bega
Bellingen
Berrigan
Blayney
Broken Hill
Cessnock
Cootamundra

N. S. Wales, Contd.

Corowa
Creekwell
Dorrigo
Dubbo
Forbes
Glen Innes
Goulburn
Grafton
Grenfell
Hamilton
Howlong
Jerilderie
Kempsey
Kyogle
Lismore
Maitland (West)
Maitland (East)
Moree
Murrumbidgee
Murrumbidgee
Narrabri
Narramine
Newcastle
Nowra
Orange
Parkes
Peak Hill
South Grafton
Stroud
Tamworth
Tullamore
Wagga-Wagga
Wec Waa
Young

QUEENSLAND
Brisbane
Cairns
Charters Towers
Chillagoe
Cooyar
Crow's Nest
Herberton
Hughenden
Ipswich

Queensland, Contd.

Kingaroy
Longreach
Maryborough
Oakey
Richmond
Rockhampton
Roma
Toowoomba
Townsville

SOUTH AUSTRALIA

Adelaide
Kooronga
Mount Barker
Port Lincoln
Port Pirie
Wirrabara

WESTERN AUSTRALIA

P Perth
Albany
Beverley
Bunbury
Fremantle
Gnowangerup
Kalgoorlie
Moora
Northam
Wagin
Wickepin

TASMANIA

Hobart
Burnie
Brisbane
Devonport
Fingal
Lalor
Launceston
Sheffield
Stanley
Ulverstone
Wynyard

Branches in New Zealand

Hastings
Hawera
Invercargill
Kaikoura
Levin
Mania
Mangonui
Marton
Maierston
Matamata
Morrinsville
Napier

New Plymouth
Otago
Palmerston Nth.
Patea
Raetihi
Rotorua
Stratford
Tahape
Taumarunui
Tauranga
Te Aroha
Te Kuiti

Tamuka
Te Puke
Timaru
Waipawa
Waipukurau
Waioira
Wanganui
Waverley
Whakatane
Whangarei

Principal Correspondents in North America

CANADA:

Bank of Montreal
Canadian Bank of Commerce

UNITED STATES:

Bank of New York & Trust Co., New York
Hanover National Bank, New York
National Bank of Commerce, New York

UNITED STATES, Contd.:

National City Bank of New York
Continental & Commercial Nat. Bk. of Chicago
Illinois Merchants Trust Co., Chicago
National Bank of the Republic, Chicago
Fourth Street National Bank, Philadelphia
Wells Fargo Bank & Union Trust Co., San Francisco

Offer facilities for the transaction of every description of Banking Business in Australia and New Zealand. Negotiate or Collect Bills. Issue Telegraphic Transfers, Letters of Credit and Drafts, also Circular Notes and Circular Credits, on all parts of the world

THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the
AFRICAN BANKING CORPORATION, LIMITED)

Bankers to the Government of the Union of South Africa
in Cape Province; to the Imperial Government in
South Africa; and to the Administration of Rhodesia.

Authorised Capital	-	-	-	-	-	£10,000,000
Subscribed Capital	-	-	-	-	-	£8,916,660
Paid-Up Capital	-	-	-	-	-	£2,229,165
Reserve Fund	-	-	-	-	-	£2,893,335
Uncalled Capital	-	-	-	-	-	£6,687,495
						£11,809,995

**BANKING BUSINESS TRANSACTED
IN ALL PARTS OF THE WORLD**

HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.

London Wall Branch : 63, London Wall, E. C. 2

West End Branch: 9 Northumberland Avenue, W. C. 2 (Opposite the Royal Colonial Institute)

Rotterdam Branch : 15, Coolsingel

Hamburg Agency : Bank of British West Africa, Ltd., 49-53, Schauenburgerstrasse

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BANK OF NEW SOUTH WALES

AUSTRALIA

Paid-up Capital . . .		\$30,000,000
Reserve Fund . . .		20,750,000
Reserve Liability of Proprietors . . .		30,000,000
		\$80,750,000



Aggregate Assets, 30th Sept., 1924, \$370,242,890

OSCAR LINES, General Manager

403 BRANCHES AND AGENCIES

AUSTRALIA
Pop., 6,000,000, area, 2,974,581 sq. miles; sheep, 78,803,000; cattle, 14,350,000; horses, 2,400,000; imports, \$77,249,265; exports, \$595,837,035.

Annual Value of Australia's Products

Agriculture	\$420,910,000
Pastoral	457,375,000
Dairying	217,708,370
Mining	101,580,800
Manufacturing	1,632,185,000
Total	\$2,830,059,170

403 BRANCHES AND AGENCIES

Head Office—George St., Sydney London Office—29 Threadneedle St., E. C.

403 BRANCHES AND AGENCIES

In all the Australian States, New Zealand, Fiji, Papua (New Guinea) and London

Cable remittances made to and drafts drawn on Foreign Places DIRECT

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MADISON AVENUE OFFICE: Madison Ave. and 60th St.

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London Offices:

32 Lombard St., E. C. 3 50 Pall Mall, S. W. 1
Bush House, W. C. 2

Paris: 1 & 3 Rue des Italiens *Brussels:* 156 Rue Royale

Liverpool: 27 Cotton Exchange Buildings

Havre: 122 Boulevard de Strasbourg

Antwerp: 36 Rue des Tanneurs

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-NINTH YEAR

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VOLUME CX, NO. 3

Editorial Comment

Future Developments of American Banking

AT the conclusion of "A Century of Banking Progress" by William O. Scroggs appears this passage:

"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 are penned. This will depend in large measure on the way in which the problems now pressing for attention are solved."

It would be easy to minimize the importance of the above by pointing out that at substantially every stage of the world's history a crisis of some sort is either actually upon us or impending. It is a dull day when a crisis can not be discovered in the heavens or looming on the horizon. But even if we bear this in mind, it must be admitted that Mr. Scroggs' statement appears to have a solid basis. American banking seems to be entering upon a new phase, whose tendency, as Mr. Scroggs says, is not at present clearly indicated. Until developments now in progress go a little farther it is difficult to define their direction and impossible to forecast the future. We are just now in the thick of the con-

troversy about branch banking, and this controversy will hardly end with the McFadden Bill, which fails to meet the wishes of those who favor branch banks or of those opposed to them. The out-and-out proponents of branch banking wish no restrictions placed upon it, such as the McFadden Bill imposes, while those who are hostile to branch banking do not wish to see it extended even to a limited extent. The national banks gain by having permission to establish branches in the city where the head office is located, but the state banks lose, in some cases, by having the privilege of statewide branches taken away and their branches limited in the same manner as are those of the national banks. It may be, of course, that the McFadden measure will work out satisfactory all around, but this remains to be seen.

Then there is the relation of the Federal Reserve Banks to their constituent members. Is the Federal Reserve System an instrumentality created for the use of the banks, something like the clearing-house, or are the Federal Reserve Banks active competitors of the institutions from whom they derive all their capital and operating funds? That they are developing in this latter way is evidenced by the following extract from a letter recently received from a western bank:

"Since the establishment of the Federal Reserve Bank we feel that our institution has very little to gain as far as securing business from other sections of the country than our immediate ter-

ritory is concerned. While we realize that our national advertising has been the means of placing our institution in a favorable way before the banking fraternity of the country, yet when it comes to securing business we have very little to gain from it, because this business, which formerly came to us, now goes as you know direct to the Federal Reserve Bank."

If the view taken above is correct, then it would seem to be the tendency of the Federal Reserve System to render its members no longer national, but local. This will circumscribe the scope of their business, and may curtail their profits. Should this result be reached, it does not necessarily follow that the real services of the national banks will be reduced. Conceivably, their operations thus limited may conduce to their safety and to their local usefulness. It is axiomatic that, as a rule, a bank can most efficiently operate in the region with which it is best acquainted; that is near home. But as the banks grow larger and more enterprising, the field of their operations can be safely and profitably extended.

In pointing out the tendency indicated it is not intended either to approve or to condemn it, but merely to show that this is one of the marked developments going on in American banking.

The profit a bank derives from membership in the Federal Reserve System is bound to be increasingly scrutinized. An actual case has been cited where a bank stated that its membership in the Federal Reserve System was costing \$30,000 a year. This cost would probably be figured on the moderate dividend allowed the member on the capital contributed, and the loss of interest on reserves kept with its Federal Reserve Bank. As offsetting this cost, the bank made no use of the rediscounting privilege. But the bank did not look upon this \$30,000 as a loss, but rather in the nature of an insurance premium paid for the potential protection afforded the particular member and to the banks

of the country in general. The large number of bank failures occurring in the past year may raise the question as to whether the payment of this premium is as effective in the latter respect as can be reasonably expected.

The Federal Reserve System proved such a tower of strength during the war and performed such inestimable service that the details of its relations to its members have been largely obscured. A member bank, intent upon getting rediscounts and currency from its Federal Reserve Bank, which it could pass on to its local dealers at a good rate, was not apt to consider much else besides this easy use of credit. Now that times have changed the member bank watches more narrowly some of the activities of its Federal Reserve Bank, and is more disposed to weigh the cost of its contributed capital and reserves against the rediscount privilege of which it now makes but limited use.

With longer experience it may be found that the Federal Reserve System is endowed with larger powers and privileges than its effective functioning demands, and that some of these may be restored to the member banks. Whether this proves to be the case or not, it is reasonably certain that the details of the system will be made the subject of searching examination, in the light of which they may be subjected to important modification.

Then there is our system of 30,000 mostly small and independent banks, of which we are all justly proud; for they have undoubtedly been an important factor in the country's material growth and prosperity. But, like all good things, these multitudinous small banks have the defects of their qualities. The very freedom of banking which is our boast has produced a situation to which serious attention must be paid if the small independent bank is to maintain itself in public confidence. For the present our problem is not more banks, but better banks. It has been so easy heretofore for anybody to go into the banking business that many people have

entered into it, lacking in proper qualifications and without a due sense of the responsibilities they were undertaking.

Banking is a very serious business, and one beset with great risk. Its successful operation requires not merely integrity, but something much rarer—the ability to keep the bank always sound while at the same time earning a fair profit. The qualifications which have made a man successful in a given line of business do not necessarily fit him for banking, for it is a business in itself. Every responsible bank executive should understand the principles and practices upon which safe and successful banking rests. Lacking this knowledge, he may sail his banking craft through smooth waters, but will be unable to weather the financial gale. The record of 1924, with over 750 bank failures, shows that we have in this country too many fair-weather bankers, and that the standard of American banking—high as it generally is—may be greatly improved. This improvement may be brought about in many ways—by more stringent laws, more efficient examination, etc. But it can be most certainly assured by greater vigilance on the part of the stockholders and directors of banks in insisting that those charged with the responsibilities of bank management fully understand their duties and unflinchingly observe the rules of sound banking.

An incapable or inexperienced banker may work ruin, not only to his own bank, but to the community at large. His opportunities for mischief should be cut off before they are allowed to develop into this evil harvest.

Nor are the foregoing all the banking problems still with us. We have not yet fully adjusted the relations of commercial and savings banks, nor of commercial banks and trust companies. Our policies with respect to foreign banking yet remain to be worked out, and this applies to American banks in foreign countries as well as to foreign banks doing business here. In fact, our whole banking situation is somewhat

confused, possibly because of insufficient experience on which to base a clear understanding of the problems confronting us.

It might be helpful to have a careful survey of the banking situation made by the American Bankers Association, the National Bureau of Economic Research, or some other properly qualified organization. A noisy or sensational investigation of banking is to be deprecated; but a dispassionate study of the subject, conducted in a purely scientific spirit, with no other object than to bring out the facts, ought to be serviceable in the further consideration of our complex banking problems.



America's "Idle" Gold Hoard

UNTIL quite recent months the above topic was a favorite with English and Continental financial writers and in conversation among bankers and economic authorities in the quarter of the world indicated. The views commonly expressed betrayed a lack of understanding of the functions actually being fulfilled by the gold stock of this country. It was assumed that its only use was as reserves for the Federal Reserve Banks. Proceeding on this false assumption, it was pointed out that the percentage of this reserve was extremely high. This was, of course, true as measured by its relation to the liabilities of the Federal Reserve Banks themselves, but quite another face is put on the matter when it is considered that the gold held by the Federal Reserve Banks constitutes a reserve for all the national banks of the United States and of such state banks as are members of the Federal Reserve System.

It will be instructive, in this connection, to consider the aggregate liabilities of the Federal Reserve Banks and of the national banks and the respective gold holdings of the former. As shown by the last Annual Report of the Comptroller of the Currency, the aggregate

liabilities of the twelve Federal Reserve Banks, on October 29, 1924, were \$4,897,269,000. Against these liabilities they held gold to the amount of \$3,043,826,000, or more than 60 per cent. But this gold is not only the reserve against the liabilities of the Federal Reserve Banks, but also against the liabilities of all the national banks, which on October 10, 1924, were \$23,323,061,000. So that the gold held against the latter is far from 60 per cent., but is around 18 per cent. It is true that the Federal Reserve Banks are not required to hold gold against all the liabilities of the national banks, but merely against their deposit liabilities. But, on the other hand, the Federal Reserve Banks also keep the reserves of a number of state banks and trust companies which are members of the Federal Reserve System. In a sense, also, the reserves of the Federal Reserve Banks constitute the gold protection of the deposits of the entire banking system of the country, and these run up to the astonishing aggregate of more than \$46,469,800,000.

The misconception in regard to the functions of our gold stock no doubt arises from the fact that the weekly return of the Federal Reserve Board, showing the condition of the twelve Federal Reserve Banks, states the ratio of the gold reserves to the combined deposit and note liabilities of these banks. On January 28, 1925, this ratio was 74.4 per cent. A further misconception will occur if only the ratio of the gold held exclusively against Federal Reserve notes is noticed. This amounted on January 28, 1925, to \$1,784,339,000, while the Federal Reserve notes in actual circulation were but \$1,684,311,000, so that there was over 100 per cent., compared with the 40 per cent. which the law requires.

For the reasons already given, it will be seen that the country's gold is less idle than many European observers imagine.

America's gold holdings are probably excessive, although responsibility for

this condition does not rest entirely upon this country. Gold has come here partly because of the large and abnormal balance of our exports over imports, due to the war, and to the unstable political and economic conditions prevailing in a number of the European countries, and especially to their depreciated currencies. In other words, Gresham's law has been in operation.

While there have been enormous additions to the gold stock of the United States in recent years, the leading European banks have in the same period materially increased their gold holdings, in some cases doubling them since the beginning of the Great War.

Gold not only moves in accordance with Gresham's law but with the law of gravitation. It seeks its level, like water. It will usually be most abundant where it is safest and can be put to the best use.

The United States has recently made large foreign loans, and these are being continually increased. We were able to make them partly because of our large gold stock. For loans made abroad give the borrowing country a potential right to demand gold. That this right is being exercised is shown by the fact that gold is now flowing abroad in a considerable volume, which promises to grow larger.

Under all the circumstances the world's gold has apparently gravitated to New York because, as conditions were, this was the place where it could best be used. It is now being put to work in building up the world's shattered industry and trade; and, whether it has been as idle in the past as some European bankers and economists have thought, it will no doubt be more actively employed in the future.



The Government and the Anti-Trust Act

CONSPIRACY to advance or maintain prices is regarded as a wicked act when done by great business concerns. Apparently the

same thing, done by the Department of Agriculture and the farmers, is righteous altogether. This inference follows from a statement appearing in the annual outlook report of the United States Department of Agriculture, issued on February 1. As published in the *New York Journal of Commerce* of the following day, the report says:

"If there is an average world crop of wheat in 1925 the present high price of wheat cannot be expected to prevail for the 1925 crop, although prices are expected to be better than in 1923. Growers of hard spring wheat are cautioned not to increase production above domestic requirements. If the spring wheat acreage in the United States is held to that of last year and an average yield is secured the production of hard spring wheat should about equal the domestic requirements."

In effect, this is advising the farmers to limit the production of spring wheat in order to maintain the price of that necessary commodity. Had this been promulgated by "Wall Street," the country would have reechoed from Pasmamquoddy to Point Loma with denunciation of the heartless wretches who were coining gold at the expense of the toiling millions of men, women and children. But no such cries are heard, because it is not "Wall Street" but a benevolent Government that gives the advice, whose benefit is for the farmer with little apparent concern for those whose bread will cost more should the advice be followed.

And yet the counsel of the Department of Agriculture is wise if the growing of wheat is to be carried on at a profit, and if it cannot be so carried on what hope is there that wheat will be produced at all?

The real point is that if a limitation of the production of wheat under a given set of circumstances be considered advisable in the interest of the farmers, why should not the limitation of production in other lines be equally justifiable under like conditions?

The Department of Agriculture is a vast organization, supported out of appropriations granted by Congress. It employs a large staff of experts, and has large facilities for collecting and distributing information about the production and exchange of the products of the farm. Doubtless the chief aim of the Department is not to maintain the prices of farm products, to the disadvantage of the consumers of these products, but rather to aid in promoting that degree of agricultural efficiency which will be on the whole most beneficial to that vital industry, and will tend to assure its steady and profitable operation. That this constitutes a proper service to the whole community as well as to the farmers themselves, hardly requires argument.

But why is the same not true of the other great industries of the country? It may be said that the Department of Commerce performs a similar service for other lines than farming. But even granting this, why should the industries themselves not be allowed to supplement this Government service through their own organizations, whose members are in close touch with the actual conditions in any special line of trade and industry?

Manifestly, if organizations collect and distribute information with the sole object of limiting production so that ruinous prices can be charged, their activities should be curbed. But it is difficult to imagine that large-scale industry would submit to so narrow and shortsighted a policy as the foregoing purpose would imply. Big business is big on account of volume of production, not because of high prices.

But the Government does not look with favor on private organized effort in this direction. It frowns on a policy practiced by itself. Does it, after all, make a difference whose ox is gored?

Probably the Government has mistakenly tried to transfer to the domain of law and morals matters that properly belong to economics. At any rate, it should accept the consequences of its

own philosophy, and refrain from mixing one sort of sauce for the goose and another for the gander.



English and American Financial Co-operation

FROM London comes the report of the formation of the Industrial Finance and Investment Corporation, with a capital of £1,000,000, organized by English and American bankers to do business with Germany and other European countries.

An organization of this character is believed by some financial authorities to afford the safest and most profitable means of investing American capital in Europe, since it offers the advantage of the experience which English bankers have acquired in this field in the course of centuries, and which America lacks. Were safety and profit the only objects of such corporations, no objection could be urged against this view. Manifestly, the experience of the English bankers in the field of European investing is greater than that of the American banker, who until quite recently at least has had his hands full at home, and no doubt combinations of the sort indicated ought to show greater safety and profit—other things being equal—than if American capital and management alone participated in the enterprise.

But not infrequently these financial, industrial and trading companies have other objects than those of profit. They have in times past acted as colonizers, and their activities have been powerful in shaping the world's history. Even when their objects are less ambitious, they nevertheless have in view the financial, commercial and industrial aggrandizement of the country where the ownership and control of the corporation rests. An English concern will have a tendency to work in behalf of British manufacturers and traders, just as an American concern will work for

those of the United States. This is quite natural.

There seems no reason why a corporation jointly owned and managed by English and American bankers, having safety and profit as its chief aim, should not be successfully operated. The question arises whether in the fierce industrial and commercial competition now going on it will be possible to prevent these rivalries from entering into the case. The experiment of the new English-American corporation will be watched with great interest.

Opportunities for the profitable employment of American capital in Europe are abundant, but because of political and social unrest, and the weakened situation of states, municipalities and of many industrial concerns, the selection of investments that combine safety and profit is an exceedingly difficult task. For its successful performance the highest available skill is requisite. This can best be assured by the help of those most experienced in the European field. A policy of complete independence upon the part of American bankers may satisfy their ambition, though at the expense of safety and profit, as some of their experiences in recent years have conclusively shown.



Diminished Earnings of the Reserve Banks

THE fact that the Federal Reserve Banks are showing decreased earnings, amounting in some cases to an actual deficit after meeting dividends, reveals a situation that was to be expected and that need cause no concern, since these banks have ample surplus or reserves. Federal Reserve Banks have not made their accustomed profits in the past year for the simple reason that their services were less in demand. During and since the war, for the greater part of the time, these banks were operating under strong pressure,

with urgent demands for rediscounts, while they were able to meet, and consequently to reap the profits which this large and comparatively steady volume of business supplied. Last year there was a sharp decline in the demand for rediscounts, and as the large operating expenses of the banks could not be correspondingly reduced in a short time, a falling off in the earnings was inevitable.

The Federal Reserve Banks perform many important free services, especially for the Government in its fiscal operations, and these continue with little diminution even though there is a falling off in general business. The machinery necessary to perform these free services must be maintained substantially intact, since it can not be immediately set up to meet increased demands that may at any time arise from the member banks. If over a long period it appears that there is a marked decline in the call on the facilities of the Federal Reserve Banks on the part of members, then a permanent reduction of operating forces and a consequent reduction in expenses will be indicated as a wise policy. The slackening of business and the falling off in rediscounts for a single year do not afford a sufficient basis for determining the requirements of the near future. This much we know, that the country has been undergoing a moderate depression, which necessarily curtailed the demand for rediscounts, and that we are now entering upon a revival of business which should increase this demand. Unless the Federal Reserve machinery has been excessively heavy, there would therefore be nothing apparently to warrant making it lighter. It may soon be called on to carry loads comparable to those of the recent past.

But it will be interesting to watch the future relation of member banks to the Federal Reserve System. The war and the period immediately succeeding hardly afford a fair basis of determining what those relations will be. It may happen, if business becomes very active,

that there will be large calls for rediscounts; but, on the other hand, should the forward movement of enterprise be at a slow and steady gait, little demand of this character may arise. In this case it would seem that the Federal Reserve System possesses an equipment greater than needed in ordinary times, and that the Federal Reserve Banks must employ their funds in other channels if they are to show a profit.



Too Much Law

APPARENTLY the proposed amendment to the Constitution of the United States, conferring on Congress the power to regulate the employment of children under eighteen years of age, has failed to receive the approval of the required three-fourths of the state legislatures, and is therefore defeated.

In defeating this measure it is not to be supposed that the legislatures have been actuated by inhumanitarian motives. They are, as a rule, opposed to child labor. This is evidenced by the fact that many of the states, including a number of those voting against the amendment, already have laws prohibiting it. But there is a growing feeling that Congress now has powers greater than it can wisely exercise, and that a grant of authority of the character indicated was almost sure to be abused. Where further legislation against child labor is needed, agitation for it can be carried on within the states whose existing laws on the subject may need correcting. Probably the growth of sound public opinion may be relied on to cure such of this evil as may remain.

The defeat of this amendment will doubtless prove a sore disappointment to the numerous uplifters who look to Washington for the alleviation and cure of all social ills. They have such implicit faith in the power of acts of Congress to remedy every existing evil that this defeat will be hailed as the

triumph of wickedness over righteousness.

This reliance on the corrective power of law was vigorously denounced by ex-Senator Beveridge of Indiana in a recent address at a dinner of the Lawyers Club in New York, commemorating the 124th anniversary of John Marshall as Chief Justice of the United States. After declaring that the country is "well nigh smothered with multitudes of laws," Senator Beveridge went on:

"No human being knows, or can know, what these innumerable laws mean.

"No human being knows even how many statutes are hidden within the forbidding covers of the thousands of volumes that contain acts of Congress and legislatures.

"No human being knows even the number of city ordinances, much less the purport of them.

"No human being knows even the sum of rules and regulations that unceasingly pour from our countless bureaus, boards, commissions and departments of government, every one of which bureaucratic edicts has the force and effect of enactments by legislative bodies.

"We complain of lawlessness; but is not the excess legislation a basic cause of lawlessness? How can anybody obey every law when nobody knows, or can know, how many laws there are or what they command or forbid?

"If we, the people, no longer have the intelligence and courage to throw off the spell and command our legislators to stop deluging us with directive statutes and strangling us with autocratic regulations, we ourselves—we, the people—will have worked our own undoing, surrendered our liberties, made ourselves the slaves instead of the masters of the state. We ourselves—we, the people—will have become the Frankenstein of freedom and created the monster that will devour us."

Of course, it must be recognized that the legislator himself is not primarily blamable for this deluge of laws. He merely opens the flood-gates in response to popular clamor. Often his judgment tells him that the measures he sponsors are either foolish or harmful, but he dare not resist the public appeal for more and more laws.

The Emperor Justinian, whose reputation in other respects left much to be desired, gained a deserved fame by reforming the Roman laws. Unless the law-making industry of our legislators is checked, we may need a political Moses to repeal all existing laws and restore the Decalogue, or a Confucius or Nazarene to give us the Golden Rule.



Escaping the Burden of Taxation

ONE of the convenient means of escaping certain forms of taxation is by investing in securities which are constitutionally exempt from taxes either by state or Federal authority. This method has grown to be a favorite with the very rich, and has not only resulted in a great saving to this comparatively limited class but has also served to encourage state and municipal borrowing on account of the ease with which this type of securities can be floated. In the long run extravagance is probably fostered, and this must finally add to local tax burdens.

There is another way of escaping some of the tax burdens, and that is for those having large incomes or estates to move their place of residence to those states where there is no state income tax or state inheritance tax. Some of the states are making strong bids to the wealthy by advertising these exemptions. It is not quite clear, without an understanding of the measure of other forms of taxation in these communities, just how much if anything the rich will gain by this change of resi-

dence. They may avoid the Scylla of the income and inheritance tax only to be engulfed in the Charybdis of local taxes of various kinds. So their last state might be worse than their first.

Still, it is an encouraging sign that at least a few states recognize the desirability of attracting capital by offering low taxation as a bait. It will be still more encouraging when all the states and municipalities succeed in establishing more economical and efficient government, so that the high local taxes under which many of them are now groaning can be reduced and kept down to a reasonable limit. The fact was long ago established that fair treatment of capital in the matter of taxation tends to general prosperity.

More Care in Foreign Investing

THE rapid growth of the investment of American capital abroad has caused the New York Stock Exchange to establish more stringent rules in relation to the listing of foreign bonds. The reasons for this action were thus given by the President of the Stock Exchange:

"The United States has become the greatest creditor nation in the world, and our new international status is nowhere more apparent today than upon the Stock Exchange floor. This country, through its imports of foreign securities in exchange for exports of our goods and capital, has taken a leading part in restoring and restabilizing economic conditions all over the world at the same time, as our expanding exports have recently shown. These foreign loans have to an important extent tended to increase the demand for American agricultural, mining and industrial products.

"But in the process of absorbing foreign investments the American investing public should be offered information sufficient to enable it to judge adequately concerning the values of the securities

involved. This latest addition to the Stock Exchange's listing requirements is consequently in complete accord with its historic policy of making pertinent information concerning securities issues available to the whole investing public of the country."

In connection with proposed listing of such securities hereafter, the following information will be required:

1. (a) Statement of debt, internal and external, and currency in which it is to be paid; statement of external debt to be computed in dollars; (b) contingent and actual liabilities, and priority; (c) revenue or assets pledged, if any, under present and other loans, and nature of administration; (d) summary of such revenue receipts and income from such assets for preceding five years, stated in dollars, if available; (e) status of the law under which said revenues or assets are pledged.

2. Past debt record with respect to (a) defaults; (b) scaling down interest payments; (c) suspending sinking fund payments.

3. Where listed.

4. Currency in which interest and principal are to be paid.

5. Tax liability and exemption.

6. Statement of governmental income and expenditure for whatever account in the preceding five years.

7. Statement of the sums required in dollars to meet foreign charges in each of the five preceding years.

8. Statement in terms of weight and dollars (converted) of merchandise imports and exports in each of the preceding five years.

9. Statement of covenants, if any, with respect to payment of principal and interest of bonds dependent upon state of peace or war and nationality of holder.

It would seem that the required information will not only tend to protect American investors in foreign securities, but will result in maintaining a higher standard for these securities—something to be desired from the stand-

point of the investor and the foreign borrower.

America will have to do an increasing amount of European financing for some time, and if this is to be done safely great discrimination will have to be exercised in the securities purchased. The rules put in force by the New York Stock Exchange will assist in this process of selection.



Investment Trusts

THE type of financial corporation known as an investment trust, familiar enough in Great Britain, but comparatively unknown in the United States under this particular title, is now attracting some attention. For this reason an authoritative article on "Investment Trusts in Great Britain," was published in the February number of *THE BANKERS MAGAZINE*.

Broadly speaking, the investment trust is an institution designed to sell its own stocks, debentures or collateral trust bonds and invest the proceeds in such securities as appear to offer the best opportunity for profit consistent with safety. As a rule the funds so received for investment are not all placed in one kind of security or in one type, and often they are invested so as to include a number of countries. The principle involved is that of distribution of risk. In theory the principle is something like this: if you are investing in farm mortgages, do not confine your investments to a single section of the country, much less to a single state, but distribute your investments so as to include various sections and states. This principle rests upon the belief that while there may be crop failures and hard times within limited areas, these will not be general. The principle may be extended, with reference to this one type of security, so as to include a number of countries. It is capable of yet further extension so as to comprise domestic stocks, bonds, etc., and those of foreign countries. The investment

trust, therefore, instead of specializing in one or a few standard types of securities, and confining operations to a single country, embraces various kinds of securities in its operations, and applies the principle of geographical distribution. The eggs are not all put into one basket, but into many. Andrew Carnegie is reported to have said: "Put all your eggs in one basket, and watch that basket."

As to the wisdom of either policy opinions will differ. There is considerable distribution of investments among institutions so conservatively managed as the mutual savings banks and insurance companies, and not quite so much among the commercial banks.

The investor who turns his money over to an investment organization of any kind does so in the belief that his funds can be collectively handled by real or supposed experts more advantageously than by himself individually. In general this belief is borne out by experience, especially where the managers of the institutions are honest as well as expert.

We are now plunging into foreign investing on a rather large scale, and the services of a well-organized and carefully-managed investment trust could be of real service in selecting the least hazardous of these foreign securities for American investors to buy. But in order to render this service it must be under the control of men who not only have the requisite integrity, but who know the foreign field.

As a matter of fact, the investment trust is like any other investment concern—its success depends upon the management. It offers a high degree of flexibility in the use of investment funds; but this freedom, unless properly directed, may prove a curse instead of a blessing. There is no magic inhering in this form of organization which will exempt it from the restraint found necessary to the success of other financial corporations operating in a more restricted field. Rather does its latitude demand the greater judgment and care.

The Changing Economic Position of the United States

By O. P. Austin

Statistician The National City Bank of New York

THE late James Stillman, so long the head of The National City Bank, remarked a few years ago in a conversation with the author of this article that the future of the export trade of the United States would be determined by the activities of the manufacturers. The growing population of the country, he said, was consuming more and more of its natural products and the increasing activities of the manufacturers suggested that their exports would hold the United States at the head of the list of world exporting nations.

And the years which swiftly passed since this utterance by him have fully justified that prediction. The capital of the manufacturing establishments of the United States, which stood at \$10,000,000,000 in 1900 was \$44,000,000,000 in 1919; the output of manufactures has advanced from \$18,000,000,000 in 1900 to \$62,000,000,000 in 1919 and will probably show a total of \$65,000,000,000 in 1923. The share which manufactures form of our exports has advanced from 35 per cent. in 1900 to 54 per cent. in 1924. Meantime the total value of all farm products of the United States based on prices on the farm has, according to the figures of the Department of Agriculture advanced from \$3,549,000,000 in 1900 to \$12,000,000,000 in 1924.

WHERE CHIEF CHANGES OCCUR

The changes in our economic condition accompany the radical change in the occupation of the people, sometimes called the "drift from the farms to the cities"; but in fact the changes occur chiefly in the activities of the people who are co-operating in transforming our great natural products into manufactured form. The United States has

more of iron, copper, cotton, petroleum and coal than any other country of the world, and when we find from the Census Reports that the number of people ten years of age and upward engaged in the manufacturing industry increased from 2,450,872 in 1870 to 12,818,524 in 1920, while the number engaged in agriculture, forestry, etc., only increased from 6,141,363 in 1870 to 10,952,128 in 1920, it is apparent that the manufacturing industry is gaining more rapidly than that of agriculture. The number engaged in manufacture and the mechanical pursuits increased 423 per cent. from 1870 to 1924, while the number engaged in agriculture gained only 78 per cent. in the same period. It is not surprising then to find that the value of manufactures produced advanced from \$21,000,000,000 in 1909 to \$62,000,000,000 in 1919 and approximately \$65,000,000,000 in 1923. Meantime the value of manufactures exported in the fiscal year 1924 was three times as great as in 1909 and manufactures now form more than one-half of our total exports of our domestic products.

Again, the occupation figures of our census of 1920 show the number of persons engaged in the "manufacturing and mechanical industries" in 1920 as 12,818,524 against 10,658,000 in 1910, an increase of 20 per cent. in the number engaged in manufacturing. On the other hand, the same tabulation shows the number of persons engaged in "agriculture, forestry and the animal industries" at only 10,953,000 in 1920 against 12,659,000 in 1910. Thus there occurred in the period 1910 to 1920 a reduction of 13 per cent. in the number of persons engaged in agriculture, forestry and animal industries, while the number of those engaged in manufacturing increased 20 per cent. The table which

follows shows the number of persons ten years of age and upward "gainfully employed" in the United States at decennial periods from 1870 to 1920, and the share which those engaged in agriculture and manufacturing formed of the total at each census year.

with food. All of these six classes of food products are stated in a single unit of measurement, the bushel, and it is thus convenient to group them and see whether there has been a fall off in their aggregate production during the time in which the share of the population

GAINFULLY EMPLOYED PERSONS IN UNITED STATES, AND PERCENTAGE WHICH THOSE ENGAGED IN AGRICULTURE AND MANUFACTURE FORMED OF TOTAL FROM 1870 TO 1920

	Total above 10 years of age gainfully employed	Engaged in agriculture, forestry, etc.	Per cent. of total	Engaged in manufacturing and mechanical pursuits	Per cent. of total
1870	12,505,923	6,141,868	49.1	2,450,872	19.5
1880	17,392,099	8,004,624	46.0	3,414,349	19.6
1890	22,735,661	8,565,926	37.6	5,678,468	24.9
1900	29,074,117	10,381,765	35.7	7,085,922	24.3
1910	38,167,336	12,659,208	33.1	10,658,881	27.9
1920	41,614,248	*10,953,158	26.3	12,818,524	30.8
Increase	233%	78%		423%	

*Reduction, reported by the census as due in part to change in time of year in which the record was made.

Another evidence of the fall off in the interest which the people of the United States feel in agriculture is found in the census tabulations, which show that the element of our population classed as "rural," made up chiefly of those engaged in farming, has slowly declined from 65 per cent. in 1880 to only 49 per cent. in 1920. Thus there has been a steady decline in the share of our people devoting themselves to agriculture and a sharp increase in the number engaged in manufacturing.

One curious fact comes to the surface, however, in considering our food outturn during the period of this big decline in the share of people engaged in agriculture. The chief food products of our farms are wheat, rye, rice, corn, oats, and potatoes. True there are other food supplies such as meats, and meat animals, poultry and its products, etc.; but the six great articles above named, wheat, rye, rice, corn, oats, and potatoes are the most important of the food products and if not used as food for man, are of equal importance in the development of the animals which supply him

classed as rural has fallen from 65 per cent to 49 per cent.

CROPS SHOW STEADY INCREASE DESPITE FEWER FARM WORKERS

And here we get our first real surprise in the study of "Changes in the Economic Position of the United States," for an aggregation of the number of bushels of these six food crops, wheat, rye, rice, corn, oats, and potatoes at decennial intervals from 1870 to 1924 shows a steady increase in the outturn despite the big fall off in the percentage of our population engaged in agriculture. Opposite are official figures of the Department of Agriculture showing the production of these six crops at ten-year intervals from 1870 to 1924.

It will be observed that despite the steady reduction in the share of the population engaged in agriculture, the farm outturn of these six great food crops has advanced from less than 2,000,000,000 bushels in 1870 to over 5,000,000,000 in 1924. The outturn of these six great food crops advanced in the last ten years from 5,181,000,000

Production in the United States of six great food crops 1870 to 1924 (in millions of bushels)

	Wheat	Rye	Rice	Corn	Oats	Potatoes	Total
1870	236	15	—	1,094	247	115	1,710
1880	499	25	—	1,717	418	167	2,826
1890	378	26	—	1,460	573	150	2,587
1900	603	31	—	2,505	914	248	4,301
1910	635	35	25	2,886	1,186	349	5,116
1914	891	43	24	2,672	1,141	410	5,181
1919	967	75	42	2,811	1,184	323	5,402
1920	833	60	52	3,209	1,496	403	6,053
1922	867	103	41	2,906	1,216	453	5,586
1923	786	63	33	3,054	1,300	412	5,648
1924	856	66	32	2,478	1,509	454	5,395

bushels in 1910 to 6,053,000,000 in 1920 despite the fact that the census figures indicate that the number of persons engaged in agriculture fell off about 13 per cent. in the same ten-year period 1910 to 1920. Meantime the number of food animals has greatly increased, the number of milk cows on farms in the United States has advanced from 9,000,000 in 1870 to 24,000,000 in 1924, the number of other cattle from 15,000,000 to 42,000,000, the number of swine on farms 22,000,000 in 1870 to 66,000,000 in 1924, and the number of sheep from 28,000,000 in 1870 to 38,000,000 in 1924.

HOW IS INCREASED CROP OUTPUT EXPLAINED?

How does it happen that with a reduction in the percentage of our population engaged in agriculture we are still increasing our output of these six great food crops? Perhaps it may be in some degree due to the increased use of machinery by the farmers. When we consider that the number of motor vehicles owned by the farmers is now about 4,500,000 and that the farmer, who formerly required a full day for himself and a team of horses to transport a wagon load of his products to market now does the marketing in a smaller percentage of time, we can see that he is able to accomplish much more in a given season than formerly. And when we also learn from the reports of the Census Bureau that the value of farm "implements and machinery" increased from \$749,776,000 in 1900 to \$1,265,000,000 in 1910

and \$3,594,072,000 in 1920, we find also an explanation of the fact that the quantity of the six food crops has been maintained despite the decrease in the share of the population engaged in agriculture.

Still another evidence of the continuation of the outturn of farm products is found in the fact that the census sets down the value of all farm property at \$78,000,000,000 in 1920 against \$20,500,000,000 in 1900, while the valuation of farm land alone advances from \$18,000,000,000 in 1900 to practically 55,000,000,000 in 1920. In the figures above quoted quantities are used wherever possible but a measurement of relative value of farm output is found in figures of the Department of Agriculture which put the total value of agricultural products in the United States in 1924 at \$12,000,000,000 against slightly less than \$10,000,000,000 in 1921, and \$3,549,000,000 in 1900.

WILL FOOD PRODUCTS INCREASE CONTINUE?

Will this increase in the outturn of food products continue in view of the steady fall off in the share of the consuming population engaged in agriculture? Probably. While there is not a very large area of agricultural land yet unoccupied in the United States except that which requires irrigation for its development, it will be possible to greatly increase the producing power of that already under cultivation. Statistics published by the Department of Agriculture show that the wheat produc-

tion per acre in the European countries, where the soils were cultivated long before those of the United States were brought under the plow is nearly double that of the average acre production in the United States. Our agriculturists who for generations have been accustomed to utilize the soils in the natural state, have not yet seriously attempted to intensify production by the use of soil foods to the extent practiced by the agriculturists of Europe, who now obtain about twice as much wheat per acre as we do in the United States. When the production of our soils is intensified by the process already followed in Europe, we shall greatly increase our outturn of food requirements

without material increases in the cultivated area.

Yet with this astonishing tenacity in the output of the farm under the decrease in percentage of those officially classed as rural, the future of our industries still lies largely in the hands of our manufacturers. The value of manufactures turned out by factories of the country is now about fifteen times as much as in 1870, a half century ago; the capital employed in manufacturing in 1919 was twenty-five times as much as in 1870. Meantime the value of manufactures exported has advanced from \$70,000,000 in 1870 to \$2,150,000,000 in the fiscal year 1924 and the share which manufactures form of the total

COMMERCE OF UNITED STATES 1914 TO 1924

Calendar years	Imports	Exports	Excess of exports
1914	\$1,789,276,000	\$2,113,624,000	\$ 324,348,000
1915	1,778,597,000	3,554,671,000	1,776,074,000
1916	2,391,635,000	5,482,641,000	3,091,006,000
1917	2,952,468,000	6,233,513,000	3,281,045,000
1918	3,031,213,000	6,149,088,000	3,117,875,000
1919	3,904,365,000	7,920,426,000	4,016,061,000
1920	5,278,481,000	8,228,016,000	2,949,535,000
1921	2,509,148,000	4,485,031,000	1,975,883,000
1922	3,112,747,000	3,831,777,000	719,030,000
1923	3,791,938,000	4,167,946,000	376,008,000
1924	*3,500,000,000	*4,500,000,000	1,000,000,000
Total	\$34,039,868,000	\$56,666,733,000	\$22,626,865,000

*December estimated.

GOLD IMPORTS AND EXPORTS OF UNITED STATES 1914 TO 1924

	Imports	Exports	Excess of exports over imports	Excess of imports over exports
1914	\$ 57,387,741	\$22,616,156	\$165,228,415	.....
1915	451,954,590	31,425,918	.....	\$420,528,672
1916	685,990,234	155,792,927	.....	530,197,307
1917	552,454,374	371,883,884	.....	180,570,490
1918	62,042,748	41,069,818	.....	20,972,930
1919	76,534,046	368,185,248	291,651,202	.....
1920	417,068,273	322,091,208	.....	94,977,065
1921	691,248,297	23,891,376	.....	667,356,921
1922	275,169,785	36,874,894	.....	238,294,891
1923	322,715,812	28,643,417	.....	294,072,395
1924	*309,434,074	*21,973,660	.....	\$287,460,414
Total	\$901,999,974	\$624,448,506	\$456,879,617	\$734,431,085

*11 months ending November.

STATISTICAL RECORD OF GROWTH IN U. S. INDUSTRIES, COMMERCE AND FINANCE, 1900 TO 1924
(000 omitted)

	1924	1914	1900
Population (No.)	112,686	97,928	76,808
Wealth	\$320,803,862	\$186,299,664 (b)	\$88,517,000
Debt, gross national‡	21,251,120	1,188,000	1,263,416
Gold imports‡	417,026	66,539	44,578
Gold exports‡	10,207	112,039	48,267
Gold in United States	4,490,716	1,871,000	1,034,000
Gold in circulation	396,415	612,000	610,806
Gold certificates in circulation	801,381	1,026,000	200,000
Silver imports‡	79,940	30,236	35,256
Silver exports‡	98,786	54,965	56,712
Silver in circulation¶	306,988	230,000	142,050
Silver certificates in circulation	364,414	478,000	408,000
Money in circulation	4,255,403	*+3,402,000	*+2,173,000
Bank clearings, U. S.	438,778,113	163,850,000	84,152,000
Bank clearings, New York	235,498,648	89,760,000	51,964,000
Deposits, all banks	46,001,453	††18,517,000	††7,239,000
Deposits, national banks	17,598,696	††2,459,000	††2,458,000
Government receipts, ordinary‡	4,012,045	734,673	567,241
Customs ‡	545,638	292,320	233,164
Internal revenue‡	2,795,127	380,041	295,328
Government expenditures‡	3,506,678	700,254	487,714
Pensions‡	264,000	173,440	140,877
Farms, value (f)	77,924,100 (e)	40,991,449 (g)	20,514,000
Factories, capital	44,466,594	22,790,000	8,975,000
Factories, value of product	43,651,263 (d)	24,246,000	*‡11,406,000
Exports, total‡	4,311,284	2,364,579	1,394,483
Exports, foodstuffs‡	765,150	430,600	545,560
Exports, manufacturing material‡	1,302,453	792,716	325,244
Exports, manufactures‡	2,150,109	1,099,190	484,920
Imports, total	3,554,138	1,893,925	849,941
Imports, foodstuffs‡	915,722	475,520	231,350
Imports, manufacturing material‡	1,200,328	632,866	276,241
Imports, manufactures‡	1,414,532	768,940	337,390
Production, coal (net tons)	646,311 (c)	513,525	269,684
Production, petroleum (gal.)	30,161,000 (c)	11,162,601	2,672,000
Production, pig iron (tons)	40,000 (c)	23,332	13,789
Production, wheat (bushels)	855,000 (a)	891,013	522,229
Production, corn (bushels)	2,458,809 (a)	2,673,000	2,105,102
Production, cotton (bales)	.....	15,906	10,102
Sugar imported**‡ (pounds)	9,445,000	6,822,000	4,018,120
Sugar, exported‡ (pounds)	270,942	96,862	26,918
Farm animals (value)	\$4,912,907	\$5,891,000	\$2,228,100
Cattle (No.)	66,801	56,592	43,900
Horses (No.)	18,263	20,962	13,537
Sheep (No.)	38,361	49,719	41,883
Swine (No.)	65,301	58,932	37,079
Railroads (miles)	†251,000	263	199
Autos and parts of, exported	‡\$195,376	\$34,711	No data

+Estimated. ‡Fiscal years. §Calendar years. ¶Includes subsidiary coins.
 *†December 1. ††Individual deposits. **Includes sugar from United States Islands.
 *‡Production of year immediately preceding that named. Note.—Circulation statements of 1924 are those of new form adopted July 1, 1922. a—preliminary. b—1912. c—1923. d—1921. e—1920. f—includes farm property. g—1910.

domestic exports has advanced from 19 per cent. in 1870 to 51 per cent. in the fiscal year 1924 and is now running at the rate of about 54 per cent. Meantime the value of agricultural exports as estimated by the Department of Agriculture has fallen off from \$3,861,511,000 in 1920 to \$1,866,897,000 in 1924. Agricultural exports fell off about one-half in value in the period 1920 to 1924, while the exports of manufactures in the calendar year 1924 are 25 per cent. greater in value than those of the fiscal year 1922. Agricultural exports in 1924 according to figures of the Department of Agriculture are 50 per cent. greater in value than in 1913, while the Department of Commerce figures show that the

exports of manufactures in 1924 were practically 100 per cent. greater than in 1918.

The little table which follows, compiled from census returns, shows the stated value of farms in 1870 and 1920 and the capital of the manufacturing establishments in the same years 1870 and 1920. It will be observed that the value of farms in 1920 is about eight times as great as in 1870, while the capital of the manufacturing establishments in 1920 is twenty-six times as much as in 1870.

	(000 omitted)	
	1870	1920
Valuations of farms.....	\$8,944,858	\$77,924,100
Capital of factories.....	1,694,567	44,569,594



Credit Men Begin Campaign Against Fraudulent Loss

TEN billion dollars a year is no little affair. It is three times the size of our Federal budget. It is equal to half the cost of the World War—it is *crime's estimated yearly levy on the American people*. The cost of crime is a nation's biggest tax, according to a bulletin issued by the National Association of Credit Men.

With the successful completion of the national fund for credit protection of \$1,000,000 which the National Association of Credit Men has been undertaking during the past two months, there will come into being in the commerce of the nation, a force for business security and insurance against fraudulent loss which has heretofore been unknown.

The fund of \$1,000,000 is in reality but the first unit of a great national fund for credit protection which, it is eventually hoped, may become an endowment for this work.

It is recognized that in the supervision and administration of a great national fund, every effort must be given to the careful planning of the expenditure of the fund and of the selection of the proper body which will insure economic and sound management

and which will produce speedy and effective results.

It has been the idea of the National Association and those on the National Executive Committee, qualified to understand and appreciate all phases of this work, that there should be a zoning plan carried out in the administration of the work. The proposed web of credit security which it is hoped to throw over the nation by the use of this fund, calls for a division of the country into three major districts with an administrative office in charge of each district.

The direction of the work will head up with the officers of the National Association of Credit Men. The board of trustees, ten in number, will be made up of outstanding men who are known both nationally and locally. Such a board will be appointed by the directors of the National Association of Credit Men, and be responsible to them.

The administrative office of each district, namely New York, Chicago and San Francisco, will be under the direct supervision of a committee whose duty it will be to see that the plans and the work are safely carried out and the credit criminals in their district vigorously attacked.

The Heart of the Tax Problem

By William P. Helm, Jr.

OUR present tax burden, to paraphrase Mark Twain, is much like the weather—everybody is familiar with it, but nobody seems to do anything about it. So when the editor of *THE BANKERS MAGAZINE* asked me to prepare an article on "The Growing Burden of Taxation and How It May Be Lessened," the request put me in much the same position as the weather forecaster who was besought by the umbrella trade to bring about a long period of wet weather.

There, however, the resemblance ends. Weather can't be made to order, but taxes can. However, the power to reduce taxes doesn't lie in the hands of the analyst; it is in the keeping of the taxpayers themselves. They, and they alone, can lighten the burdens of government. And of all the taxpayers in the United States, the bankers, perhaps, can do more as a class than any other to put taxes back where they belong. Of that, however, more later.

There is no mystery in taxes. They represent but one thing, the spendings of government. The equation is as simple as ABC: if we spend heavily we must pay heavily and our taxes rise; if we spend frugally, we pay less and our taxes fall. That is all there is to it. Tax reduction, therefore, consists first of the intent to spend less and second of the enforcement of that intent on those who administer our government.

Before there can be any reduction in taxes we must honestly resolve to spend less. That is the hard part of the business, for it involves self-denial. We must make up our minds without reserve to forego some of the comfortable and tempting things for which we are now spending money. We must not only check present extravagance, but we must curb, for a time, future improvements. That is at once the royal

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 \$5,500,000,000. This year, after strenuous efforts to reduce the war-time peak, the total still exceeds \$3,000,000,000—a sum far greater than the entire burden of funded debt accumulated 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.

—WALTER HEAD

road and the common highway to tax reduction. There is no other.

But do we really want to reduce taxes at such a cost? It is by no means certain that we do. It is not at all clear that even the bankers of America would want tax reduction at the price written on the tag. For reducing taxes, like reducing flesh, is hard work. How to do either is easy to talk about; but doing it is quite something else.

THE FIRST STEP TOWARD TAX REDUCTION

Let's assume, however, that, come what may, we will work for tax reduction. What is the first thing to be done?

Well, among the first and most effective things that American bankers could do is to discourage further state and municipal bond offerings. Our municipalities already are \$10,000,000,000 in debt—almost half the total of the Federal debt. Between local debt and Federal debt, however, there is this important distinction: the Federal Government is rapidly reducing its debt while local governments are rapidly increasing theirs.

A big public debt and high taxes are as intimate as Siamese twins. Present

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local debts call for an annual tax levy of more than \$500,000,000 for interest and sinking fund payments. Every dollar of that money is raised by local taxation. And within a recent year the Federal Government paid out approximately \$1,000,000,000 in interest and, in addition, another \$1,000,000,000 to reduce the principal. Every dollar of the \$2,000,000,000 was raised by Federal taxation in some form.

Simple, isn't it? Almost too simple, perhaps, yet it goes to the heart of the trouble.

In 1924 the Federal Government reduced its debt by a smaller amount, so that the tax it levied for that purpose and for interest was more nearly \$1,500,000,000 than \$2,000,000,000.

Even so, when we add the Federal levy to the \$500,000,000 levied to meet interest and other charges for local indebtedness, it adds up to a round \$2,000,000,000.

That sum was one-fourth of all the money collected by all the tax collectors of all the forms of government in the United States. Thus it comes down to simple arithmetic; one-fourth of our present tax burden is directly due to the fact that we have borrowed a large amount of money and now must pay interest on it each year and a bit on the principal.

Tax collections in 1924 amounted, in round figures, to \$8,000,000,000 for the entire country. That sum, however, did not pay the entire cost of government in the United States. License fees, indi-

rect taxes, fines, etc., were in addition. By government is meant all forms of government—Federal, state, county, city, town, and village, as well as school districts and other unincorporated units.

The total bill presented to the American people last year for self-government was about \$10,000,000,000. It was divided, in round figures, among the four major forms of government as follows:

Federal Government	\$3,500,000,000
State government	1,290,000,000
County government	1,200,000,000
City, town, village and other unit government	4,270,000,000
	\$10,260,000,000

Those figures, of course, are approximate. They are based, however, on statistics gathered in 1922 by the Census Bureau from the ledgers of states and cities; and on tax collections for other units. In addition, the Census Bureau has compiled and made public, in part, similar information covering the year 1923. That, too, is considered in making our estimate. The Federal figures are taken from the records of the Bureau of the Budget.

Such, stated in terms of billions, is the approximate cost of American government today. But how much is a billion? Most of us think of it as nine ciphers—or is it eight? or ten?—trailing the figure "1"; we have no more idea of the dimensions of a billion than we have of the mountains on the moon.

Before there can be any reduction in taxes we must honestly resolve to spend less. That is the hard part of the business, for it involves self-denial. We must make up our minds without reserve to forego some of the comfortable and tempting things for which we are now spending money. We must not only check present extravagance, but we must curb, for a time, future improvements. That is at once the royal road and the common highway to tax reduction. There is no other.

To bring home to finite imaginations the magnitude of such a sum it must be put in comparative terms more readily understood.

I wonder if the readers of THE BANKERS MAGAZINE have caught the full significance of the cost of American government, if they have glimpsed the far-flung proportions of its unlovely form. We all know that taxes are high; but how high are they?

PAYING MORE FOR GOVERNMENT THAN
FOR FOOD

Do we realize, for instance, that those who dwell in our chief cities are paying more *per capita* today for government than they are for food? Maybe we have never thought of government in connection with food, although the two are closely related. If not, a moment or two spent in looking at the subject from that angle may be helpful.

With the help of accurate data compiled by government and business analysts, the writer has prepared a comparative statement showing the *per capita* costs of government and of food in fifteen of the chief cities of the United States.

In every one of the fifteen cities the per capita government cost in 1922 was more than the per capita food cost in 1923.

It is unfortunate, perhaps, that the figures for food costs cover 1923 while government costs cover 1922. The reason is two-fold: 1922 food costs are not available to the writer and 1923 government costs have not been fully compiled by the Census Bureau. Enough, however, has been uncovered already by the Census Bureau to indicate that 1923 local government costs were higher than those for 1922. The margin, therefore, between 1923 government costs and 1923 food costs would be even greater, taken as a whole, than that shown in the accompanying table.

Thus the figures understate the facts.

The fifteen cities selected in the accompanying table were taken from

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among the first thirty-two of the United States. Combined, the communities selected had an estimated population of 17,823,486 July 1, 1922.

Only three kinds of governmental cost are shown, Federal cost, state cost, and city cost. Some of the cities also helped to maintain county governments, but county figures for 1922 have not been made public and for that reason are not included. They might be estimated, but the comparison without them proves the point, anyhow.

Federal Government costs, of course, were the same, *per capita*, for the entire population, urban and rural. Those costs in 1922 were more than \$3,795,000,000, or \$36.57 *per capita*. The *per capita* state and city costs were taken from the Census Bureau's official records, and these, in turn, were made up from the official records of the states and cities covered. Hence there is no guesswork whatever as to the totals given.

The *per capita* food costs shown in

The farm value of the chief crops of the United States was placed by the Department of Agriculture December 15, 1924, at \$9,479,902,000. The cost of government for 1924 was \$10,260,000,000. Whither, merry gentlemen, are we headed?

the tabulation are sponsored by the Chamber of Commerce of the United States and are set forth in its publication, "Population's Purchasing Power," compiled and issued by the Chamber's Domestic Distribution Department. The Chamber, in turn, based its findings on statistics gathered by the United States Bureau of Labor Statistics and the Census Bureau.

Here is what the figures show:

1922 GOVERNMENT COSTS			1923		
City	Federal	State	City	Total	Food costs
Atlanta	\$86.57	\$ 5.34	\$ 42.70	\$ 84.61	\$ 78.99
Baltimore	86.57	12.06	50.37	99.00	90.61
Boston	86.57	10.81	76.34	123.72	108.83
Buffalo	86.57	13.32	62.15	112.04	95.27
Chicago	86.57	7.83	57.56	101.96	98.60
Cincinnati	86.57	11.35	60.95	108.87	79.93
Cleveland	86.57	11.35	69.09	117.01	97.06
Detroit	86.57	24.07	120.30	180.92	99.30
Los Angeles	36.57	19.03	99.34	154.92	97.66
New Orleans	86.57	11.06	43.92	91.55	79.21
New York	86.57	18.32	66.66	116.55	113.73
Philadelphia	86.57	9.89	57.41	103.87	103.05
Pittsburgh	86.57	9.89	69.23	115.69	89.32
St. Louis	86.57	12.30	40.02	88.89	86.08
Seattle	86.57	15.80	110.71	163.08	100.64

Now that, like the pie of four and twenty blackbirds, is a dainty dish to put before the King. There isn't a city in the lot where food, in its uncooked state at retail prices, costs as much *per capita* as government. Canny old Philadelphia—call her slow, if you like—is the most fortunate city in the list, for her government cost her only eighty-two cents a year *per capita* more than her food.

The figures are not far wrong, if at all. There are other measurements by which to check them. Let us, for instance, regard the farm value of the

chief crops of the United States which include, of course, all the farm products we export as well as those we consume. As detailed by the Department of Agriculture, those crops are:

Wheat, corn, oats, barley, rye, buckwheat, flaxseed, rice, potatoes both sweet and white, hay tame and wild, tobacco, cotton, cottonseed, clover seed, sugar beets, maple sugar, sorghum sirup, peanuts, beans, grain sorghums, broom corn, hops, cowpeas, soy beans, velvet beans, asparagus, snap beans, cabbage, cauliflower, celery, sweet corn, cranberries, cucumbers, lettuce, onions, green peas, spinach, strawberries, tomatoes, watermelons, apples, peaches, pears, grapes, and oranges.

The farm value of all these products was placed by the Department of Agri-

culture December 15, 1924, at \$9,479,902,000.

The cost of government for 1924 was \$10,260,000,000.

Whither, merry gentlemen, are we headed?

THE TREND OF GOVERNMENT COST

Let us examine the detailed cost of each form of government and, what is more important, perhaps, ascertain the trend of such cost during recent years.

In the case of the Federal Government, expenses for the year 1922, in round figures, were \$3,795,000,000. In

1921, before Washington had fully adjusted its affairs to post-Armistice conditions, the cost was \$5,538,000,000. In 1923, the cost of conducting the Federal Government's affairs was \$3,697,000,000; in 1924, it was \$3,506,000,000, and during the current fiscal year of 1925, the estimated cost will be \$3,534,000,000, including the cost of soldier bonus for the year.

For the coming fiscal year the estimated cost is placed at about \$3,268,000,000. Thus the reduction between 1922 and 1926 will have been more than \$500,000,000.

Now there are certain items entering into those figures which we should consider in our analysis. The chief of these items is the annual bill for interest on the public debt created almost wholly by the war emergency and for the retirement of a part of the principal. These may be called fixed items. True, some latitude is allowed in the second item, but none at all is allowed in the first.

These two main items and some minor ones, therefore, cannot be regarded as ordinary running expenses of government. They swell the tax bills whether Congress spends wisely or foolishly. Practically the only latitude allowed the national government lies in *ordinary* running expenses.

In that item both Congress and the President have exercised diligent economy. The President has led and Congress in the main has followed. Let us, then, examine the ordinary expenses of the Federal Government since 1921. Here is the record:

1921	\$4,088,000,000
1922	2,347,000,000
1923	1,938,000,000
1924	1,816,000,000
1925*	1,833,000,000
1926*	1,708,000,000

*Estimated.

It is seen that *ordinary* expenses of the Federal Government were cut about 55 per cent. between 1921 and 1924, inclusive. Moreover, the figures show that the trend is still downward. How

What did the state spend all this money for? For war debt? Hardly, for the financial burden of conducting the war fell on the Federal Government almost in full. For better government? Well—have you noticed an 88 per cent. improvement since 1917? For what, then, did the states spend the money?

has this been accomplished? The answer lies in one word: Economy. Because of economy, the Federal Government was able to reduce its taxes twice within three years and now contemplates a third reduction in the not distant future.

WASHINGTON'S ECONOMY PAINS

Few persons realize the severity of Washington's economy pains. The policy of Presidents Harding and Coolidge has been ably and efficiently carried out through the agency of the Bureau of the Budget which was established in 1921. General Charles G. Dawes, the first Director of the Bureau, stormed Federal extravagance with his wonted vigor; and General Herbert M. Lord, the present Director, carried on and extended the work as brilliantly as ever military campaign was planned or executed.

The two generals, Dawes and Lord, mopped up. At the first gathering of governmental chieftains—department, bureau, board and commission heads—ever called by the Bureau of the Budget, Dawes appeared on the platform with a new broom. Grasping that symbol of a clean sweep in his left hand and raising his right, he pledged himself to the smiling President to clear away the rubbish of extravagance from the halls of government. The assembled bureau heads tittered, and put it down to "Hell and Maria's" temperament.

Foolish bureaucrats! They have learned better now.

The National Government today is conducted with more scientific regard to its financial affairs than it has ever been

Thus, to sum up, it would seem that while the Federal Government, by a program of retrenchment and economy, is tightening its purse strings and reducing taxes, all other forms of government, taking each form as a unit, are increasing their expenditures and bidding taxes god-speed for higher altitudes. Our problem of tax reduction lies, therefore, not at Washington, which already has acquired the habit of cutting taxes, but in fields closer home; namely, our state and local governments.

conducted before. Economy at Washington is rigid; waste utterly taboo. The pity is that the budget is purely an executive budget and that it cannot be made obligatory on Congress to spend no other money except for grave emergency.

When a clerk cannot get a new lead pencil without turning in the stub of the old one, somebody is watching the details. That is the practice in the Bureau of the Budget itself. That sort of thing may seem petty—but we have enjoyed two tax cuts recently and a third seems likely soon. So when a man grows eloquent on extravagance at Washington, he simply doesn't know what he is talking about. Except for the propensity of an unterrified Congress to spend money, largely for pork, there is no extravagance at Washington. And if the President had the say, even Congress would economize.

LOOKING CLOSER HOME

At the risk of exceeding the space limit set by the editor, let's look into taxes closer home.

Take state taxes first. The Federal Trade Commission recently made an exhaustive survey of state and local taxes. It found, among other things, that state tax collections increased during the period of 1917 to 1922, inclusive, from \$4.24 *per capita* to \$7.98, or by \$3.74.

The *per capita* increase during the five years was more than 88 per cent.;

the actual dollar-and-cents cost of running state governments increased during the same period by almost 150 per cent., or from \$517,000,000 to \$1,280,000,000.

Since 1922 state expenditures have increased somewhat more slowly than they increased between 1917 and 1922.

	Collections per capita		Increase per capita	
	1917	1922	Amount	%
Arkansas	\$2.30	\$3.43	\$1.13	49.1
Oklahoma	2.60	3.56	.96	36.9
Georgia	2.30	3.56	1.26	54.8
North Carolina...	1.64	3.79	2.15	131.1
Tennessee	1.88	3.98	2.15	117.5
Alabama	2.32	4.32	2.00	86.2
South Carolina...	1.58	4.35	2.77	175.3
Missouri	2.17	4.44	2.27	104.6
Kansas	2.78	4.83	2.05	73.7
Mississippi	1.97	4.95	2.98	151.3
Kentucky	3.36	5.23	1.87	55.7
Illinois	4.14	5.97	1.83	44.2
Indiana	3.77	6.03	2.26	59.9
Texas	3.71	6.06	2.35	63.3
West Virginia ..	2.60	6.23	3.63	139.6
Ohio	3.05	6.79	3.74	122.6
South Dakota	3.02	6.83	3.81	126.2
Montana	6.30	7.31	1.01	16.0
New Mexico	3.34	7.33	3.99	119.5
North Dakota...	3.22	7.48	4.26	132.3
Pennsylvania ..	3.53	7.49	3.96	112.2
Idaho	2.74	7.51	4.77	174.1
Virginia	3.47	7.58	4.11	118.4
Nebraska	3.30	7.96	4.66	141.2
Florida	3.69	8.08	4.39	119.0
Maryland	5.42	8.35	2.93	54.1
Louisiana	4.13	8.89	4.76	115.8
Iowa	3.57	9.54	5.97	167.2
Massachusetts ..	6.52	9.65	3.13	48.0
Colorado	3.90	9.83	5.93	152.1
Rhode Island....	6.72	10.23	3.51	52.2
Wisconsin	5.57	10.58	5.01	89.9
Wyoming	5.43	10.79	5.36	98.7
New York	5.78	10.92	5.14	88.9
Vermont	7.78	11.12	3.34	42.9
Connecticut	10.99	11.52	.53	4.8
New Hampshire	4.40	11.66	7.26	165.0
Michigan	4.95	11.88	6.93	140.0
Minnesota	6.81	12.13	5.32	78.1
Maine	8.39	12.17	3.78	45.1
Washington	4.93	12.23	7.30	148.1
New Jersey	7.67	12.34	4.67	60.9
California	7.41	12.80	5.39	72.7
Utah	7.73	13.43	5.70	73.7
Oregon	3.77	16.17	12.40	328.9
Delaware	5.08	16.65	11.57	227.8
Arizona	7.29	17.27	9.98	136.9
Nevada	12.46	18.57	6.11	49.0
Average for con- tinental U. S.	4.24	7.98	3.74	88.2

But they have increased. It is fair to assume that in 1924 state tax collections were double the collections of 1917, measured in *per capita* terms. The Commission's comparison of *per capita* state collections in 1917 and 1922 is shown on opposite page.

The Commission's figures are slightly higher than those collected by the Census Bureau whose figures show a *per capita* collection of \$7.93 in state taxes in 1922. The Bureau's figures also place the *per capita* cost of maintaining the state governments in 1922 at \$11.82 which is \$2.79 *per capita* more than actual tax collections. The difference, in part, was made up of receipts from sources other than taxation; and in part was not made up at all, the states, almost without exception, having spent more in 1922 than they took in.

What did the states spend all this money for? For war debt? Hardly, for the financial burden of conducting the war fell on the Federal Government almost in full. For better government? Well—have you noticed an 88 per cent. improvement since 1917? For what, then, did the states spend the money?

In part the increase was due to higher prices of everything the state buys, including labor. Mainly, however, it was due to other things. Here is the comparative record of the way the states spent money in 1917 and in 1922, reduced to *per capita* terms:

In the beginning, I said that the bankers of America could do more to bring about tax reduction, perhaps, than any other class of citizens. There are two reasons for this: first, because the bankers in any community control, to large extent, the purse strings of that community. And since the problem of tax reduction is largely a local problem their influence on local finances is greater than that of any other class. The second reason is that bankers, as a rule, know more about finance than any other class of citizens. They know business principles—must know, or lose out. And the average elected official doesn't. If they will capitalize that knowledge by applying it to their local governments, taxes will fall.

Because of fractional differences the separate items add up \$11.83 and \$5.10, respectively.

WHAT ABOUT LOCAL TAXES?

Coming to local taxes, we find that expenses of communities of 30,000 and more inhabitants increased, according to the census bureau, from \$1,080,141,000 in 1915 to \$2,222,567,000 in 1922. These figures, it will be noted, do not include the expenses of some 13,000 incorporated units of less than 30,000 inhabitants each. The increase in the seven years is more than 100 per cent., and is still working upward to higher levels.

Item	1922	1917
Public improvements, including highways	\$ 2.94	\$.67
Interest on the public debt .....	.38	.21
Expenses of public service enterprises .....	.02	.02
Legislature, state officers, courts, elections, maintenance and rent of public buildings .....	.66	.45
Fire and police departments, regulating public service corporations, mine and factory inspection, immigration, prohibition enforcement, etc.....	.49	.30
Development and conservation of natural resources .....	.39	.19
Conservation of health, and sanitation .....	.20	.11
Maintenance of state highways .....	.98	.33
Charities, hospitals and corrections	1.50	1.02
Maintenance of schools and libraries	3.07	1.58
Recreation, educational and general .....	.02	.01
Pensions, judgments and losses, printing and stationery, and miscellaneous	1.18	.21
Total <i>per capita</i> spendings by states.....	\$11.82	\$5.08

There ought to be a national organization pledged to reduce local taxes—a nation-wide aggregation of big men with a big man at its head. Through such an organization, the cost of maintaining the city streets of Portland, Me., could be measured against the cost of maintaining the city streets of Portland, Ore. So could 1001 other common items of city expense. Such an organization should be sufficiently financed to enable it to maintain adequate field and research departments. Under able leadership it could work wonders with local taxation.

The writer has compiled, from Census Bureau returns, comparative governmental costs of forty-four cities (excluding New York) of from 50,000 to 800,000 population. In 1922 the cost of conducting their affairs was \$314,357,196; in 1923, it had mounted to \$336,560,082. Their combined population was 6,164,547.

County costs also have kept in step. Census Bureau estimates place county tax collections in 1922 at \$742,331,000 as compared with \$307,872,000 in 1912, an increase of 141 per cent. Such collections form about two-thirds of the total governmental expense. Thus county government in 1922 cost approximately \$1,114,000,000 as compared with \$461,000,000 ten years before.

The Federal Trade Commission, in its survey, attempted to compile comparative figures for 1917 and 1922 of all tax collections for local purposes (not including state taxes) throughout the country. This compilation is given below, the sums being stated in thousands of dollars; i.e., with final 000's missing.

Thus, to sum up, it would seem that while the Federal Government, by a program of retrenchment and economy, is tightening its purse strings and reducing taxes, all other forms of government, taking each form as a unit, are increasing their expenditures and bidding taxes godspeed for higher altitudes.

Our problem of tax reduction lies,

therefore, not at Washington, which already has acquired the habit of cutting taxes, but in fields closer home; namely, our state and local governments.

CAN LOCAL TAXES BE REDUCED?

Can local taxes be reduced? The best answer to this question is that *local*

State	1917	1922	Increase Per cent.
New York	465,427	495,658	6.5
Pennsylvania	182,157	238,487	80.4
Illinois	185,716	231,478	70.6
Ohio	111,581	231,378	107.4
Massachusetts	100,890	178,486	76.9
California	96,057	171,128	78.2
Michigan	61,018	151,571	148.4
New Jersey	59,250	119,911	102.4
Indiana	56,477	112,322	98.9
Iowa	56,584	104,789	85.2
Minnesota	50,762	100,962	98.9
Wisconsin	41,314	99,390	140.6
Missouri	65,720	84,340	28.3
Texas	52,628	80,577	53.1
Kansas	37,242	67,341	80.8
Washington	36,645	60,421	64.9
Nebraska	16,188	50,352	211.0
Connecticut	21,612	48,211	123.1
Oklahoma	25,148	47,380	88.4
Colorado	22,191	39,337	77.3
North Carolina	13,206	37,451	183.6
Louisiana	11,682	37,264	219.0
Oregon	20,118	36,584	81.8
Kentucky	18,950	34,586	82.5
Maryland	25,216	34,313	36.1
Tennessee	14,668	34,290	133.8
West Virginia	14,304	33,999	137.7
Georgia	22,876	32,157	40.6
Virginia	15,586	28,784	84.7
Mississippi	12,284	28,717	133.8
South Dakota	13,599	27,950	105.5
Florida	13,939	27,796	99.4
North Dakota	15,049	25,960	72.5
Montana	14,489	22,332	54.1
Alabama	12,845	20,023	55.9
Arkansas	10,691	18,638	74.3
Maine	9,947	18,683	87.8
Rhode Island	10,345	17,873	72.8
Idaho	4,793	17,238	259.6
South Carolina	7,787	16,892	116.9
New Hampshire	10,500	14,201	35.2
Arizona	5,222	14,091	169.8
Dist. of Columbia	8,365	13,290	58.9
Utah	8,024	12,948	61.4
New Mexico	4,086	9,063	121.8
Vermont	4,773	8,164	71.0
Wyoming	3,849	7,197	87.0
Nevada	3,326	4,918	47.9
Delaware	2,321	4,342	87.1
Continental United States	1,977,447	3,353,203	69.6

taxes have been reduced in some communities.

Among the states, Maine cut her *per capita* cost of government from \$20.80 in 1922 to \$19.05 in 1923—a good start for work which will show bigger results later on. New Jersey cut her costs from \$16.91 *per capita* in 1922 to \$14.67 in 1923; New York from \$13.32 to \$13.21; Oregon from \$35.81 to \$25.02; Tennessee from \$6.39 to \$6.07; Utah from \$19.08 to \$18.37; and Wisconsin from \$12.92 to \$11.70.

And among the cities we find similar *per capita* reductions in case of Youngstown, O., from \$56.24 to \$55.98; New Bedford, Mass., from \$62.49 to \$54.76; Salt Lake City from \$49.80 to \$48.89; Lowell, Mass., from \$50.52 to \$44.93; Kansas City, Kans., from \$59.50 to \$58.19; and Erie, Pa., from \$36.50 to \$35.21. There are others, but the foregoing are typical.

Baltimore did it, too. A year ago her mayor invited some of the leading taxpayers to devote as much of their time as they could to tax reduction. They did so. From him, be it recorded, they received 100 per cent. support.

They went to work. They spent more time at city hall than they did at their own offices and plants. They delved into city finances and methods, and payrolls and supply costs and debt. They worked for a year—worked, understand. And at the end of the year Baltimore's tax rate came toppling down 32 cents on the \$100. They saved the taxpayers including themselves \$2,500,000 by that year of effort.

That's one way to do it. Your mayor, the Governor of your state, is the key. Follow Baltimore's lead, if you will, but don't expect to attend a pink tea. Get acquainted with politics in its unwashed state, and don't be afraid of getting a little political dirt on your hands. That washes off, but high taxes don't.

TWO REASONS WHY BANKERS CAN HELP

In the beginning, I said that the bankers of America could do more to

The taxpayers have found leaders who have delivered them in large measure from the burden of Federal taxes. They are now looking for a Moses to lead them out of the wilderness of local taxes. To such a man, fame and honor beckon. Yes, even more; there is today no nobler work yet to be done. For tax reduction, though they know it not, means lightening the burden of the poor.

bring about tax reduction, perhaps, than any other class of citizens. There are two reasons for this: first, because the bankers in any community control, to large extent, the purse strings of that community. And since the problem of tax reduction is largely a local problem their influence on local finances is greater than that of any other class.

The second reason is that bankers, as a rule, know more about finance than any other class of citizens. They know business principles—must know, or lose out. And the average elected official doesn't.

If they will capitalize that knowledge by applying it to their local governments, taxes will fall.

Along with this, should go a campaign of local education. The banker should study local taxes and governmental costs. He should learn, in detail, how and why high taxes act as a brake on local business. Having learned this, he should tell it to his chamber of commerce, his civic association, his depositors. He should be able to point out to his borrowers just why they would not have to borrow if taxes were lower; or how their borrowings would be less.

The problem of tax reduction today is decentralized. That makes the task all the easier for local influences. There are about 13,500 cities, towns, and villages, about 3000 counties and forty-eight states to work on. In those communities we have the responsibility for increasing taxes.

There ought to be a national organization pledged to reduce local taxes—a nation-wide aggregation of big men

with a big man at its head. Through such an organization, the cost of maintaining the city streets of Portland, Me., could be measured against the cost of maintaining the city streets of Portland, Ore. So could 1001 other common items of city expense. Such an organization should be sufficiently financed to enable it to maintain adequate field and research departments. Under able leadership it could work wonders with local taxation.

A cut of one cent on the dollar would save local taxpayers not less than \$50,000,000 a year.

THE WELL-TO-DO MUST WAGE CAMPAIGN

But of this, be assured: any campaign to reduce taxes must be initiated, carried

on and financed by the well-to-do. The little fellow isn't interested. Taxes bore him. He is carrying proportionately the heaviest burden of all, but he doesn't know it. His taxes are invisible and it would take a college education to make him realize that they are there at all. Tax reduction won't get anywhere if left solely to him.

The taxpayers have found leaders who have delivered them in large measure from the burden of Federal taxes. They are now looking for a Moses to lead them out of the wilderness of local taxes. To such a man, fame and honor beckon. Yes, even more; there is today no nobler work yet to be done. For tax reduction, though they know it not, means lightening the burden of the poor.



Increase in Exports of Manufactures

ANNOUNCEMENT by the *Trade Record* of The National City Bank of New York that manufactures formed nearly two-thirds of the domestic exports of 1924, calls attention to the enlarged facilities of manufacture in the United States and the great supplies of manufactured material now originating in areas formerly looked upon as chiefly agricultural.

This suggestion of the *Trade Record* that manufactures formed nearly two-thirds of the domestic exports in 1924 is sustained by the official figures of the Department of Commerce which show that the great group "Manufactures Ready for Consumption" formed 35.30 per cent. of the total domestic exports of the calendar year 1924; "Manufactures for Further Use in Manufacturing" were 13.58 per cent. of the total, and "Food-stuffs Partly or Wholly Manufactured" 12.76 per cent. These three groups of manufactures, which aggregate \$2,772,000,000 in 1924, thus form over 61 per cent. of the total domestic exports which are officially set down at \$4,497,750,000. Manufactures ready for consumption totaled \$1,588,183,000 in 1924, those for use in manufacturing \$610,-

554,000, and manufactured foodstuffs \$574,037,000.

This big exportation of \$2,772,000,000 worth of manufactures in 1924 is in marked contrast with that of the year preceding the war when manufactures exported totaled but \$1,392,000,000, or practically one-half of that of 1924, while the records of the year 1900 show but \$805,000,000 worth of manufactures exported, or less than one-third that of 1924.

The official reports of the census of 1921, 1914, and 1900 show the value of manufactures produced in each of the three great sections, the Atlantic frontage, the Mississippi Valley, and the Pacific and Mountain States. In the Atlantic frontage the value of manufactures produced in 1900 was \$6,500,000,000, in 1914 \$12,500,000,000, and in 1921 \$22,500,000,000, these figures being, of course, in very round terms. The outturn of the Mississippi Valley division was in 1900 \$4,500,000,000, in 1914 \$10,000,000,000, and in 1921 a little more than \$18,000,000,000; the outturn of the Pacific Coast and Mountain States was in 1900 about \$500,000,000, in 1914 \$1,500,000,000, and in 1921 \$3,000,000,000.

How the Banker Can Promote Closer Personal Contact With the Farmer

Article III of a Series on the Agricultural Department of a Bank

By E. B. Harshaw

OF all methods of promoting business, personal contact with your customer or prospective customer is without doubt the best, and this contact is especially essential in the development of a bank's rural business.

Many avenues open to the banker to make this contact if he is alive to his opportunities. Granges, clubs and organizations of farmers for social and business purposes are multiplying, and the banker, if he attends these meetings in the right attitude, is always welcome.

Perhaps the best personal contact can be made by visiting the farmer on his own farm where he can talk his own language and where he will lay open to the banker his hopes, disappointments and ambitions. Under such circumstances the banker can be of real service to him.

The banker must create on the part of the farmer a confidence in himself and in his bank. Many successful plans have been used to create and develop this confidence and to establish a closer and more personal contact with customers.

Several of these plans will be found in this article; plans covering various sections of the country and different lines of agriculture. These plans show that the resourceful banker can discover his community's needs and the successful methods of meeting them.

PLANS WHICH HAVE WORKED

There have been many successful plans employed in carrying out the agricultural development of a community. Space does not permit the author to discuss all of these plans, but he has chosen from among them some which cover various sections of the country.

In Grayson County, Kentucky, near

the edge of the famous bluegrass district, the Grayson County State Bank and the Bank of Caneyville, together with the county agent, have been successful in improving the poultry industry of that section. In 1922 the two banks jointly financed the distribution of more than 1000 settings of purebred Barred Plymouth Rock and White Wyandotte hatching eggs to farmers, that a start might be made toward weeding out the scrub and mongrel poultry.

Since that time many farmers have had the pleasure of seeing purebred chickens on their farms for the first time. The development of this industry was brought about as part of the poultry standardization campaign by the state college extension division cooperating with the banks, produce houses and others interested. The idea of standardization was to get the farmers in the county to unite on one breed of poultry best suited to their region. Of course in some cases more than one breed is being raised.

To insure success, each farmer who standardizes begins by getting eggs from purebred flocks and thereafter confines himself to purebred fowl of the breed or breeds selected by his county.

The next step was to get all the counties in a section of the state to adopt the same breed, so that when it became a statewide movement there would be a few leading centers of the breeds being used in the work.

When the work began, the two banks in Grayson county financed and supervised the distribution of 20,000 eggs. As the office of county agent had not yet been established the banks themselves undertook the responsibility of getting things started.

The Grayson State Bank distributed 500 settings while the Bank of Caney-

ville distributed 540 settings. Only one setting was allowed each farmer. No payment was necessary. Instead the banks took a signed agreement to the effect that one pullet for each setting would be returned in the fall. Some of the farmers wished to keep the pullets, so they were allowed to pay a dollar instead for their settings.

The day on which the farmers were notified to bring their pullets in to the bank was a cold and damp one, but none the less 397 of them came to the Grayson State Bank with their chickens. Of the chickens turned in to the bank, 381 were sold as breeders, which shows that they were of good quality. Only sixteen were disqualified and had to be sent to the market because of marks of disqualification according to the standard set.

After the chickens arrived at the bank they were graded and placed in pens of five each. Then these pens were auctioned off at prices ranging from \$3.75 to \$11.75. The 381 chickens brought a total of \$366.25. The sixteen culls sold on the market for \$8 additional, while the farmers who paid cash for their eggs added \$41 to the revenue of the sale, making total receipts from the auction of \$415.25.

The Grayson State Bank spent \$325 for the eggs in the spring, \$15 more for advertising the distribution and the sale of the pullets, \$40 for delivery cartons for the eggs, and \$20 on the sale itself, making a total outlay of \$400. This left a profit of \$15.25 on the deal. However, the value of the work done by these banks cannot be estimated in dollars and cents. Of course the Bank of Caneyville financed the distribution of eggs in the same manner as the Grayson bank, but the president of the latter also offered \$50 in prizes for the best pullets brought in. The distribution of settings has gone on, and many of the pullets sold at auction have been used by other farmers as foundations for purebred flocks.

In Lexington, Kentucky, banks have figured in agricultural extension work

since it was started under the direction of the county agent. Accomplishments since that time, especially among farm boys, give an encouraging idea of what can be done for better farming when banks, county agents and farmers get together for co-operative effort.

In 1921, soon after the county agent was appointed, the three Lexington banks offered to co-operate in the work by lending any boy or girl in the county money with which to buy a purebred pig, provided the boy or girl entered the pig club which was being organized at that time. The cost of the pigs ranged in price from \$15 to \$35, and the money was to be paid back at the end of the year, with interest at 6 per cent. A contract showing this agreement was signed by the club members and their parents. About twenty boys and girls took advantage of this offer, and the banks loaned about \$500 for this purpose.

SOME INTERESTING EXAMPLES

Since that time marked advances have been made. Some of the examples are interesting. One instance is of two brothers who purchased a Poland China gilt and boar of the same breeding. That year they won more than \$100 in prizes on their pigs. This money was then re-invested in other animals, thus increasing their herd. The boys entered their animals at the Bluegrass Fair that year, and "brought home the bacon" in the form of many prizes.

Two other boys of the same community who were given a start at the same time through the co-operation of the banks, were not successful in showing their pigs the first year, but upon re-entering the club the next year they purchased a Poland China sow and boar. Their success that year was marked by the winning of \$120 in cash prizes, and several special awards.

Getting the boys and girls interested in this kind of work often instills enthusiasm in adults who have not been accustomed to having purebred stock on



Annual farm products display at the Freeport Bank and Trust Company, Freeport, Pa.

their farms. An example of this is shown by a little fellow 11 years of age who purchased a pig for \$20, borrowing the money from the bank. This pig presented the boy with nine little pigs, three of which he sold for \$15 each to other club members, while one of the boars was sold for \$25 to head a Poland China herd. With \$70 in cash, and five of the offspring left, the boy went further into the purebred pig business, and won many prizes. The uncle of the boy then became much interested in the work and commenced raising purebred animals.

While the winnings of the boys at the fairs have been gratifying, the big thing about the whole proposition has been the bank accounts the boys have been able to establish and the development of purebred herds. These are the most lasting effects of the work started through the co-operation of the banks.

The First National Bank of St. Petersburg, North Dakota, has been very active in work among the farmers. The bank imported many carloads of

cattle and also many sheep, which are distributed on the contract plan whereby the buyer applies one-half of the wool and lamb crop on the purchase price of the foundation stock. At the same time this bank assists its customers in buying better hogs, poultry and sires.

A GOOD COW OR NO COW AT ALL

"I'd like to borrow \$50 to buy a cow I saw yesterday," said a farmer as he walked up to the cashier of a country bank in Wisconsin. The cashier hesitated. "No, I can't lend you \$50 for a cow, but I'll let you have \$100 or \$125."

Astonishment was written in large letters over the face of the man seeking funds. He said, "Why, I can't afford to pay that amount for a cow. I'm rather hard up just now."

"If you can afford to buy a cow at all, you can afford to buy a good cow instead of a poor one," replied G. C. Youmans, cashier of the Dairy Exchange Bank of Neillsville, Wisconsin. Then he proceeded to explain why a

high-priced cow was cheaper than one costing only \$50.

He figured in this manner. "The average cow in Clark county in 1922 produced about 165 pounds of butterfat, which, valued at 50 cents a pound, makes \$82 as a year's income. Deducting the cost of feed this leaves a profit of only \$10 to \$13, and does not take into account the labor involved in the care of the animal, depreciation and other overhead expenses.

"Now," said Mr. Youmans, "can you afford to buy this kind of cow? A \$100 or \$125 cow will produce 300 to 350 pounds of butterfat. You can figure the profits for yourself."

Convinced of the profitableness of investing more money in one cow, the farmer left the bank with the funds in his hands.

He started paying for the animal with his first milk check, for that is the way his bank makes loans on livestock. One-half of the check goes to pay for the animal, while the farmer keeps the other half for expenses.

The directors of the Dairy Exchange Bank in 1920 began to see the possibilities of a dairy development in that community, so decided to get back of the movement. They felt that they should have an "outside" man who could meet the farmer on his own ground and counsel with him on his problems. They hired as cashier Mr. Youmans, who had not had any banking experience, but who did know farming. He helped organize the farmers into different associations, such as the cow testing association, etc.

In 1923 this bank shipped in 1000 tons of bran to be sold to the farmers at cost through a local dealer. Bran was then selling at about \$32, but the bank effected a saving of \$8 a ton, or an aggregate of \$8000, by purchasing in wholesale quantities. In many cases loans were made to the farmers with which to buy the feed.

One unique feature about this bank's work is that the cashier goes right out on the farms. He does not wait for the

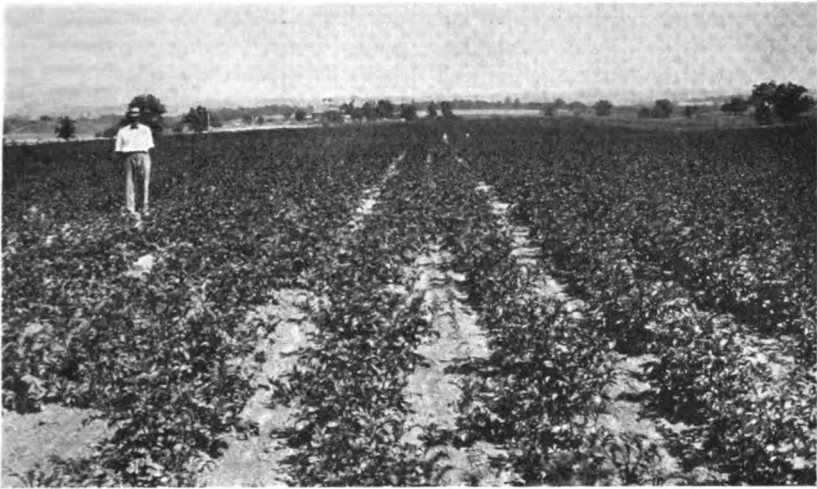
farmers to come in, but spends about three-quarters of his time in advising with the farmers, while other officers handle the regular business of the bank. Besides other activities a pig club was organized among the boys and girls. The bank furnished the money with which to buy the pigs, and two animals from each litter were returned to the bank in payment of the loan.

The Bank of Woodburn, Oregon, seeing the possibilities in its locality, adopted the motto "Service to a Farming Community," and quietly and effectively went about working out its plans. Its first endeavor was to cultivate a personal acquaintance with its customers and others living in the outlying districts, through personal visits by officers of the bank. Next, rooms were provided in the bank building for use by the farmers, in which to hold meetings of their commercial club or other organizations. Bulletin boards, on which crop reports and other information of interest to farmers were posted, were placed in the lobby.

GROWING CORN WHERE NO CORN GREW BEFORE

When the Bank of Woodburn started this work a general idea prevailed among the farmers that this region was not adapted to the raising of corn, but the bank thought otherwise. Upon securing a supply of acclimated seed corn it worked hard for an increased acreage of corn in that district, giving out a large amount of seed free of charge, so that now, through the growing of this staple, the section has gained a reputation as a corn country. Corn shows are held periodically in the bank lobby. A similar campaign was conducted for the raising of more and better potatoes.

The bank is also interested in better livestock, having financed the purchase of many head of purebred, and practically all scrub bulls have been eliminated from the region by this time. Customers were advised to keep records



Unusual foliage in a potato field, brought about by seed selection and judicious spraying. Hence larger potatoes in this field in Chambersburg, Pa. If the green is allowed to disappear the potatoes stop growing

showing the production and butter fat tests of all cows. To care for farmers who have only a few animals and therefore find it difficult or too expensive to belong to the Cow Testing Association, the bank has instituted a service to have milk tested at the banking rooms by the inspector, who visits the bank's quarters periodically.

The berry growers of this section had also been having difficulty, but the bank of Woodburn again came to the rescue by assisting in establishing a co-operative association for handling the berry crop, urging the local growers to market their fruits through the association. The bank aided the association in selling its crop by financing its holdings. It has also assisted the local cannery in establishing and conducting its business on sound business principals.

The bank has been working with the association in seeking to bring about a balanced berry crop of all kinds, instead of having a preponderance of one fruit. This would extend the season from early spring when the strawberries ripen to late summer when the ever-green blackberries come in, affording continuous employment to pickers and a maximum business to the cannery, with better returns to the growers.

The Fremont State Bank, Fremont, Nebraska, is rendering valuable service to farmers in its neighborhood. As an instance a man came into the bank in 1922 and asked for financial assistance. He had a farm rented for a year, but his statement showed that he was about bankrupt; that he owed about \$1200 more than his equipment was worth. Further credit had been refused him in his own bank, and he was about ready to sell out his equipment, applying the proceeds of the sale to the payment of his debts.

The bank's service man went with this man to his farm and after an examination decided that with a half dozen cows and ten brood sows the farmer would be able to use his pasture and intended corn crop to advantage. A loan of \$1200 was made to him for this purpose, the bank taking a chattel mortgage on the stock purchased as its security. They admitted that ordinarily such a loan should not be made, but as the farm was close to town and the stock could readily be re-sold, they were willing to give the man a chance.

At the end of the year, the records showed that the farmer's family had been well maintained on half the cream checks; the other half had been applied

on his \$660 note at the bank, covering the loan for the cows. Five days before the year was up the principal and interest on the note were entirely paid by cream checks. The pigs afforded a net gain of \$1400 after all expenses were paid. In this way the bank made a prosperous farmer out of one who was discouraged and might otherwise have given up.

The Fremont State Bank maintains an agricultural department which, during the first year of operation, was instrumental in bringing in more than 1000 dairy cows. In the fall of 1923 it bought direct from a range in Wyoming and shipped to its customers, 15,000 lambs. Bought on the markets they would have cost from one to three cents more per pound, but by this method the bank saved its customers at least \$15,000 on these lambs in purchase price alone. This was three times the cost of the department for a year, although the direct profit went to the customers.

While this bank has financed the purchase of many head of livestock for its customers, this has only been done on the most conservative basis, involving as little risk as possible. Yet from 1921 to 1923 the deposits of the bank jumped from \$375,000 to \$1,300,000, as evidence of the growing prosperity of the community and their faith in the bank.

"What am I offered for thirty bales raised by thirty boys on thirty acres?" The auctioneer stood on top of the bales of cotton piled in the public square at Griffin, Georgia. He was selling at public auction the cotton crop raised by thirty club boys in Spalding County. The first bale went for 37 cents a pound, the next few at around 36; the average for the thirty was 37 cents, with a market at that time of less than 33 cents.

The bale sold at the highest price, 50 cents, was raised by a little boy who developed blood poisoning and died a few days after the work was finished. His family picked the cotton and, at the special request of the county agent, entered the bale in the sale. The buy-

ers did not know to whom the bale belonged when bidding for it.

At the start, the county agent wanted to organize a cotton club not only to interest the boys in cotton raising and farming, but to emphasize the fact that more cotton could be grown per acre in the county by proper care. In this work he secured the co-operation of the Savings Bank of Griffin, which in turn secured the backing of the other banks in Griffin to finance the boys.

A COTTON GROWING CONTEST

Thirty boys, averaging twelve years of age, entered the cotton club. Each boy rented an acre of land from his father for \$5—land that was not likely to be free from the boll weevil. The boys planted good seed, cultivated frequently, and fought the boll weevil. The club grew into a business organization conducted by the boys themselves along the most businesslike lines. They kept complete records of all business transactions, without assistance from their parents, made their own notes at the banks, and discharged their own obligations. Without security, the banks loaned to the boys \$750, and after paying the notes and interest, each boy had about \$132 for his acre of cotton. Twenty new savings accounts were started. In addition, however, to making a profit for themselves, the boys also taught some of the farmers how to grow cotton successfully under boll weevil conditions.

In the fall these thirty acres were planted to wheat, in accordance with the tenets of diversified farming which was being advocated, and after the wheat, soy beans were planted for hay.

The Griffin banks are working for better agriculture in their county. While they took a keen interest in the work of the boys' club in the production of cotton, they were also interested in a cotton growing contest originated by the president of the Griffin Banking Company. Mr. Nichols, the president, helped sixty-one farmers to grow two

bales of cotton where only one grew before, and his bank gave \$540 in prizes. His object was to stimulate production of cotton on smaller acreage, to encourage the farmers to adopt more scientific methods, and to learn from the results what methods of poisoning, fertilizing, and variety of seed would give the best results. As a consequence, three times as much cotton was picked in 1923 in Spalding County as in previous years.

To celebrate the awarding of prizes a farmers' day was held, bringing the cotton growing contest to a happy close. The court house was used to display the wide variety of farm products raised in the county, proving to the people that a new spirit had taken hold of the farmers of the community.

Since the writer is located in Pennsylvania he feels more familiar with the work in that state than in any other, and will therefore give several examples of banker-farmer co-operation in that state.

DEVELOPING FRUIT GROWING

In a letter from A. M. Johnston, secretary and treasurer of the Freeport Bank & Trust Company, Freeport, Pennsylvania, regarding the fruit development work of his bank, Mr. Johnston says:

"I became interested when I came to Freeport in 1901, and first bought a farm of about 120 acres. I tried to handle it through 'renters,' but found this an uphill job, so sold most of it, keeping some ground on which I planted my orchard. With some assistance from my neighbors I did all the planting, pruning and spraying, and it was not long until I found this orchard attracting more attention from the farmers than I had anticipated—especially so when we began to spray. I was besieged with inquiries as to kinds of trees, methods of pruning, and when to spray, so that later, when the fruit began to appear—not only on my own trees, but on the trees of others who were in-



Fifty-two peaches on a two-year peach tree near Freeport, Pa. This tree was cultivated under the development program of the Freeport Bank and Trust Company

terested in my methods—this fruit was brought in and exhibited in the bank lobby. This was the beginning of the 'fruit exhibit' which we hold regularly every fall from October 1 to December 1, but instead of fruit only, we have everything from peanuts to pop-corn, and the lobby is generally full most of the time.

"During the past few years the women of the town have taken an interest in the exhibit by bringing in flowers of all kinds, everything from small bouquets of roses in the early fall to large fancy exhibits of the now popular flower, the dahlia. I was surprised to learn last season that we had a number of people who were making a hobby of this flower. One woman living in the county makes a part of her living growing and selling the finest varieties of the dahlia, and she brought in several large exhibits of the flowers, the beauty of which I did not think could be excelled, and the like of which I had never dreamed of."

The writer recently went to visit a peach orchard near Freeport, where some wonderful fruit is grown. He took a picture of a little peach tree, planted just two years, which, though only in its second growing season, bore

fifty-two of the finest large peaches. Two small children standing at the side of this tree were almost as tall as the tree, and a man who stood in back of the tree was easily a head taller, showing how small a tree it was to bear so many peaches.

A few years ago the Grove City National Bank, Grove City, Pennsylvania, financed the purchase of a large high-power spraying outfit and organized a "spray group" in the rural district. This sprayer is used not only for fruit, but also for potatoes, and it is kept in action all through the spring and summer seasons. It has proved a great incentive not only to fruit growers but also to potato growers, and all are very enthusiastic over the results obtained during the past three years.

With his orchard as his passport, the writer joined the "Grange," a farmers' organization, in order to keep in touch with the farmer and his needs. This membership has proved helpful in many ways. At the first meeting after a recent agricultural committee tour he had the pleasure of giving the Grange an address on what was said and learned on this trip, which seemed to please everyone. He also gave them a talk on "The Bankers' Interest in Agriculture."

The writer learned that the organization was buying its seed potatoes, spray material, and fertilizer, in carload lots, principally through the "State Grange" sources, but having to pay cash on receipt of the bill of lading. While trying to interest local dealers in this trade, enabling the farmers to get the benefit of the same prices through local channels, thus holding the business at home, the Grove City National Bank financed these cars during the time it took to unload, deliver and collect the several amounts necessary to cover.

The writer is now planning, as has been done in a small way during the past two or three years, to buy fruit trees for the farmers in wholesale lots, thereby saving the excessive cost of small orders and freight charges. This

will also take some financing, which will be handled by the bank.

The Butler County National Bank of Butler, Pennsylvania, employs an agricultural agent, and the work which that bank is doing toward the improvement of agriculture in Butler County is worthy of mention.

During the past two years this bank has co-operated with the county agent in placing ten carloads of cattle among the farmers, and since that time has sold four carloads of cattle out of the community.

DISTRIBUTING SEED POTATOES

During the past two years the Butler County National Bank has also distributed 16,500 bushels of seed potatoes. A potato club has been organized among the boys and girls of Butler County. The club has certain standards and regulations. Each member must plant at least four bushels of disease-free seed potatoes brought from Michigan. The business men of Butler furnish four bushels of seed to the new members of the club with the understanding that each boy will return six bushels of well graded potatoes to the business man from whom he obtained the seed, after digging time. The boys may purchase their own seed if they care to.

This bank, through the co-operation of the county agent and the dairy extension department of State College, has organized a bull association plan. The bank itself owns seven purebred bulls, but it receives no profits from the association. One authority has stated that this is the best plan he has ever seen for the small breeder.

This bank also paid out \$795 for sending 157 boys to State College for Potato Field Day, and of course the benefits derived from these expenditures are worth much more to the boys than the money expended.

In Franklin County, Pennsylvania, dairying has increased since 1921, when the farmers were able to interest the Supplee-Wills-Jones Company in local-

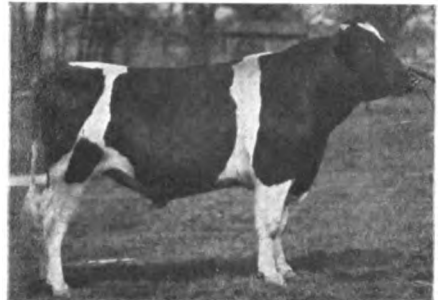
ing receiving stations at Waynesboro, Mercersburg and Chambersburg. The farmers up to this time had been getting too little for their milk supply. After the new market had been located in the district the price received for their milk rose from \$1.30 in 1921 to \$2.65 per hundred in 1923. With the increase in the price received for milk, the farmers began to see good prospects in the dairy industry. The amount of money the farmers in the vicinity received for their fluid milk in 1923 was \$1,420,600, while in 1921 they received about \$300,000. The dairy herds are increasing, the farmers are cleaning up their barns, building silos, testing for tuberculosis, raising alfalfa, and are interested in producing high-test, clean and sanitary milk.

The bankers of this section have been instrumental in encouraging and fostering such a development.

During 1923 the potato acreage of Franklin County was largely increased when some 10,000 bushels of disease-free seed were shipped in. The crop, however, was only fair on account of weather conditions, but in nearly every case it proved profitable to the farmer to grow potatoes, and during the last two years more potatoes were raised in Franklin County than consumed, which had not been the case for many years prior to that time. In 1921 the average yield of potatoes per acre for this county was 67 bushels. This had been increased to 206 bushels in 1923. Seven growers produced 400 bushels per acre, one farmer produced 520, while another raised 560 on experimental acres. In 1923 about 120,000 bushels were produced, which were disposed of at prices ranging from 75 cents to \$1.25 a bushel. One farmer netted \$6,000 from 38 acres. A potato growers' association has been organized, and members are standardizing their potatoes according to the requirements of the United States Bureau of Markets. Potatoes are shipped in new, clean sacks, 150 pounds to the sack, and marked Franklin County Potato Growers Association.

INTRODUCING TOMATO GROWING

Tomato growing was introduced into this county by the H. J. Heinz Company of Pittsburgh, and last year's experiment with tomato growing was so satisfactory to both the Heinz Company and the growers that 2300 acres have been contracted for the year 1925 at \$15 per ton delivered. The Heinz Company has purchased 200 acres adjoining Chambersburg, and is now erecting a



A double grandson of Sir Pietertje Ormsby Mercedes, owned by the Butler County National Bank, Butler, Pa. His two nearest dams average 128 pounds of butter per year

large plant for the manufacture of ketchup. Later on the plant will be enlarged to take care of other products such as apples, berries, etc. This plant, when completed, will have cost about \$350,000. About 100 people will be employed the full year, and about 400 people during the tomato season from August to October. Basing the production of tomatoes on last year's experience, the average yield should be eight tons per acre, or 18,400 tons from 2300 acres which, at \$15 per ton, would amount to \$276,000 to be paid to the growers. This would average \$50 per acre after paying all expenses, including labor.

This has all been made possible by the hearty co-operation of the banks with the farmers, and through the leadership of the Chamber of Commerce and business men who have been interested.

One outstanding development has been reported from Potter County,

Pennsylvania. The farmers of Potter County for a long time have been specializing in growing disease-free potatoes, but always had more or less difficulty in marketing their product. A very successful co-operative marketing organization was formed. The banks,

being heartily in support of the movement, financed the construction of a large modern potato storage warehouse at a central point, and in two years the additional profit from this system netted enough to pay the cost of the warehouse.



The Responsibilities of Prosperity

Extracts from an Address by James H. Perkins, President of The Farmers' Loan and Trust Company, New York, at the Annual Meeting of the Bond Club, Detroit, Michigan, February 4, 1925

WE find ourselves opening the year 1925 with a sound, intelligent national administration, with the rest of the world stepping out of the slough of war; and with our financial, industrial and agricultural plant in better shape than ever; and the question which presents itself to us is how we shall act under these circumstances so that we may make the most of them for ourselves and for those institutions to which we owe loyalty and our best efforts.

One word as to what those institutions are. In the first place, every man in the financial world owes loyalty to the people of the country because the people of the country have by their action at the last election expressed confidence in the leaders of the business world, as well as confidence in the leaders of the political world.

Instead of reveling in the unbounded prosperity which universal opinion tells us is ahead, I am going to ask you to recall that it has been in times of prosperity in the past that the greatest errors in business judgment have been made, just as it is in these years that business has tended to become careless in its methods and sometimes casual in its ethics. Prosperity has its responsibilities no less than its joys.

If we accept the triumph of conservatism and the prophecy of prosperity as only starting points upon which consideration of the immediate and future problems of business must be based, we shall make fewer mistakes in the coming months. What is business going to do in the next few years to justify the popular support of business men's struggle for the attainment of conservatism in our national government? And now that we have prosperity, what are we going to do to justify the earnest pleas for it which we have put forth?

Perhaps at first thought it seems unnecessary for conservatism and prosperity to justify themselves. But this is not so. All policies are judged, and hence live, only in

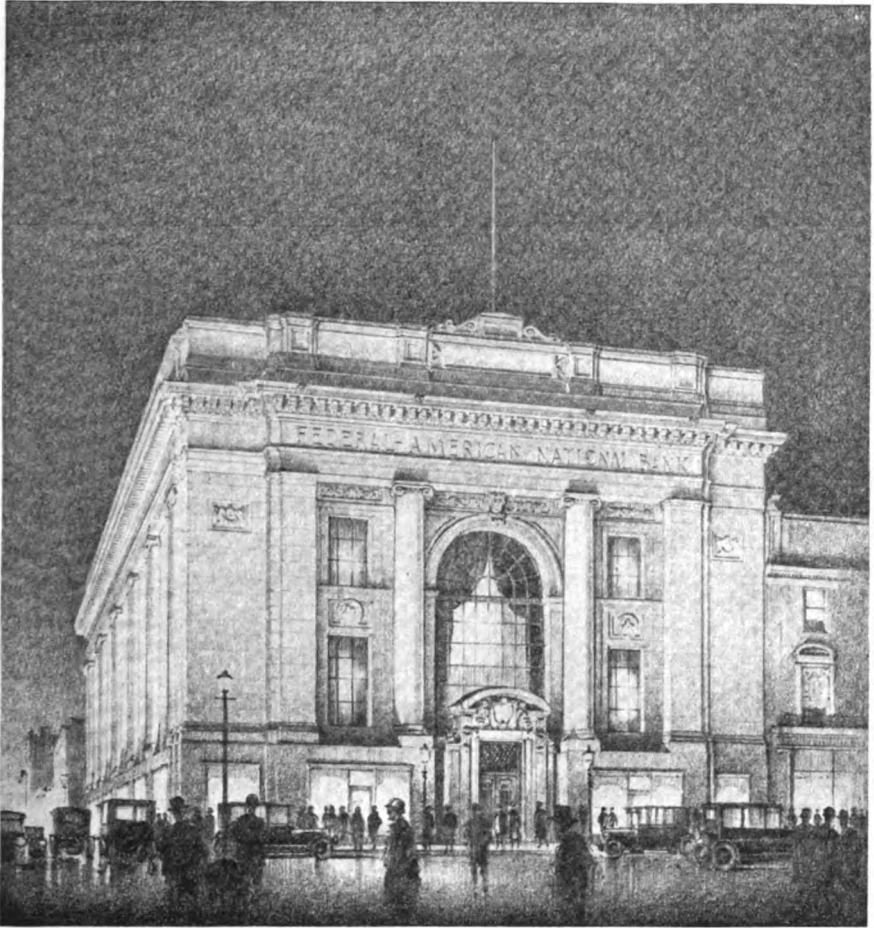
accordance with the extent to which they are of real use to the average citizen. The same is true of conservatism, as we know that word, and of prosperity, as we understand its meaning. In both cases "the proof of the pudding is in the eating."

The question of the future, therefore, which should interest us most is, what are American business men going to do with conservatism and prosperity now that they have them?

If the men of power and authority and intelligence in this country conduct themselves over the next few years in a way which will be constructive for the public good, if they will increase their power to serve the people of the country and act in a manner which will appeal to the sense of fairness and honesty which the people possess so strongly, there is no reason why we should not look forward to a long era of great prosperity, of great national usefulness and national happiness.

If, on the other hand, certain elements in our country consider the present situation as an approval of all the operations which have gone before, and they use this opportunity now as a time for feathering their own nests, or conduct themselves without regard for the public welfare and public service, then we must be prepared for a national indignation, the consequences of which might do indescribable and permanent harm.

Business has so radically improved its ethics and conduct that the need is not so much for avoidance of ethical pitfalls as for advance in the economic utility and social value of industry. Our great masses have come to be so dependent upon regular production and the free flow of production and commerce that they are quick in judgment of failure, and almost savage in their condemnation and penalties. They will be equally ready to reward success that promotes the general welfare.



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Announcing Another Prize Contest

THE BANKERS MAGAZINE to Conduct Another Competition for the Best Essays on Modern Banking Problems—Open to All—Percy H. Johnston, Melvin A. Traylor and J. F. Sartori to Act as Judges—\$500 in Prizes to be Awarded to the Winners—Rules of the Contest

IN order to encourage the serious study of some of the problems of present-day banking, **THE BANKERS MAGAZINE** announces the offer of \$500 in prizes to be awarded the best essays written on any subject now engaging the attention of the banking and business interests of the country.

THE BANKERS MAGAZINE has been exceedingly fortunate in securing as judges three distinguished bankers—each the executive head of an important banking institution in three different sections of the country. These are: In New York, Percy H. Johnston, president of the Chemical National Bank; in Chicago, Melvin A. Traylor, president First National Bank; in Los Angeles,

J. F. Sartori, president Security Trust and Savings Bank.

Although contestants will not be restricted to any particular topic or list of topics, the following titles are suggested in order to give an idea of the type of subject which is recommended:

Can American Banks be Made Safer; And if so How?

What Are the Sources of a Bank's Popularity?

What Are the Causes for the Relative Gain of the State Banks as Compared with the National Banks?

What Are the Problems Involved



PERCY H. JOHNSTON
President Chemical National
Bank, New York



MELVIN A. TRAYLOR
President First National Bank,
Chicago



J. F. SARTORI
President Security Trust and Sav-
ings Bank, Los Angeles, Calif.

JUDGES OF THE PRIZE CONTEST

- in Organizing a Trust Department?
- How May the Bank Clerk Become a Bank Executive?
- What Are the Services of the Federal Reserve Banks to their Members?
- What Can the Bank Do to Convert Small Accounts Into Big Ones?
- What Are the Functions of the "Old Business Department?"
- Should the Foreign Department be Organized for Service or Profit or Both?
- What is the Bankers Part in the Taxation Problem?

As previously stated, contestants need not confine themselves to the topics suggested above, but all of the papers submitted should be concerned with some problem which has to do with banking either directly or indirectly. Papers will not be judged on their literary merits but rather on the contribution which they make to constructive thought on any chosen topic, and the practicability of the solution which they offer for the problem involved.

The complete rules of the contest follow: Be sure to read carefully.

RULES OF THE CONTEST

All those who expect to enter the contest should immediately register their name and address with the Contest Editor.

Papers may be on any topic pertaining to banking, but should in all cases offer a practical solution for some problem with which banks and bankers are concerned.

Papers are limited to 5000 words. They may be shorter, provided that the subject is thoroughly covered. Ideas should be expressed clearly and concisely, and without the use of unnecessary words.

All papers must be typewritten.

They should be mailed addressed to the Contest Editor, THE BANKERS MAGAZINE, 71 Murray Street, New York, not later than July 1, 1925.

Papers should be signed by a nom de plume and be accompanied by the name and banking or business connection of the writer on a sheet separate from the article. The name of the writer should not appear on the article itself, as it will not be known to the judges until after the awarding of the prizes.

THE BANKERS MAGAZINE reserves the exclusive right to the publication of all articles submitted, it being understood that all articles accepted for publication will be paid for whether they win a prize or not.

THE PRIZES

For the best paper.....	\$200
For the second best paper.....	150
For the third best paper.....	100
For the fourth best paper.....	50
For each article accepted for publication, but not awarded a prize	25

For any further information with regard to this contest, inquiries should be directed to the Contest Editor, THE BANKERS MAGAZINE, 71 Murray Street, New York.



Trust Companies Conference

Teter Points Out Vast Growth and Importance of Companies.
Thornton, Sisson, Hopkins and Anthony Among Speakers

WITH resources totalling \$16,000,000,000 now under control of the trust companies and with \$60,000,000,000 to \$70,000,000,000 in life insurance estates falling due in the next thirty years, the importance of fiduciary corporate services in the United States is of first magnitude, involving heavy responsibilities, said Lucius Teter, president of the Trust Company Division of the American Bankers Association, and also president of the Chicago Trust Company, presiding at the annual banquet of trust companies of the United States, held under the division's auspices at the Hotel Commodore, New York, during the companies' sixth mid-winter conference on February 18-19. Mr. Teter said, in the course of his address at the banquet:

"Twenty-five hundred trust companies have sixteen billions of resources, and sixteen hundred national banks have qualified to do a trust business. The importance of the corporate trustee is of first magnitude, particularly when it is borne in mind that the resources of these corporate fiduciaries are only a fractional part of the financial operations which they have a part in managing. It is, therefore, of importance, first, how we acquit ourselves of this responsibility, and, second, what the public, whom we serve, think of us.

"The Trust Division in its thirty years of existence has given careful attention to the training of trust men and has encouraged the public to understand and use trust company service. We believe that as the great corporation providing transportation takes the place of the individual stagecoach owner of the earlier day, just so does the suitably capitalized, well-manned corporation acting in a fiduciary capacity properly take the place of the trusted and honored individual trustee of former days.



LUCIUS TETER

President Trust Company Division, A. B. A., and
president Chicago Trust Company, Chicago

IMPORTANCE OF A PROFESSIONAL POINT OF VIEW

"It is an important part of our task so to conduct these institutions that no one will misunderstand their character or feel that their great influence is at any time misdirected. To that end it seems to me that we must insist upon a professional point of view. If the management of trust company business is not a profession, it should head the list of businesses in which professional ideals dominate. It would seem desirable for the trust company or national bank which is developing a fiduciary department to keep in mind that there is something more than commercial profit to be considered."

Sir Henry Worth Thornton, K. B. E., chairman and president of the Canadian National Railways, whose address at the annual banquet followed that of President Teter, speaking of the resources of Canada, and the very large stake in securities which the people of the United States held in the Dominion, said in part:

"The people of the United States have a very large stake in the Dominion of Canada, in federal, provincial, and municipal securities. You have invested in our country a no less sum than \$723,000,000. This is eloquent testimony to the sound creation of the securities in which you have invested in Canada, but this by no means represents the total investment on the part of the United States citizens and United States banking institutions in the Dominion. In mining stocks, in hydro-electric plants, in lumber, pulp, paper, and other industries, the people of the United States have invested with Great Britain in the sister democracy across the border \$5,000,000,000, truly a stupendous sum, and this excites the examination of collateral which from time to time is the unpleasant task of bankers.

"What collateral has the Dominion of Canada to offer for the very large investment you have made in our country? First I would put fertile soil, which produces annually a wheat crop which averages, through a period of years, at least three hundred and fifty million bushels. Indeed, the total value of the products of Canadian soil is represented by the sum of one billion five hundred thousand dollars. And next there are the products of the forest, our pulpwood and all of those things which come from the manufacture of various products which find their source in timber of various sorts. Third I should place our mines and great mineral resources. These mineral resources in 1924 produced \$214,000,000, and we haven't scratched the surface. The untold mineral wealth of the Dominion of Canada passes the conception of most of

us who have failed to study the subject. Certainly it passes the conception of most of the citizens of the United States. Canada today is the third greatest gold-producing country on the face of the earth, and with recent developments which have occurred in northern and western Quebec, I venture to predict that in the course of from five to ten years, the production of today will be trebled. Fourth I should put the great resources of Canadian fisheries, both by sea and from internal waters. Fifth, there are the great water power resources of Canada, a water power which has but partly been developed, which today produces a value of \$290,000,000, and which within five years, I am confident, will produce an annual value of at least \$500,000,000. And then, sixth, I should put a courageous, thrifty population, living under stable conditions of government and animated by the same traditions which are characteristic of the great people of the United States. Lastly, we have an adequate transportation system, both by land and water, to bring the production of the soil, the forest and the mines and the labor of the hands of the Canadian people to that adequate and large market which lies just across the border."

HOPKINS REMARKS ON PRESENT DAY PESSIMISM

President Ernest M. Hopkins of Dartmouth College spoke at the annual banquet of the pessimistic attitude of the present day. He said in part:

"An occasion like this offers a good antidote to the cult of pessimism of the present day. Sometimes I am not quite sure that one can be thought mentally competent unless he radiates discouragement about the present and despondency about the future. This arises, of course, from the experiences of the past decade. Society, which had long blindly believed that all inevitably must be right, suddenly found itself the victim of its own lack of foresight. Subsequently, it would seem, mankind has since talked

little except about those subjects which make for gloom. On the whole, doubtless, this is preferable to a generalization that nothing can be improved, but it has its danger in that by repeated suggestion it tends to create a mental state in conformity with that which it forebodes.

"It then is well for us to remember that with all its weaknesses and faults, civilization has developed to a stage where men can guarantee and justify a confidence which may be reposed in them, and where trusts can be established and protected and held inviolate from one generation to another, and to the good of countless individuals, to the advantage of numberless institutions and to the enhanced stability of society as a whole.

"Man lives a legatee of the past and an heir of the future, creating, conserving and transmitting. Hence, it comes about that trusts are possible and associations are needful for perpetuating these, whether these be accumulations of material values, of intellectual values, or of spiritual values. And thus we come to consideration of such institutions of society as the bank, the college and the church, and to a realization that a common principle lies behind all of these."

At the opening session of the conference on February 18, at which over 1000 representatives of trust companies were present, Francis H. Sisson, vice-president of the Trust Company Division and also vice-president of the Guaranty Trust Company of New York, who presided, said that the period of prosperity which the United States is entering emphasizes the duties and responsibilities of the trust companies in investing wisely the wealth entrusted to their care and in conserving it against the time when a less active period of the business cycle develops.

Mr. Sisson told of the inauguration of the trust companies conferences five years ago for the purpose of bringing together representatives of this type of



FRANCIS H. SISSON

Vice-president Trust Company Division, A. B. A.,
and vice-president Guaranty Trust Company,
New York

banking for the discussion of problems involved in handling the financial interests committed to their care.

"The Trust Company Division of the American Bankers Association," he said, "is making a very definite contribution to the economic welfare and happiness of the people of our entire country."

LIFE INSURANCE TRUSTS

The question of life insurance trusts was discussed by Leslie G. McDouall, assistant trust officer, Fidelity Union Trust Co., Newark, New Jersey, and Edward A. Woods, vice-president of the Equitable Life Assurance Society of Pittsburgh. Mr. McDouall is a member of the committee on life insurance trusts of the Trust Company Division which has been engaged for some time in promoting co-operation between life underwriters and trust companies.

He told of the hazards reducing a man's estate, such as unwise stock investment on the part of his heirs and shrinkage due to inheritance taxes. He pointed out that it is estimated that over a billion dollars a year is lost in the

United States through fraudulent stock selling operators and also told how inheritance taxes "eat the heart out of an estate." Mr. McDouall went on to describe the value of life insurance trusts in conserving estates for the benefit of the heirs in a way to insure the maximum of benefit to them. Mr. Woods described the co-operation that has been developed between life underwriters and trust companies in keeping property intact after death.

"Let us co-operate and teach Americans to die at par," Mr. Woods said, "Life underwriters can co-operate by urging people to make wills and by telling America what trust companies can do, explaining the economy and wisdom of trust company administration and the close relationship between trust companies and life underwriters. Trust companies conserve estates and they can co-operate by advocating the making of wills, business administration of estates, sufficient life insurance to safeguard assets, consultation on investments and the creation of life insurance trusts."

TRUST COMPANIES PLAN CO-OPERATION

Dr. Alfred Williams Anthony, chairman of the committee on financial and fiduciary matters of the Federal Council of the Churches of Christ in America,

told the conference at the second day's session that church authorities controlling billions of philanthropic endowment funds and spending twenty-five million dollars annually, were looking to the trust companies for advice in regard to the proper financial management of these funds.

"We are concerned," he said, "with the long haul viewpoint of sound investment for these endowment funds. These funds present a great field for trust company services. The trust companies are custodians of securities and we are moving in the direction of looking more and more to them for advice in regard to the sound distribution of investments. The church organizations and the trust companies have a common basis of interest in regard to wills leaving philanthropic endowment funds, and they can promote the making of such wills by calling attention to the fact that the churches, as expert administrators of philanthropic funds from the point of view of charity, and the trust companies as experts from the point of view of financial management, are co-operating for the best results. The organizations represented in the Federal Council of the Churches of Christ in America are making every effort to put their houses in order in the administration of philanthropic funds."



What Thrift Means

By Ralph Parlette

EVERYBODY must have food, clothing and shelter not only today but tomorrow. So far, not half of the people provide for themselves for tomorrow. Then the thrifty must either carry the thriftless on their backs or teach them to walk on their own financial feet. By teaching them to walk, the thrifty lighten their own load and make the thriftless happier. I used to think that thrift meant saving pennies, but I am discovering that it means saving time, saving talent, saving opportunity, sav-

ing character, saving happiness, saving homes, saving the country, saving civilization.

One of the greatest reasons for the wrecking of homes today is the extravagance and the mad effort to keep up a front. But when a family gets to running on a budget and saving something out of each pay-check, it begins to take new heart and forge ahead. The joy comes in the homestretch of stretching a little salary over a big budget.

Thrift is the best charity. Go into the

countries where the people are most accustomed to giving alms, and the land seems alive with beggars. They swarm about the traveler, and half the population seems to be helpless from having been helped so much. But go into the countries where the people are taught to be thrifty and frugal, and you will find them happy and progressive and almost no beggars to be helped. So the best help is to teach the people to help themselves. And that applies in the home of the rich man as well as in the street with the poor. There are rich beggars as well as poor beggars, and they all go to the same wreck. Nobody, rich or poor, can ever get anywhere, save on his own legs. Everyone must go on his own feet to his own heaven or hell.

Thrift is the only cure for destructive radicalism and the only salvation for the country. Who are these revolutionists who rant before gaping throngs on the street about overturning the existing order of things that has evolved through the ages of upward development, just as the steam-engine, the telephone and the auto have evolved? The machinery of civilization has been developed by these ages of toil and achievement. Where it breaks or hitches, we must adjust it and improve it. But who are these people who want to wreck it? They are for the most part people who are so impractical they have not been able to take care of themselves, and they preach about taking care of the nation! They are so unthrifty they have nothing, and therefore have nothing to lose in wrecking civilization, but may grab something in the catastrophe, just as the ghoul gets busy when the disaster comes. The surest way to cure them—and they are sick, unhappy and need curing—is to get them to being thrifty and saving their own wrecks.

So wherever you go, you see the thrifty rising and the wasters falling. The wasters fill our asylums, our almshouses and our jails. The savers carry the load of taxes to support them. Were there no savers there would be no country to save. Wastefulness robs us of money—but that is the smallest thing about it; wastefulness robs us of strength, ability, opportunity, career and character.

We may not reclaim all the wasters of later life, though we should keep on trying. Build them infirmaries and vote them old-age pensions, if necessary—out of the

pockets of the thrifty they have derided down among the bright-lights. But let us go to every schoolhouse and head off the next generation before the wasteful habits start—train the children to be thrifty. To reading, writing and 'rithmetic—the "three R's"—add thrift as the first study, and continue it up through every grade.

TEACH THE REAL THRIFT

And teach most of all the real thrift—the thrift that teaches spending as well as saving. Financial institutions lay themselves open to ridicule when they talk only of saving and accumulating. That is very important, but to teach only this would be to make us a nation of misers, skinflints and tightwads. I would far rather my boy would become a prodigal than a miser. The prodigal sooner or later wakes up in his pigpen and rags, thinks upon his ways, discovers he is full of husks like a human mattress, and hies himself back to his father's house of wisdom while he has a few teeth left to eat the veal. But the poor old miser simply starves himself all through his life. The juice dries up in him, and he goes like a golden mummy into the tomb of starved oblivion.

No! Let us teach the thrift of right spending as well as of right saving. Thrift means *thriving*. Saving is just the first step in thrift; it is getting the means to be thrifty with. Now handling the money so as to be sure of today and tomorrow and to develop ourselves, is the real thrift. In other words, thrift is self-development. We save money where it will develop us, and we spend money where it will develop us. We refuse to save and we refuse to spend where it will not develop us. The only reason why we lay up money for the future is that we shall always be sure of the means of self-development, for ourselves and our dependents. I saw the advertisement of a financial institution the other day that gave me a genuine thrill. It said: "Do you know how to spend? Ask our service station."

The unthrifty business may run to make all the profits now and hoard them or spend them, but sooner or later it finds itself impoverished like a worn-out farm. The thrifty business will spend almost prodigally to improve its machinery and eliminate waste. As the years pass it thrives. So it is with the individual.

Playing the Game

By Richard W. Saunders

WHILE business is more or less of a battle, it can be also viewed as a game with the contestants striving to win, not only for the material reward, but also for the enjoyment of the struggle. To cultivate skill for the game's sake, to distance competitors for the joy there is in it—that is what makes many a business man loth to quit the game, even when he has achieved a pronounced success.

Among the odds and ends outside an old bookstore, the writer recently found a little volume called "Whist Nuggets." The price was but five cents, rather low for a nugget. The book was purchased and has taken its modest place upon a shelf among many somewhat more costly neighbors. A casual inspection of his newly acquired volume was enough to show its present owner how many of the rules and comments applied not only to the game of "whist" but to the larger game of life as well.

It would be interesting to dwell upon the book's allusions to the older name of "Whisk" and to show how, earlier still, the predecessor was a game mentioned by Rabelais and Shakespeare called "la Triumphe" which word later was converted into "trump." One writer states the game "is called whist from the silence that is to be observed in the play." This comes close to our maxim of silence being golden.

But chiefly interesting are the sentences here and there in the book which have a double meaning applying equally to the game and to life.

"After the game has begun, the time for thinking has passed. As soon as a card is led, it is the time for action, the time to bring your previously acquired knowledge to bear." We might for "thinking" substitute planning or learning, as the entire book carries out the thought that all the important rules can

be learned, and followed, and that play need not be haphazard or variable, but the rules should be applied to the cards in hand and the degree of skill in one's partner or adversaries. It is the old rule of taking all necessary time in planning, but striking hard when the time comes.

"Habitual hesitation, also, is a very grave fault." This hardly needs comment, for in business life many men have reached relatively high positions but could not rise higher due to delay in making decisions. "Leave it with me while I think it over" clutters up the desk of many an executive. Given the correct facts, a decision can usually be quickly reached by the trained mind.

Finally, here are the attributes ascribed to the great whist player:

"The great whist player must have patience, charity, forgiveness, forbearance, promptitude, considerable readiness in emergency, fortitude under calamity, a clear faculty to calculate probabilities, an admirable memory, and a spirit at once self-reliant and trustful. Not alone must he be graced by these bright endowments, but be bland in manner, and a courtier in demeanor and be able to exercise every one of these qualities at the moment of requirement, showing himself at the self-same instant of time mature in thought, quiet in action—a Murat in pursuit, a Massena in resistance, and a D'Orsay in politeness."

This seems a little ponderous to expect from a man playing a card game, but surely we have a right to demand a great deal from men holding responsible positions in the great game of business. It is something to win, yes—but to win with the respect and esteem of even our adversaries—that is the biggest thing and the one that really gives zest and interest as we go on playing the game.

Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

1810



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SIGNIFICANT of the commercial and financial progress of Miami and vicinity is the completion and occupancy during the past month of the first unit of the above building, with all offices rented. Contracts have been awarded for the second unit which will be ready for occupancy in the fall.

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Banking and Commercial Law

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

Payment of Check to Impostor

Bank of Italy v. First Bank of Kern, California District Court of Appeal,
231 Pac. Rep. 44.

THERE have been a number of cases in which one person wrongfully impersonates another and succeeds in obtaining a check payable to the other's order. In such cases it has generally been held that the indorsement of the impostor is binding upon the drawer; that is, if the check is paid, the drawer cannot hold his bank liable on the ground that it was paid on a forged indorsement. And the bank, likewise, is not permitted to recover the money from any bank or person by whom the check was collected and who received the money in good faith. The theory is that the drawer intended the check to be indorsed and collected by the person to whom he delivered it.

A slightly different situation was presented in the present case and it was held that the collecting bank was liable. The facts show that the Bank of New South Wales issued a draft on a San Francisco bank, payable to E. D. T. Smith. The draft was stolen from the mail and was never received by the payee. It was presented to the plaintiff bank at Fresno, Calif., by a person who claimed to be Smith. The plaintiff refused to cash it but accepted it for collection and gave the impostor a receipt which recited that it was a letter of advice only and not to be construed as creating any credit. The impostor later presented this receipt to the defendant bank at Bakersfield, Calif., and requested that bank to collect the proceeds of the draft from the plaintiff. The defendant forwarded the receipt to the plaintiff and the latter sent back to the defendant bank its cashier's check, payable to the order of Smith. The impostor indorsed the check in the name of Smith and the defendant collected it and paid the proceeds to him.

In this action, it was held that the plaintiff bank was entitled to recover the amount of its cashier's check inasmuch as the payee's indorsement was a forgery. The court in-

timated that the result might have been different if the plaintiff bank had delivered its cashier's check to the impostor direct instead of sending it to the defendant bank. In that event, liability might have been placed on the plaintiff bank on the theory expressed above that it intended its check to be indorsed and collected by the person to whom it was delivered, irrespective of his identity.

Action by the Bank of Italy against the First Bank of Kern. Judgment for defendant, and plaintiff appeals. Reversed.

OPINION

CONREY, P. J.—Action to recover an amount paid by the plaintiff to the defendant on its indorsement of a cashier's check issued by the plaintiff, which check was cashed by the defendant for an impostor who forged the indorsement of the payee's name thereon.

The case was submitted to the court below on an agreed statement of facts. As thus shown, the facts are as follows: The Bank of New South Wales issued its draft drawn on the Crocker National Bank of San Francisco, payable to the order of E. D. T. Smith. This draft was mailed to Smith at St. Helena, Calif. It was stolen from the mail and was never received by Smith. Thereafter a man, unknown to plaintiff, presented said draft to plaintiff at Fresno, Calif., where he represented himself to be the payee, indorsed thereon the name of E. D. T. Smith, and requested that plaintiff cash the same. Plaintiff required this man (hereinafter called the impostor) to identify himself as the payee. This he failed to do, and then requested plaintiff to receive the draft for collection, and stated that on payment of the draft to plaintiff he would identify himself as the payee thereof. Thereupon the plaintiff received the draft for collection and issued to the impostor a receipt showing that the draft had been received by plaintiff for collection from the drawee. Plaintiff indorsed the draft, and sent it to the Crocker National Bank, which paid the same and remitted the proceeds to plaintiff. The receipt issued by plaintiff to the impostor described

the draft, and after stating that it was received for collection for account of E. D. T. Smith, further stated:

This is intended as a letter of advice only, is not negotiable, and is not to be construed as establishing, directly or indirectly, any credit.

Thereafter the impostor presented said receipt to the defendant First Bank of Kern, at Bakersfield, and requested that defendant obtain for him from the plaintiff the proceeds of said draft. Defendant forwarded said receipt to the plaintiff, and requested plaintiff to pay to it the proceeds of the draft. Responding to this request, the plaintiff issued its cashier's check, which was (quoting the agreed statement of facts) "payable to the order of E. D. T. Smith, being the same person as the payee of said draft hereinbefore mentioned, and payable to no other E. D. T. Smith, or other person whomsoever, in the sum of \$846.65, being the amount of the proceeds of said draft," and forward the same to defendant. The defendant received said cashier's check and delivered it to the impostor, who indorsed thereon the name of the payee thereof, to wit, E. D. T. Smith. The indorsement of the name of the payee, E. D. T. Smith, upon said draft was forged, and said indorsement was made by said impostor. The said person to whom the defendant delivered said cashier's check, and who indorsed the same, presented said cashier's check to the defendant and requested defendant to cash the same.

At the time when the impostor presented said receipt to the defendant, the teller of the defendant asked him why he did not receive the amount of the draft in Fresno. In reply he made statements (which are contained in the agreed statement of facts), which satisfied the teller that he was the identical person named as payee in the Australian draft. When the cashier's check was paid to the impostor, he was paid in cash \$500 and he deposited the balance with defendant in a commercial account. Thereafter he withdrew substantially all of the money. After paying the amount of this cashier's check to the impostor, the defendant indorsed the check and sent it through banking channels to the plaintiff. The plaintiff, relying on the indorsement of the defendant, and relying on the guaranty of the defendant of the indorsement of the payee of the check, duly paid the amount thereof. Thereafter, upon discovery that the indorse-

ment of the payee was forged, the plaintiff notified the defendant thereof, and demanded that the defendant repay the total amount of the check, and offered to return the check to the defendant. Defendant refused, and has not repaid said amount or any part thereof to the plaintiff. Prior to the commencement of this action demand was made upon the plaintiff by the Crocker National Bank of San Francisco and by E. D. T. Smith that plaintiff pay to them the amount of said draft issued by the Bank of New South Wales, upon the ground that the indorsement of the payee on said draft was forged and was not the indorsement of the payee thereof. In response to such demand the plaintiff made the required payment.

On the statement of facts, the substance of which has been set forth herein, the case was submitted to the superior court, which rendered judgment in favor of the defendant. From that judgment the plaintiff appeals.

Appellant contends that it was not bound to pay to defendant the amount of its check on a forged indorsement of the payee's name; that having paid it to the defendant as indorser under the circumstances stated, it is entitled to recover from the defendant, which by its indorsement guaranteed the genuineness of the purported indorsement of the payee. Respondent, on the other hand, contends that for two reasons it is not liable to the plaintiff: First, because respondent paid the cashier's check to the person that appellant intended should receive payment; second, because appellant is by its own acts and conduct estopped from recovering from respondent.

The first of these points is answered by the statement of facts, which admits that the check was issued by the plaintiff payable to the order of Smith, being the same person as the payee of the draft "and payable to no other E. D. T. Smith or other person whomsoever."

The estoppel contended for by respondent is based upon the claim that by issuing its receipt for the draft, and delivering such receipt to the impostor, plaintiff enabled the impostor to deceive the defendant, and thereby led the defendant into the justifiable assumption that it was authorized by the plaintiff to pay the amount of the cashier's check to the same person who had presented to defendant the plaintiff's receipt. We think that there is no merit in this claim. The receipt established no right whatever. It was merely evidence that the draft had been

placed in custody of the plaintiff for collection, and that when collected the proceeds would be payable to E. D. T. Smith, the owner thereof. This was emphasized by the further statement in the receipt that it was not negotiable, and was not to be construed as establishing, directly or indirectly, any credit. Such a receipt or letter of advice could not give to any other bank or person authority to assume that the holder thereof was the E. D. T. Smith to whose order the draft was payable. That this was clearly understood by the defendant is shown by its own conduct when it questioned the impostor and examined his statements and the other evidence which he presented (as shown in the statement of facts), before it complied with his request that it collect from plaintiff the proceeds of the draft.

In 22 A. L. R. at page 1228 et seq., there is an annotation under the title, "Who Must Bear Loss as Between Drawer Who Delivers Check to an Imposter and One Who Cashes or Pays It Upon Latter's Indorsement." This note classifies numerous cases on the subject, including those discussed by counsel in their briefs in this case. It should be observed, however, that in the case at bar the drawer of the cashier's check did not deliver it to the impostor, but did deliver it to the defendant. The only argument against the plaintiff in this respect is directed to the fact that it delivered the receipt to the impostor. The majority of the cases wherein it appeared that the check was delivered by the drawer to the impostor have been decided against the drawer of the check. In those cases it was held, in effect, that under the circumstances shown, the impostor's subsequent indorsement of the paper in the name by which the payee was designated therein is to be regarded as a genuine indorsement so far as the rights of subsequent parties who deal with the paper in good faith are dependent thereon.

But we are of the opinion that there is nothing in the conduct of the plaintiff herein which brings it within the theory or the rule of those decisions. Section 3104 of the Civil Code of California reads as follows:

When a signature is forged or made without the authority of the person whose signature it purports to be, it is wholly inoperative, and no right to retain the instrument, or to give a discharge therefor, or to enforce payment thereof against any party thereto, can be acquired through or under such signature, unless the party against whom it is

sought to enforce such right is precluded from setting up the forgery or want of authority.

In *Tolman v. American National Bank*, 22 R. I. 462, 48 A. 480, 52 L. R. A. 877, 84 Am. St. Rep. 850, the court quoted a section of the Negotiable Instruments Act of Rhode Island, which is identical with our Civil Code, section 3104, and said:

This statute covers this case. * * * Waiving the question of forgery, about which the cases we have cited differ, the signature in this case is clearly one "made without the authority of the person whose signature it purports to be," and therefore it is "wholly inoperative." This being so, the defendant cannot justify its action under it, there being no evidence of any conduct by the plaintiff to mislead the defendant and so to estop his present claim. As the case stood, the plaintiff had ordered money paid to Haskell. The bank had not so paid it. The fact that the plaintiff had been imposed upon did not relieve the bank from its duty to see that the money was paid according to order.

So here, since in our opinion the issuance of the receipt does not constitute evidence of any conduct by the plaintiff sufficient to mislead the defendant, and since there is no other evidence of conduct of plaintiff tending to mislead the defendant, we find in the case nothing that can estop the plaintiff from relying upon its right to protection against a payment of the check not made according to its terms; that is to say, not made upon the order of the genuine E. D. T. Smith.

The judgment is reversed.



Bank Paying Check on Unauthorized Indorsement Liable to Payee

Kentucky Title Savings Bank & Trust Co. v. Dunavan, Court of Appeals of Kentucky, 266 S. W. Rep. 667.

The fact that an agent has authority to sell property on behalf of his principal and to receive a check in payment, does not authorize him to indorse the principal's name upon the check. One who receives a check indorsed under such circumstances assumes the risk of the agent's having actual

authority to indorse and transfer the check, and if the check is paid by the drawee bank, the bank will be liable for its amount to the payee.

The plaintiff placed real property in the hands of a real estate agent for sale. The agent negotiated the sale and received a check, drawn on the defendant bank, payable to the plaintiff's order, in payment. Acting without authority, he indorsed the plaintiff's name on the check and wrote his own name thereunder, followed by the word "Agent." He deposited the check to his credit in his own bank and it was collected from the defendant drawee. The agent appropriated the proceeds. It was held that the bank was liable to the plaintiff for the amount of his loss.

Action by Rufus Dunavan against the Kentucky Title Savings Bank & Trust Company. From judgment for plaintiff, defendant appeals. Affirmed.

Helm Bruce and Bruce, Bullitt & Gordon, all of Louisville, for appellant.

D. Moxley, of Louisville, for appellee.

OPINION

McCANDLESS, J.—Dunavan owned two small houses and lots in the city of Louisville. Aside from taxes, these were free from incumbrance. Arnold owned a farm in Bullitt county, which was incumbered by mortgage lien to the extent of \$1600, due the Louisville Title Company. He had listed this farm for sale with Etheridge, a real estate dealer. Etheridge negotiated a deal with Dunavan for the exchange of these properties. The parties mutually executed a writing in the nature of a title bond, by the terms of which Arnold exchanged the farm for the two houses and lots, deeds to be executed when Arnold secured a release of the lien on the farm. Each delivered possession to the other. In addition to this, it was agreed that Arnold might sell one of the lots for the purpose of securing funds to pay the lien debt on the land, and that, if he did so, Dunavan would execute deed therefor to the purchaser.

Arnold listed the lots with Etheridge for that purpose, and he negotiated a sale of one of them to Martin at the price of \$1700. Of this sum, Martin gave a check for \$300, payable to Etheridge, and arranged with the Kentucky Title Company, hereinafter known as the Title Company, to examine the title, giving it the remaining \$1400, to be paid the

vendor on the delivery of the deed, if title was satisfactory. Thereupon a deed was prepared for this lot from Dunavan to Martin, and Etheridge carried it to Dunavan, who executed it and delivered it back to Etheridge. At the same time, Dunavan executed a deed to Arnold for the other lot and delivered it to Etheridge.

Etheridge carried the Dunavan deed to the Title Company, and the latter received the deed for Martin and executed and delivered to Etheridge a check for the sum of \$1400, drawn in favor of Dunavan on the Kentucky Title Savings Bank & Trust Company, hereinafter called the Savings Bank. Etheridge wrote Dunavan's name on the back of the check, and his own name, followed by the word "agent," and deposited it and the \$300 check he had received from Martin to his own credit in the First National Bank. Twenty days later Etheridge gave his personal check on the First National Bank to the Louisville Title Company for the sum of \$500, to be credited on the Arnold mortgage.

The Louisville Title Company credited \$400 of this on the Arnold note, reducing it to \$1200; the other \$100 was reserved for interest and taxes. The Title Company, the Savings Bank, and the First National Bank were all housed in the same building, and were under the same management. Shortly thereafter, Etheridge committed suicide, leaving an insolvent estate. Dunavan was not advised as to Etheridge's transactions subsequent to the execution of the deed, but the facts were developed in a suit between Arnold and Dunavan, in which it is indicated that Dunavan was unsuccessful. At any rate, about one year after Etheridge's death Dunavan filed this action against the Savings Bank, alleging the issue of the \$1400 check on that bank, payable to his order by the Title Company; that this was upon a sufficient consideration; that the Title Company had a sufficient amount to its credit in the Savings Bank to pay the check; that the check was delivered to Etheridge without plaintiff's knowledge; that Etheridge had no authority from him to collect the check, and the Savings Bank paid the check to Etheridge on his forged indorsement of plaintiff's name, and returned it to the Title Company, all without his knowledge or consent.

The answer denied that the payment to Etheridge was without authority from plaintiff, and affirmatively pleaded that Dunavan

authorized Etheridge to act as his agent in the indorsement and collection of the check, and this was controverted.

Upon the trial, defendant assumed the burden, the facts appearing substantially as above set out. The court gave a peremptory instruction to the jury to find a verdict for plaintiff in the sum of \$1200, which was accordingly done. Defendant, in addition to its motion for a new trial moved the court for a judgment in its favor non obstante veredicto. This was refused, and it appeals.

It is conceded that the purpose of the Martin transaction was to procure a release of the lien on the Arnold farm; that Dunavan executed the deed to Martin and delivered it to Etheridge, with the understanding that Etheridge would collect the consideration from Martin, and pay off the lien debt or deliver it to Arnold, who would pay it off; that Dunavan did not know the check was being drawn in his favor, or learn of that fact until long afterward. It is argued that really Dunavan had no interest in the check, and that, so far as he had an interest in the transaction, Etheridge was authorized to act for him, and he was thus authorized to collect the check.

This argument is not impressive. It is true that Arnold was primarily liable for the lien debt but Dunavan was also indirectly liable so long as the lien remained. In this he was protected, so long as he retained the legal title in the lot. When he conveyed that title, he surrendered the protection thus afforded and became vitally interested in the consideration paid. True, he was careless and confiding, and Etheridge had an opportunity to collect the consideration in cash from Martin. Indeed, if the Title Company had issued the check to Etheridge, perhaps Dunavan could not complain, but the Title Company, in a businesslike way, protected his rights, and he was thus constituted the legal and rightful owner of the check.

Etheridge unquestionably had a right to accept the check payable to Dunavan, but this did not authorize him to indorse Dunavan's name thereon. The indorsement itself gave notice that Etheridge was assuming to act as agent. *Mitchell v. First Nat. Bank*, 203 Ky. 770, 263 S. W. 15. Our statute, section 3720b19, provides:

The signature of any party may be made by an agent duly authorized in writing.

This and similar sections have been construed in a number of cases, and uniformly

held to be mandatory. *Inter-Sou. L. I. Co. v. First National Bank of Hazard*, 178 Ky. 95, 198 S. W. 563; *Finley v. Smith*, 165 Ky. 445, 177 S. W. 262, L. R. A. 1915F, 777; *Robinson v. Bank of Winslow* (Ind. App.) 85 N. E. 794; *Jackson Paper Co. v. Commercial Bank*, 199 Ill. 154, 65 N. E. 186, 59 L. R. A. 657, 93 Am. St. Rep. 113; *Burstein v. People's Trust Co.*, 143 App. Div. 165, 127 N. Y. S. 1093; *Dispatch Packing Co. v. Nat. Bank of Commerce*, 109 Minn. 451, 124 N. W. 286, 50 L. R. A. (N. S.) 74.

Clearly, the Savings Bank acquired no title to the check by this transaction. The question to be determined is whether this gave a cause of action to Dunavan against it. Appellant insists that it did not, for the reason that the check in question was never accepted or certified by the bank. In this it relies on the following provisions of the statute, *supra* (section 3720b185):

Section 3720b185: A check is a bill of exchange drawn on a bank payable on demand. Except as herein otherwise provided, the provisions of this act applicable to a bill of exchange payable on demand apply to a check.

Section 3720b189: 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.

Section 3720b182: The acceptance of a bill is the signification by the drawee of his assent to the order of the drawer. The acceptance must be in writing and signed by the drawee. It must not express that the drawee will perform his promise by any other means than the payment of money.

Section 3720b194: Where an acceptance is written on a paper other than the bill itself, it does not bind the acceptor except in favor of a person to whom it is shown and who, on the faith thereof, receives the bill for value.

In considering these sections, we have held that, in the absence of a written acceptance, the drawee bank is not liable to the holder of a check for the non-payment thereof, but that in such cases the cause of action exists in favor of the holder as against the drawer; also that the drawer may sue the drawee bank for failure to honor his check, where he has on deposit a sum sufficient to meet it, but there is not such a privity of contract between the parties as will authorize the holder to sue the bank. *Ewing v. Citizens' Bank*, 162 Ky.

551, 172 S. W. 955; First National Bank v. Hargis, 170 Ky. 690, 186 S. W. 471.

As stated, Dunavan did not learn of the check until after the above transactions, and when he demanded payment thereof of the Savings Bank this was refused. It had not been accepted in writing; and from this appellant argues that the facts in the case fall within the principle laid down in the Ewing and Hargis cases, *supra*, and cites *B. & O. R. v. First National Bank*, 102 Va. 753, 47 S. E. 837; *Elyria Savings & Banking Co. v. W. B. Co.*, 92 Ohio St. 406, 111 N. E. 147, L. R. A. 1916D, 433, Ann. Cas. 1917D, 1055, and *Hunt v. Sec. State Bank*, 91 Or. 362, 179 P. 248, as authority for holding that, under the facts, no cause of action existed in favor of Dunavan against the bank. It is further argued that, by the provisions of section 3720b145, "presentment for acceptance must be made by or on behalf of the holder * * *" and, by section 3720b72, "presentment for payment * * * must be made by the holder, or some one authorized to receive payment on his behalf" and, by section 3720b190, "'holder' means the payee or indorsee * * * or the bearer" and "'bearer' means the person in possession of a bill or note which is payable to bearer."

That if Etheridge had no authority to act for Dunavan, he could not present the check for acceptance, and as the check was not payable to bearer, and as he was neither the payee nor the indorsee, he was not the holder, therefore he could not have presented the check for payment; consequently sections 3720b136, 3720b137, relied on by appellee as showing an implied acceptance, do not apply. Those sections read:

Section 3720b136: The drawee is allowed twenty-four hours after presentment in which to decide whether or not he will accept the bill; but the acceptance, if given, dates as of the day of presentment.

Section 3720b137: Where a drawee to whom a bill is delivered for acceptance destroys the same or refuses within twenty-four hours after such delivery, or within such other period as the holder may allow, to return the bill accepted or nonaccepted to the holder, he will be deemed to have accepted the same.

There is much force in the argument advanced, and the authorities cited are entitled to serious consideration, but, without entering into a discussion of the relative merits of the conflicting cases, or an

elaborate discussion of the statutory provisions, we will be content to state our conclusions and cite some of the authorities in support thereof.

A check can scarcely be presented for payment without an acceptance or refusal in the ordinary sense, and when presented for payment, if without a refusal the drawee bank should take and hold it for an unreasonable length of time, it might thereby render itself liable thereon, but we cannot agree with appellee that this would constitute an acceptance under the provisions of sections 3720b136 and 3720b137, which refer alone to presentment for acceptance, and conclude that there was no technical acceptance of the check, either express or implied.

However, Dunavan was the legal owner of the check. The drawee bank had on deposit to the credit of the drawer sufficient funds to pay it. That bank received the check, admitted its genuineness, and admitted liability thereon by appropriating the funds of the drawer to its payment, and charging it to the drawer's account, thus assuming entire control over it, and retaining it from the rightful owner. Not only that, but months afterwards, when this suit was brought, it denied all allegations as to the forger's culpability, and affirmatively pleaded that he had authority to indorse and collect it, thus still asserting its right to the check as against the true owner. Clearly this constitutes a case of conversion, and, as it has appropriated funds, deposited to meet it, to the payment of the check, it becomes liable to the owner for that amount for the conversion, independent of the statute. *Barnes v. Cunningham*, 193 Ky. 742, 237 S. W. 375; *L. & N. v. Cit. & People's Bank of Pensacola*, 74 Fla. 385, 77 So. 104, L. R. A. 1918C, 610; *Crahe v. Mercantile Savings Bank*, 295 Ill. 375, 129 N. E. 120, 12 A. L. R. 92; *U. S. P. C. Co. v. U. S. National Bank*, 61 Colo. 334, 157 P. 202.

Complaint is made that the court allowed appellee a recovery of \$1200. As the original check was \$1400, and Etheridge gave his check for \$500, if the latter was paid out of the former the recovery should have been only \$900. However, as we have seen, all the institutions were under the same management, and permission was given appellant to file a statement of Etheridge's bank account, if it desired, and it failed to do

so. That account might have shown the fund on which the \$500 check was drawn, and, as Etheridge had collected \$1700 in this transaction, we cannot say that this \$500 was paid out of the proceeds of the \$1400

check, and that the court erred in placing the credit as he did.

Perceiving no error, the judgment is affirmed.

Whole court sitting.



The Penalty of Too Easy Terms

By J. H. Tregoe

Executive manager National Association of Credit Men

A CAREFUL analysis of commercial failures leads first to a segregation into three general classes: (a) where the failure was brought about by premeditated fraud; (b) where the failure was brought about by circumstances beyond the control of the debtor, and (c) where the failure was the result of conditions that made the full liquidation of debts impossible.

Now, take the third class. Were we able to get at the exact reasons for each failure the surprise would be very great in discovering that the first germ of disease was cultivated by indulgence. Just as the human body eventually succumbs to a final explosion that results from what seems at first to be only a small indulgence, so in defunct enterprises the final explosion that we term the failure, may have resulted from an indulgence that appeared at first inoffensive.

An indulgence full of potentiality for harm is making the fulfillment of terms too easy. When the athlete is preparing for a race, everything is to be avoided in the way of diet and habits that may soften his muscles, affect his wind and decrease endurance—so in the business enterprise, the race for success calls for the living up to rigid rules. Wherever the rules are not lived up to and the neglect is glossed over or encouraged, the chances of success are decreased and the dangers of failure increased.

Most credit executives or executives in other departments of a business would consider it hard-hearted or unbusinesslike to insist strongly upon the fulfillment of terms. Ease of terms may be considered by them as a builder of business, instead of a builder of commercial fatalities.

If through the indulgence or neglect of foresight, some one should be brought into distress, the concern and regret would be poignant. If it were possible for credit executives to dissect the remains of dead enterprises and discover how small indulgences have led to serious fatalities, they would resolve that for the good of business and for the safety of the enterprise nothing is more necessary than the fulfillment of terms—even though at times the exaction of fulfillment may seem inconsiderate and unkind.

My own observations lead me to believe that of the failures not premeditatedly engineered or brought on by causes beyond the control of the debtor, indulgence in terms has been the first step in the eventual blowing up of the enterprise and the consequent disappointment of those who have pinned their faith to it and honestly intended to make it a success. Credit executives must not allow sympathy to overcome prudence to the extent that we can induce our debtors to meet terms no matter how hard the effort must be. To that extent we are solidifying business and avoiding failures.

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

MARCH 1925

Mid-Winter Conference of Financial Advertisers' Association Decides to Publish an Advertising Text-book

THE Mid-Winter Conference of the directors of the Financial Advertisers' Association was held at the Congress Hotel, Chicago, February 15 and 16. One of the most important decisions reached was to publish a text-book on modern financial advertising.

The work of preparing the text-book will be entrusted to about forty bank advertising men who are specialists in the features of advertising about which they will write. The book will cover every kind of financial advertising, and will be divided into chapters devoted to the various subjects.

A board of three editors is to be appointed by E. H. Kittredge, president of the Financial Advertisers' Association. It will be the duty of the board to compile and unify the various contributions of the writers.

The extension committee of the association, Robert J. Izant, chairman, met with the directors. The text-book idea was the recommendation of the extension committee, whose purpose is to suggest lines of activity for the association to follow. The directors formally approved the text-book suggestion.

It is hoped the text-book will have been prepared and be ready for formal approval at the convention of the Financial Advertisers' Association to be held at Columbus, Ohio, next October.


A special research committee of the extension committee was appointed at the meeting to co-operate with the board of editors of the text-book in the obtaining and preparation of material. Paul L. Hardesty, publicity manager of the

Union Trust Company, Chicago, was appointed executive chairman of the research committee. Divisional chairmen to serve under him were appointed as follows:

Division on appropriations—Col. A. C. Rogers, publicity manager Guardian Trust & Savings Bank, Cleveland.

Division on principles and practice—R. E. Wright, man-

(Continued on page 489)



Henry Budd's
great aversion to Mustaches

SOME disagreeable memory connected with mustaches evidently rankled in the mind of Henry Budd, whose will was probated in London some sixty years ago. Perhaps he was on the losing side of a love affair, while some dark mustached gentleman walked off with the prize.

At any rate, Mr. Budd settled the accounts by placing these queer provisions in his will: "In case my son Edward shall wear mustaches, then the devise hereinafter contained in favor of him, his appointees, heirs and assigns of my said estate called Pepper Park, shall be void, and I devise the same estate to my son William, his appointees, heirs and assigns."

"And in case my said son William shall wear mustaches, then the devise hereinafter contained in favor of him, his appointees, heirs

and assigns of my said estate called Trichenham Park, shall be void, and I devise the said estate to my son Edward, his appointees, heirs and assigns."

• • •

Most curious facts about wills

Thousands of wills are curious, but we think the most curious facts about wills are these: (1) Many men fail to leave any will at all—a fact which causes their families trouble, distress and needless expense. (2) Many men who leave wills fail to recognize that money left in bulk is exposed to strong financial temptation.

High but unwise interest rates beckon it. It is estimated that the proceeds of life insurance policies are used up, on the average, within 7 years and that 25% of the widows of the country lack even common comforts. The protection of a family requires more than a will! Protection must include safeguards against unwise investments, bad management, sometimes even against dishonesty.

May we not tell you about one of several forms of Seaboard Trusts for making sure that your family will enjoy lasting benefits from your savings and investments? Let us send you our free booklet, "Personal Trust Service." If you prefer to discuss the matter in person, a call may be arranged wherever it suits your convenience. Our phone number is Rector 5311.

TRUST DEPARTMENT
THE SEABOARD NATIONAL BANK
OF THE CITY OF NEW YORK

Metropolitan Branch
15 BROADWAY
at Cedar Street

Main Office
BROAD and BEAVER STREETS

Upper Branch
30 EAST 43RD STREET
near Madison Square

One of a number of curious wills unearthed by a New York bank and put to use in the advertising of the bank's trust department to arouse reader interest in the trust services offered by the bank. The above is a reduction of a newspaper advertisement four columns x 12 inches.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

MARCH 1925

THERE are in the banking field today a large and ever growing number of organizations which confine their endeavors to the preparation and sale of financial advertising service in one form or another.

As is true in all fields of business, some of these organizations are good and some are not. Some have stood the test of time and have proved their value. These serve a useful purpose and have a legitimate place in the field. Others have nothing useful to offer; they can show no well defined reason for existence. Their activities are often apt to do more harm than good. Some concerns in the field have on their staffs men whose experience and ability have qualified them as specialists in financial publicity. Others rely on smooth tongued and glib salesmen to sell materials which may be superficially very attractive to the eye, but which have no real business building value. And so it goes.

A considerable amount of the millions of dollars appropriated annually by the 30,000 banks of the country for advertising goes to or through concerns supplying

varying forms of advertising service. It is important for the welfare of financial advertising that the ratio of value received for money appropriated in this manner be as high as possible.

Some bankers invest their money injudiciously in the purchase of prepared advertising materials. They purchase worthless goods, get badly stung, and go sour on all forms of prepared or even other kinds of advertising. This is unfortunate and sometimes hard to prevent. But an effort is being made to prevent it.

Just as the general advertising agencies of the country have organized themselves into the American Association of Advertising Agencies and have a standard code of ethics and practice by which they are pledged to abide, so have a number of financial advertising service companies formed what is known as the Association of Financial Advertising Services. This association, too, has a very carefully and very specifically defined code of practice to which its members are pledged.

This, to the editor, seems a step in the right direction. It is neither within the function nor is it the desire of the editor to recommend directly or by implication any company or group of companies in the financial advertising service field as opposed to any others. The

concerns composing the above mentioned association are all organizations of long standing and good repute. The same is also true of a number of concerns who are in the bank advertising service field and who are not affiliated with the association.

The point that the editor is trying to make—and the only point that he is trying to make—is that, in his opinion, and without knowing too much about relations between the various companies among themselves, financial advertising, the companies engaged in supplying its services, and the banks, will all benefit in the long run by a closer agreement as to definite standards of practice. Financial advertising as a business is still in a rather formative state. Time will doubtless bring more accord as to methods of procedure.



ONE great difficulty in persuading most people to save consistently lies in the fact that it is difficult for them to visualize in any concrete fashion the fruits of their saving.

Several banks are getting around this difficulty by visualizing the goal for the saver. By holding up before him a given definite objective to be reached in a given period of time through regular instalment payments, the prospect who is deaf to

the timeworn pleas of 4 per cent. and saving for a rainy day can often be converted into a consistent saver; and many accounts which would otherwise have remained dormant can be put on a profitable basis.

The Union Trust Company of Cleveland has put into effect a plan conceived by C. H. Handerson, advertising manager, in which the instalment idea is applied to banking. The bank "sells" \$1000 for \$925.60 on an instalment basis. The purchaser of the \$1000 agrees to "buy" this sum of money through paying \$4.45 weekly over a period of forty-eight months. When he has completed his payments the bank hands him his \$1000. If at any time during this period the purchaser feels that he does not want to go through with the plan he can stop, and can get back whatever money he has paid in to the bank.

Conference of Financial Advertisers

(Continued from page 487)

ager commercial service department First Wisconsin National Bank, Milwaukee.

Division on publications—Thomas Kiphart, Fifth-Third National Bank, Cincinnati.

Division on outdoor bulletins—Frank J. Campbell, publicity manager First National Bank, Detroit.

Division on mass distribution—A. T. Huizinga, Jr., Peoples Stock Yards State Bank, Chicago.

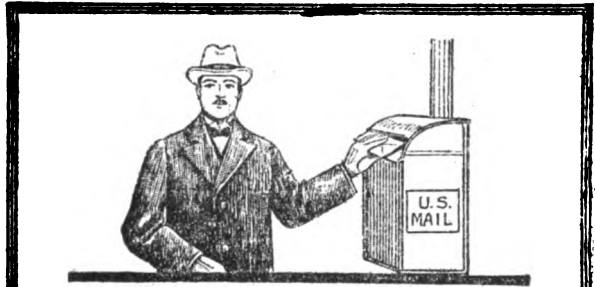
Division on direct mail—Frank Fuchs, advertising man-

ager First National Bank, St. Louis.

Other developments of interest were the appointment of A. D. Welton, publicity manager of the Continental & Commercial Banks, Chicago, as vice-president of the Financial Advertisers' Association to succeed R. E. Hotze of Richmond,

Va., resigned; and the appointment of H. G. Hodapp, advertising manager of the Wells-Dickey Company, Minneapolis, Minn., as chairman of the membership committee of the association to succeed Mr. Hotze.

The directors also decided to send a complete financial advertising display to the con-



**“—And Every Week He Mailed
A Mysterious Letter.—”**

NOT a week did he ever let go by—and for years he had done it—out would come his check book—and into the mail box—the same mysterious envelope.

And now the secret is out—This business man—His name well known—A man made wealthy by systematic habits—Systematic habits of saving—The “mysterious weekly envelope” was the check that he mailed each week to his savings bank.

Systematic Savings accumulate. Make the start today.

Be sure the bank you select has the word “Savings” in its name—A Mutual Savings Bank where the earnings are solely for the benefit of its Depositors.

Savings Banks are the highest degree of safety for your savings

MUTUAL SAVINGS BANKS
of NEW YORK, BRONX & WESTCHESTER COUNTIES

A “banking by mail” savings advertisement published cooperatively by mutual savings banks in three counties of New York. Reduced from two newspaper columns x 7 1/2 inches.

vention of the Associated Advertising Clubs of the World to be held at Houston, Texas, in May.

Those attending the meeting were: E. H. Kittredge, Hornblower & Weeks, Boston, president; H. G. Hodapp, National City Bank, New York; Carl A. Gode, Illinois Merchants Trust Co., Chicago, treasurer; Clinton F. Berry, Union Trust Co., Detroit; Frank Fuchs, First National Bank in St. Louis; Robert J. Izant, Central National Bank, Savings & Trust Co., Cleveland; Gaylord S. Morse, State Bank of Chicago; Kline L. Roberts, Citizens Trust & Savings Bank, Columbus, O.; Marjorie Schoeffel, Plainfield Trust Co., Plainfield, N. J.; Ethel B. Scully, Morris F. Fox & Co., Milwaukee; Fred M. Staker, Commerce Trust Co., Kansas City; C. H. Wetterau, American National Bank, Nashville, Tenn.; R. E. Wright, First Wisconsin National Bank, Milwaukee; F. W. Ellsworth, Hibernia Bank & Trust Co., New Orleans; C. H. Handerson, Union Trust Co., Cleveland; Guy W. Cooke, First National Bank, Chicago; Col. A. C. Rogers, Guardian Savings & Trust Co., Cleveland; F. D. Conner, Illinois Merchants Trust Co., Chicago; George M. Ellis, Commerce Guardian Trust & Savings Bank, Toledo; Dale Graham, Mississippi Valley Trust Co., St. Louis; A. T. Huizinga, Jr., Peoples Stock Yards State Bank, Chicago; I. I. Sperling, Cleveland Trust Co., Cleveland; A. D. Welton, Continental & Commercial Banks, Chicago; A. E. Bryson, Halsey, Stuart & Co., Chicago.

The entertainment comprised two luncheons and theater parties at night. The first luncheon was with the Chicago Advertising Council at the Hotel LaSalle on Monday, where President Kittredge delivered an address on "The Job of Fi-

What do You know about Zululand?

Hottentots, tigers, kafir corn and sleeping sickness perhaps come to mind when Zululand is mentioned, but no thought of trade.

Trade in—well, where is Zululand, anyway? Why you couldn't even sell 'em buttons they don't use them!

There's where the services of our Foreign Department come in. We have one customer selling about a quarter of a million dollars worth of machinery yearly in Zululand.

If it's our business to delve into the trade opportunities of the globe and to further the foreign contacts of American concerns.

This service is particularly vital at this time when all students of economics agree that our increasing return to world markets is necessary to lasting prosperity.

The counsel and advice of our Foreign Department is available to our national customers and our banks and banker patrons. The latter are especially invited to consult with us looking to the foreign trade opportunities that exist for even the smaller localities. Write us.

The National Bank of Commerce
National City Bank of St. Louis

An advertisement published in behalf of the foreign department of a St. Louis bank. While Zululand is seldom thought of in connection with trade, the bank points out in the copy that it has one customer selling about \$250,000 worth of machinery annually in that country. Thus is a good opening supplied for the bank to say something about its foreign department. Reduced from a newspaper advertisement four columns x 10 1/4 inches.

nancial Advertising." The Tuesday luncheon was at the Congress Hotel and was confined to financial advertising men and women.

The entertainment committee included: Paul L. Hardesty, chairman, Union Trust Co.; William J. Kelly, Chicago Trust Co.; A. D. Welton, Continental

& Commercial Banks; Guy W. Cooke, First National Bank; A. E. Bryson, Halsey, Stuart & Co.; Carl A. Gode, Illinois Merchants Trust Co.; Fred H. Heuchling, Northwestern Trust & Savings Bank; A. T. Huizinga, Jr., Peoples Stock Yards State Bank; Gaylord S. Morse, State Bank of Chicago.

Financial Advertisers' Convention

The tenth annual convention of the Financial Advertisers' Association will be held in Columbus, Ohio, October 14, 15 and 16. Tentative acceptances from prominent advertisers, both in the financial and merchandising field, assure an outstanding program which, with the central

location of the convention city, will bring a record attendance. This is the second convention of the association to be held separately from that of the Associated Advertising Clubs of the World, which this year will meet in Houston, Texas, May 10 to 14. The financial

division will take an active part in the meeting of the parent body, and hold a two-session conference in Houston, Dale Graham of St. Louis being chairman of the program. C. H. Handerson of Cleveland is chairman of the Columbus program, and E. H. Kittredge of Boston, president of the association, will preside at both meetings. The Financial Advertisers' Association maintains a central office in Chicago under the direction of Preston E. Reed, executive secretary.



P. M. Reed Takes New Quarters

P. M. REED & Banker Associates have announced the taking of quarters in the new Tribune Tower on North Michigan avenue, Chicago, now nearing completion.

"Included in the contributors to the Reed Master Plan for 1925," said Mr. Reed, "are George Matthews Adams, inspirational writer and lecturer; Walt Mason, Edward Mott Wolley, Claude Hopkins, formerly president of the Lord & Thomas Advertising Agency; Charles Henry Mackintosh, author of works on selling; Frank Kane of the Erwin-Wasey Advertising Agency; A. E. Bryson, advertising manager for Halsey-Stuart. Illustrations are by Lejaren a Hiller, etchings by O. W. Jaquish, and cartoons by R. McCann, Hy Gage, Joe Cunningham and John Bach."



"A SURE Road to Financial Independence" is the title of a booklet published by the investment banking house of Halsey, Stuart & Co., New York. This booklet, well illustrated with charts, shows how given sums of money may be accumulated through systematic investing over given periods of time.

Observations on Financial Advertising

By JOHN A. PRICE

EVERY financial advertiser will find a careful reading of the following paragraphs well worth while. They go straight to the mark—every one of them. They are packed full of sound common sense and they show an unusually keen perception of standards and values in financial advertising. Mr. Price is a well known Pittsburgh financial advertising man. This article is composed of extracts from an address which he delivered before the convention of the Direct Mail Advertising Association in Pittsburgh.—THE EDITOR.

THE reason much advertising copy does not produce results is because it is superior

to the service it is trying to sell—the advance notices are better than the show.

Many bankers spend thousands for advertising and will not expend 10 cents' worth of personal enthusiasm on the inside to make it "go." They will buy a \$500 newspaper page for a one-time "shot" and let a good teller, at a vital point of contact, be disgruntled for a year when a \$300 annual raise would make that teller intrinsically worth twenty newspaper pages in the spraying of good will. They will buy expensive horsepower in the boiler-room of ad-

About Grand Central Terminal in operation, about midnight, a great new view of many of the buildings and towers.

A shipping scene that handles its loads and its in warehouses the bulk of the mail and passenger business of the United States—Banker's warehouse.

The shipping scene of the lower left of Manhattan, a magnificent example of modern architecture, and a view of the city from the top of one of its large skyscrapers.

As different as Butte and Buffalo—

THE Grand Central Zone, spending \$110,000,000 in a single year for new office space—a veritable new city in itself.

A tremendous clothing industry concentrated around West Thirty-second Street—the heart of a community that makes 70% of all the women's clothes sold in America!

Wholesale produce markets concentrated on Manhattan's lower West Side, crisscrossing a corner of specialized business with a volume that runs into many millions.

The Bronx leading the world in volume of military manufactures—The Borough of Brooklyn by itself the fourth manufacturing city in the United States!

New York no longer has one "business center" but many. Yet cities within the greater city limit, differing widely in business and industrial interests. Separate communities whose rapid development is changing the character of Greater New York's business almost before our eyes.

The banking needs of these great business communities are so complex and so far-reaching today as those of the financial heart of the city. They demand the same resources and facilities, the same speed in commercial transactions, the same nation-wide and world-wide contacts.

The Irving Bank-Columbia Trust Company has built in what organization in recognition of this development.

As 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 certain 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 to insure every business 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 60 Broadway 11-11 Lower Street West-north Broadway Chambers Street Eighth Street in Broadway	Mid-Town Fifth Avenue at 35th Street 10th Avenue at 34th Street 14th Street, opp. Grand Central Park Avenue at 48th Street	Harlem and the Bronx 119th Street at Grand Avenue Third Avenue at 145th Street Brooklyn 10th Avenue Street Flatbush and Linden Avenues West Atlantic Avenue at 3rd Street
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A New York trust company throws the spotlight on a business community which is one of a number in which it has completely equipped offices. The bank in its advertising has applied the same treatment to other communities of the city in which it has offices. The bank makes this community appeal as a means of identifying itself more strongly with the separate communities in which its various offices are established. Reduced from a newspaper advertisement five columns x 20 inches.

"The most difficult six months
of my life"—And why, after they were over,
this man rewrote his will

EXECUTOR of the will of his best friend—he felt it an honor as well as a duty. Day after day he labored cheerfully at the myriad details of legal procedure, inventory and business transaction involved. His sense of honorable service grew, but increasingly there crept in worry and care.

He realized that now he was guardian of two families—his own and his friend's, that adequate attention to the affairs of both was the most difficult task he had ever undertaken; that on his judgment alone depended the happiness of his friend's widow and children; that his absence or illness or death might destroy the security to which his friend had devoted his life.

And he remembered that in his own will he had placed a similar burden—and given to the future of his own family the same element of risk and uncertainty.

Every day, more and more men, out of consideration for friends and family, are appointing in their wills the Irving-Columbia as executor or trustee.

In appointing the Irving-Columbia, you secure an executor or trustee.

—who is not liable to illness and death

—who is never absent or "too busy" to give this task the constant care it often demands

—who has had over a generation of experience in the settling of estates and in the management of property

—who has facilities to handle with speed and accuracy the many details that often cause delay and hardship.

Many men are surprised to learn the moderate cost of Irving-Columbia service.

All the facilities and resources of the Irving-Columbia are at your service for the same fees as would be paid to an individual executor or trustee, since in both cases the fees are defined by law.

Not being interested in the sale of securities of any type whatever, the judgment of the Irving Bank-Columbia Trust Company is at all times wholly impartial.

An officer of this Company will always be pleased to talk over your personal problem or give any information you may desire.

We have prepared several booklets which explain clearly and simply important facts about wills and the handling of estates. They can be obtained on request at any of our offices listed below.

IRVING BANK-COLUMBIA TRUST COMPANY

DENVER

40 Broadway
11 F. Union Street
Wheeler's Building
West Broadway at
Columbia Street
Broadway at Eighth Street

MILWAUKEE

Fifth Avenue at Third Street
Fifth Avenue at Sixth Street
East Third St. opp. Grand Central
Park Avenue at Fifth Street
Ninth

1126 Street at Seventh Avenue

ST. LOUIS

Third Avenue at 14th Street
Southern Boulevard at 17th Street
East Franklin St. at Market Ave.
Market
111 F. Union Street
Fifth Avenue at Union Blvd.
New Center Avenue at 17th Street

An effective presentation of some of the advantages that the trust company has over the individual as executor or trustee. Reduced from an advertisement of a New York bank. Size of advertisement as run in newspapers was four columns x 10 1/2 inches.

vertising and renege the expense of cup grease to keep the machine running smoothly on the inside.

Some of them fail to apprehend that advertising is merely the representation of the merchandise of their own making and that superlative copy cannot permanently force the sale of poor goods—that advertising does not create service but interprets it.

Internal organization belief and enthusiasm is the hot-bed of successful copy and plans, and any advertising man who thinks that his genius with words, his cleverness with plans or his soundness of concept can counteract the lethargy of internal indifference is wasting his time.

I emphasize this point because

many financial advertising men, and good ones too, are so inoculated with the enthusiasm of their work that they fail to insist strongly enough upon internal co-operation for the successful consummation of their efforts.

The most soundly conceived and brilliantly executed copy becomes mere words of false pretense unless its tone and its promises are lived up to in the every-day functionings of the bank.

In any discussion of financial copy, it must be recognized that most of it is designed to check the pleasant and inherent desire to spend. I submit, without qualification, it is the most difficult kind of copy the advertising man is called upon

to write. It is diametrically opposed to the combined influence of practically all other advertising which seeks immediate spending. Aside from the insurance companies and the banks, I can think of no major influence at work to check our well-known habit of extravagance.

We in America are, so to speak, still picking the berries from the top of the bush. Ours is the land of plenty. By virtue of our prodigious resources and unlimited opportunities for individual initiative, the necessity for fine margins in living is not so generally understood in its tragic aspect as in other countries where the force of economic conditions teaches thrift through the stomach. In the words of Shakespeare—"He jests at scars that never felt a wound."

The fact that advertising banks are making such splendid records for themselves, despite this condition of the mass mind, is tribute to the brains responsible for American bank advertising.

It is a very open question in my mind, speaking broadly, whether bankers as a class are competent judges of advertising copy. I am inclined to believe that, unconsciously, the very nature of their business gives to them what for want of a better term might be called a class or deckle-edged mind. Undoubtedly they are living several strata above the general "run of mine" and are subject to the rules of environment which influence human judgment. The dignified and elevated atmosphere in which they properly live and function tends to give them a fixed focus which, in my judgment, is fatal.

Successful copy must be elastic. It must breathe the soul of

those whom it is tending to influence. It must delve into the subtlety of mind of people of all classes—it cannot wear the same garb on all occasions.

Assuming that financial copy, in its broad aspect, is designed for mass consumption, I can think of no better way of illustrating the necessity of flexibility in its appeal than by comparing it with the various kinds of department store appeals. One store goes after the bon-ton trade with a quality appeal. The emphasis of understatement and restraint is its advertising watchword. Another uses the seventy-two point Gothic appeal—mass formation, assaulting the emotions rather than the judgment. Two fundamentally opposed routes to action—both highly successful.

Financial advertising must recognize the force and expediency of both kinds, each in its proper place. Those bankers who are willing to go outside of their own personal experience in judging copy appeal, who recognize that a common idea may be sold in a dozen languages, are the ones successful in their advertising. It is important for the professional advertising man to keep in mind the possibility of these limitations in assessing the value of his client's criticism. I believe much failure can be traced to giving the banker what he wants rather than insisting upon his having what experienced advertising judgment demands.

* * * *

Successful financial copy must fulfill all four of the requirements of good copy—that is why it is hard to produce. It must arouse interest, create desire, influence direction of that desire and promote action. In the merchandising of most products, interest and desire are latent or inherent in the prospect. The task of the

Who's Who in Bank Advertising



WILLIAM B. WISDOM

Publicity manager Hibernia Bank and Trust Company
of New Orleans

MR. WISDOM entered the employ of the Hibernia Bank in 1921 as an assistant teller. He entered the publicity department ("as the lesser of two evils," so he says) in January 1922, was made assistant manager of that department some months later, and became manager of publicity in January 1923, at the age of 22. In October 1923 he assumed the additional responsibilities of new business manager. Mr. Wisdom was born in New Orleans. He prepared for college in that city at Newman Manual Training High School, and later entered Washington and Lee University from which he was graduated in 1921 with the degree of A. B. During his college years he had newspaper experience in the summer vacation period as a reporter on the *New Orleans Item*. He was secretary and treasurer of the Advertising Club of New Orleans in 1922-1923.



Romance in Haunted Houses!

Gold coin estimated at one hundred thousand dollars was recently found in a secret compartment of an old house in Michigan. It was never learned why the money had been hidden in a panelled wall. Evidently the person who put it there had imagination but little common sense.

Tales of fabulous fortunes found in haunted houses may interest us with their romance and weirdness but how many people are really willing to take a chance with such haphazard methods? Luckily most of us realize the importance of protecting our valuables.

Was there ever a secret drawer really hidden from prying eyes? Was there ever a family "strong box" which actually resisted fire and theft?

There is only one safe place for your valuables and important papers. There is only one place you can feel positively sure has ample protection and that is—a Safe Deposit Box. For less than two cents a day you can have your own private box in the safety of our massive vaults. This service far exceeds its cost in convenience and security.

LIBERTY CENTRAL
TRUST COMPANY
 MEMBER FEDERAL RESERVE SYSTEM MEMBER SAINT LOUIS CLEARING HOUSE
 BROADWAY AND OLIVE

A story of the finding of a large sum of gold hidden away in a secret compartment of an old house in Michigan is made the basis of this interesting safe deposit box advertisement of a St. Louis bank. Reduced from a newspaper advertisement two columns x 7 3/4 inches.

\$10,000 which the house is going to cost eight years from now.

The average person cannot be frightened, from the fortress of his imagined security, about tomorrow and this tells us the futility of crape-hanging in our appeal. That we cannot offer any quick or easy way to financial independence is directly against the ingrained "I want it now" spirit surging in American blood. To me, there seems to be only one rock upon which to build the thrift campaign and that is to sell the prospect in terms of his own desires—*save* to *spend*, in other words. I think we should capitalize them, even to the point of encouraging thrift for an extra large "tid-bit" of extravagance later on.

The success of the Christmas club suggests the soundness of this idea. The permanent and worth-while accounts arising from Christmas clubs prove that, once the toxin of regularity in saving is in the blood, it has a tendency to counteract the desire for unrestrained spending—and therein is its chiefest virtue.

Another angle on savings copy which is not stressed enough is that a savings program is the business of a lifetime. I am fully convinced that savings accounts stop growing in the majority of cases because of the painfully slow process involved in building them. The average saver of ordinary means compares his slow-growing and meager accumulations with the substantial cost of his objective and becomes dismayed at ever reaching his goal. This attitude should be met by well-directed and persistent efforts on the part of the bank to sell the "long-pull" idea to their saving customers by inspirational appeal.

advertising is thus reduced 50 per cent. because it has only to perform the two functions of directing the desire and creating action.

Savings copy must start at scratch. The average American cannot be condemned for failing to see a hard tomorrow from such easy yesterdays and todays. This is why it is so difficult for savings copy to arouse personal interest. It is

read and disbelieved from the perch of plenty. Specific proof from the law of averages is interpreted in terms of the other fellow. The fact that time reduces or kills earning power is believed—if at all—in the abstract, not in its personal application.

The typical "all or none" slant of the American mind makes it difficult to visualize the connection between the \$5 which can be saved today and the

There can be much said about the factors entering into the preparation of successful inspirational literature. Harvey Blodgett, whom in my opinion, history will regard as the Moses of financial advertising, has this to say about the preparation of inspirational literature: "A bank should put into circulation literature which will inculcate ambition and money-wisdom. Thrift isn't a gift—it's a *growth*. The finest qualities of salesmanship are required to sell a savings account and to keep it sold because the individual must be unsold on his desire for all the things that stand in the road of his savings. The majority of thrift writers are preachers—few of them are real salesmen. The best way to get a saver's enthusiasm and to keep it is to show him what he can accomplish through his savings account. A good way to do this is to show what others have accomplished.

"Too much stress is laid, in savings education, upon the accumulation of savings in banks as an end; it should be only the means of creating success in any one of a thousand ways. It is much better to show in inspirational literature what a savings account can do for the individual now."

* * * *

I emphasize the superiority of incident over platitudes both for arresting attention and carrying conviction. Although opposed to crape-hanging in savings copy, the negative appeal often has its place for contrast. There is too much of this over-sweetened Pollyanna stuff being written.

Don't strain for effects in seeking attention value. Headlines are weak which attract attention only to themselves. Good headlines should direct attention to the text. This sug-

gests the proper co-ordination of illustration. Good headlines can appeal to self-interest, curiosity or the imagination, with good chance of getting the reader into the text.

* * * *

Good copy should contain an invitation to action, which is very important. There is no particular value in raising the desires if you do not suggest a way for the individual to act upon those desires.

The question of action in a financial ad, or any ad, opens up a wide subject. It demands a choice between an appeal to the emotions and an appeal to the reason. In financial copy there is room for both kinds.



How Banks Are Advertising

AMONG calendars sent out by banks at the beginning of the year, that distributed by the Chemical National Bank of New York to its customers and friends is well deserving of special comment. So many calendars sent out by banks are, well, simply calendars, to be seen and soon forgotten, and with little about them to associate them in any lasting way with the bank which distributed them. But the Chemical Bank's calendar is one that catches and holds the attention. It is not the sort of calendar that one is apt to consign to the waste paper basket.

The calendar of the Chemical reproduces in colors, in a style and manner highly reminiscent of the color prints made from wood cuts, and very much in vogue in that period, a scene along lower Broadway on August 17, 1824, the year in which the bank was founded, showing General La Fayette, on the occasion of his revisiting America, being greeted with a

I believe that most people start savings accounts under the impetus of the emotional appeal. In support of this opinion, I offer the large fatality in savings accounts and lack of activity in approximately 40 per cent. of the savings accounts in American banks. Temporarily swayed by the emotional appeal of an advertisement, individuals open accounts and promptly forget them after the spell has passed. Does this not suggest the necessity of continuing to address those having savings accounts by emotional and inspirational appeal and with sufficient frequency to maintain the original interest that directed the opening of the accounts?

storm of applause as he drives in a barouche and four, accompanied by General Morton, through Broadway on his way to the City Hall. The building then occupied by the Chemical at 216 Broadway stands forth conspicuously opposite the point which the barouche is passing.

On the reverse of the calendar is to be found the following copy:

This calendar is unique in that there is more time behind it than there is on the face of it. Devoted to the year ahead, it also marks the 101st year of the Bank that issued it. It is therefore a peculiarly appropriate souvenir to our friends because it identifies the Chemical Bank with the great attribute of time. Yet no bank is more modern, even as few banks are so old. Its 101 years represent growth as well as age. A pioneer in 1824, it is still pioneering in 1925. It is really old only in the coveted sense that it has 101 years of banking precedent to go by and 101 years of banking experience to draw on.



LOGAN contests having as their objective the combined purpose of attracting publicity to the bank and of obtaining

useful slogans for possible use in connection with the bank's advertising, have, on various occasions, been conducted by banks.

The Scott County Savings Bank of Davenport, Iowa, recently ran an interesting slogan contest in connection with the installation of a large chime clock on the corner of the building occupied by the bank. Ten cash prizes, ranging from \$100 down, were set aside for writers of the ten slogans chosen by the bank as the best submitted.

At the time the contest was run the bank was using the slogan "The Bank With the Chime Clock." The public was invited to submit slogans that would associate the new chime clock in front of its building with the Scott County Savings Bank. The main object of the contest was of course to acquaint the public with the new clock, the only "community" clock in the business district, and to build up in the mind of the public an association between the bank and the clock.



THE Chicago Trust Company, in accordance with its plan of last year, is again offering prizes for the best essays submitted during the year on any of a selected list of topics suggested by the committee of award appointed by the bank. The writer of the essay chosen as the best will receive a prize

of \$2500. There are two other prizes of \$300 and \$200 each.

Last year's winners, two in number, chose as their subjects "Investment Banking in England" and "The Investment Trust." These essays received wide publicity. They were printed in pamphlet form by the bank and were later published as business handbooks by the A. W. Shaw Company of Chicago.

The committee of award appointed by the Chicago Trust Company has entire control of the prize contest. The bank simply pays for the awards and fills vacancies on the committee as they occur.

The bank has published two very interesting circulars relating to its prize contest. They are entitled "Prizes for Research Relating to Business Development and the Modern Trust Company" and "An Opportunity for Banks."



THE Bank of America, New York, is publishing an unusually interesting series of booklets under the general title "Romantic Fortunes of History." Two volumes of this series have already made their appearance. They are entitled "Captain John Mason" and "The Rothschilds." Each of these booklets has an interesting and readable story to tell, and at the end of each a few paragraphs regarding trust ser-

VICES have been effectively woven into the story without detracting from its interest.

Every Tuesday evening an officer of the Bank of America broadcasts a radio talk from station WEAJ, New York. These talks cover the financial aspects of various events of current interest. *The Bank of America Review*, a monthly publication on current business and economic conditions issued by the bank, includes each month copies of talks broadcast by officers of the bank through station WEAJ. An interesting and comprehensive chart of business barometers, compiled by the bank's statistical department each month, is also included in the bank's *Review*.

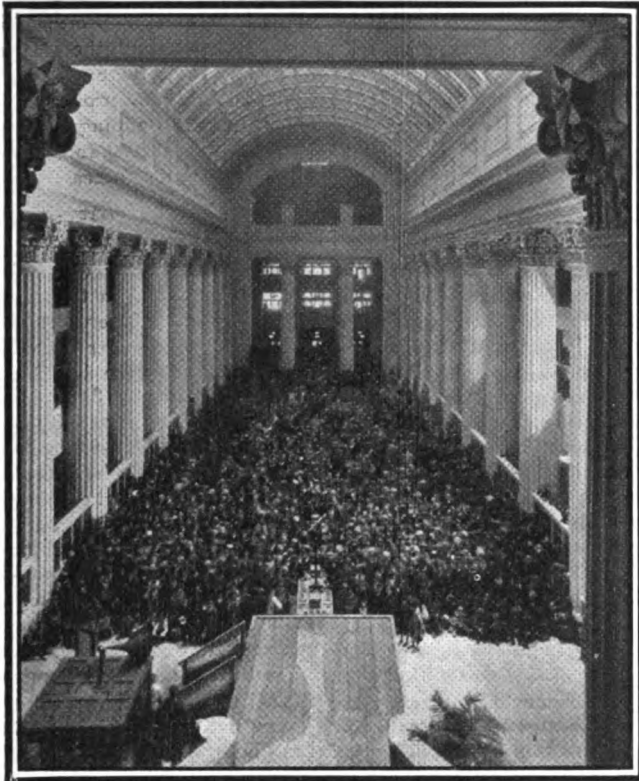


W. C. Bennett Advanced ANNOUNCEMENT has just been made by Edwin Bird Wilson, Inc., of New York, specialists in financial advertising, of the election of W. C. Bennett of Atlanta as a vice-president of the Wilson organization which he has represented in the South for the past three years.

Mr. Bennett is a southerner, having moved to Atlanta two years ago from Winston-Salem, his former home. He will make his headquarters at Atlanta and will act as a contact officer between the home office of his company and its southern clients.

BANK ADVERTISING EXCHANGE

IN connection with BANKING PUBLICITY there is conducted a Bank Advertising Exchange, containing a list of names of bank advertisers willing to exchange advertisements, booklets and other publicity matter issued by them. Any subscriber who will agree to exchange advertising matter may be added to this list. A copy of this list may be had by any subscriber upon application.



Ability and Desire

to serve sincerely
plus a history
of service
to bankers

The **UNION TRUST** *Co.*

CLEVELAND

Resources over 300 Millions

Another Five Billion Dollar Building Year

[Copyright 1925 by *The Architectural Forum*]

PERHAPS the most interesting statistical development in the building field during the past few years has been the annual building survey and forecast by *The Architectural Forum*. For the past three years, since the institution of this annual forecast, the *Forum* prediction as made the first of each year has been within 3 per cent. correct when compared with actual figures at the end of the year. This forecast of building activity is based on a comprehensive survey carried out through individual reports from a large number of architects and from building contractors, bankers and others directly interested in the construction field. The investigation is made in nineteen building types, and covers each state. Percentage comparisons are made with the previous year in each classification, so that there is provided not only a definite measure of activity in each district, but a relative measure of the increase or decrease of public interest in the particular building type in question.

The fourth annual survey and forecast of *The Architectural Forum* indicates for 1925 another \$5,000,000,000 building year, the actual figure determined by the survey being \$4,992,318,000.

This survey was conducted in exactly the same manner as that used successfully for the past three years, during which period the forecast of *The Architectural Forum* presented at the first of each year has closely approximated the actual totals of the year. In January, 1924, the published forecast of *The Architectural Forum* predicted an expenditure of \$5,560,367,700 during that year. Figures now available prove that this prediction was correct within 3 per cent. A recent statement by S. W. Straus & Co. is as follows:

"The year 1924 has been the largest building year in the history of the country in point of financial requirements. In 1923 the volume was \$5,500,000,000, but aggregate operations this year exceed the 1923 total by about 4½ per cent."

A recent statement by the F. W. Dodge Corporation is as follows:

"The year 1924 was another record-breaker. Total contracts awarded during the year in the thirty-six Eastern States (which include about seven-eighths of the total construction volume of the country) amounted to \$4,481,807,000, indicating that the total volume for the entire country was well over \$5,000,000,000."

Thus, reports from dependable sources indicate that *The Forum* forecast for 1924 was correct, and the statement made last January that "there will be a late reaction in the fall of 1924, providing during the year two peaks of building activity, totaling more than \$5,000,000,000 for the year," has been changed from a forecast to a fact.

COMPARATIVE ACTIVITY IN NINETEEN TYPES OF BUILDING

Some interesting comparisons of activity are to be found in the various districts of the country. Those which seem to represent the greatest changes in public interest are, for instance, office building in the Northeastern States, the figures for which indicate almost double the activity of last year, while in the same district the building of retail stores promises to be almost double. Drastic changes in the North Atlantic States are to be found in industrial building which promises to be considerably less in 1925, and in office building which indicates a considerably greater activity. In the Southeastern States most building types are comparatively the same except churches, where greater activity is promised, and in the small dwelling field, which evidently is to be more active. The interest in hotel building in both Southeastern and Southwestern States has evidently diminished considerably. While in the Southeastern States school building is evidently to be less, it will be considerably greater in the Southwestern States. On the other hand, in the Southeastern States there will be more residential building than last year, but considerably less activity in this field in the Southwestern States. The Middle States seem to show a considerable decrease of interest in the building of apartment hotels, while apartment building construction will be more active. Greater activity is promised in the residential field in all classes in the Middle States, and a considerable increase in factory building is shown. Office building activity will be about one-third less than in 1924 in the Middle States. In the Western States apartment building evidently will fall off considerably, as will hotel building, but there will be more activity in the construction of hospitals, club and fraternal buildings and factory buildings. Office building construction in the Western States will be somewhat less, but a great interest in the value of new public buildings is anticipated.

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.



They're buying steamer tickets *now*

MANY of your customers are arranging their summer trips. Are you prepared to meet their financial travel needs?

We will furnish you with ETC Letters of Credit especially imprinted with the name of *your* bank. These Credits will give your customers—

A means of obtaining funds anywhere

An Equitable Letter of credit may be cashed practically anywhere. 11,500 correspondents all over the world will honor our credits gladly and will extend

courtesies to your customers.

American banking facilities abroad

In London our two conveniently located Offices will offer your customers complete American Banking facilities.

In Paris our Office maintains a travel service bureau which will purchase tickets, arrange tours and prove useful to your customers in many other ways.

Get ready *now* to offer your customers services which they will remember gratefully when they come back next fall.

THE EQUITABLE TRUST COMPANY OF NEW YORK 37 WALL STREET

UPTOWN OFFICE
Madison Ave. at 45th St.

IMPORTERS AND TRADERS OFFICE
217 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.
BOSTON: 60 Congress St.

Financial Conditions in Norway

By Arne Kildal

THE Government Bank of Norway (Norges Bank) reduced the discount rate to $6\frac{1}{2}$ per cent. last November. The discount rate had been 7 per cent. for the year 1924, and the reduction may be described as signifying a marked improvement in the position of the bank. As compared to 1923 the bank's loans declined by 61,000,000 kroner and the note circulation by 14,000,000 kroner.

The report of the Bank of Norway dealing with the month of October, 1924, records a decline in the note circulation amounting to 2,600,000 kroner. Current account deposits declined in the same period by 12,900,000 kroner, and loans and discounts declined to the extent of 18,200,000 kroner, while balances in foreign banks increased by 1,800,000 kroner.

The statements relating to the larger private banks showed that the decline in deposits, and more especially in loans, still continued. At the end of September, 1923, there was a surplus of loans which amounted to 220,000,000 kroner whereas at the end of September, 1924, there was a surplus of deposits amounting to 19,000,000.

In the course of October, 1924, two private banks were placed under public administration in accordance with the law of March 24, 1923, these being the Norske Handelsbank A/S and Aalesunds Handelsbank A/S. The Norske Handelsbank has branches in several towns, but has secured only a modest foothold in trade circles. During the summer of 1924 special measures of support were taken with the sanction of the government in order to save the bank. On account of the disquieting reports which perpetually centered around the name of the Handelsbank, these arrangements proved ineffectual, and the assistance afforded in the spring of 1924 by the government and by Norges Bank

was equally powerless to stop the rumors about the bank which constantly arose and resulted in continually increasing claims. The directors of the bank had no alternative therefore, but to let the bank suspend payments and apply to be brought under public administration. Aalesunds Handelsbank is a small institution of minor importance for the foreign trade of Norway.

THE VALUE OF THE KRONE

The value of the Norwegian krone during 1924 remained fairly stable at a level corresponding to approximately 50 per cent. of its par value in dollars. The krone rose during the month of October from 52.8 to 53.1 per cent. As regards the reason for the Norwegian exchange having fallen to a greater extent than that of the neighboring countries the president of the Norwegian Bankers Association, G. Kamstrup-Hegge, gives an interesting explanation of this question in a recent report submitted to the association.

The report emphasizes the fact that during the war Norway was influenced by international inflation to a greater extent than neighboring countries because Norway normally covers about 35 per cent. of her imports by means of her income from the shipping trade abroad, while income of this nature is of far less importance in neighboring countries. On the other hand Norway is dependent to a far greater extent on the importation of the most necessary food-stuffs. Thus before the war Norway was obliged to import two-thirds of her requirements of corn. As freights in particular rose to a far greater extent than prices in general, and as on the other hand the merchant marine of Norway had much greater war losses than that of the other countries, Norway acquired on the one hand a big income and on the other hand a big loss of

MEAT PACKING

THE stage in Michigan is so crowded with a variety of industries that Meat Packing seldom has received the limelight.

Thousands of cattle and sheep from the west are annually fattened on the fenced ranches of cut-over timber lands in the north.

Slaughtering and meat packing reached an annual volume of \$57,648,125. a year ago. This bank is an important link in this enterprise, for through it the entire Great Lakes Region is served.

FIRST NATIONAL BANK DETROIT MICHIGAN

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



capital to recover. The fleet was reduced by war losses to one-half, but was later on fully restored by new tonnage and is now of far better quality than ever before.

The money which Norway acquired could only be placed abroad to a small extent. Most of it was brought home either converted into goods or into repurchased Norwegian bonds, shares, etc. A considerable increase in building of power plants, industrial plants, railways, new tonnage and the like, and development of farming, took place. It will be remembered that at the same time the purchase of gold became difficult. The great inflation also resulted in the undertaking of social measures which subsequently, when deflation had set in, became heavy burdens.

In a similar report submitted at the bankers' association's annual meeting in 1923, Kamstrup Hegge emphasized the fact that even if a great increase in both private and public debts had taken place in this manner it must yet not be forgotten that there had also been a great increase in Norway's real capital in various fields as in the case of the harnessing of waterfalls, which sooner or later would have the effect of augmenting the nation's ability to become self-supporting in respect of many commodities which must now be imported, and would increase the volume of commodities available for export. But the heavy burden of debt has of course exercised a depressing influence on the exchange, and the necessary cutting down of expenses, especially public expenses, has not yet taken place, although a great deal has been done.

THE FOREIGN TRADE SITUATION

The foreign trade of Norway gained steadily during 1924, showing a marked improvement in the value of exports. In the first nine months of 1924, as compared to the same period of 1923 there was a very large rise in exports, which in September created a new

Local representatives

—to make recommendations
on Bonds, quote prices, and
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record for the year, showing a total for the month of 119,600,000 kroner. This reduced the import surplus in September to 11,600,000 kroner, which sum only amounts to part of Norway's income from her shipping, reckoned per month.

In regard to the position of the various industries the following statements are extracted from the quarterly review of the Norwegian Bankers' Bureau of Statistics and Information.

The fisheries have given splendid results during 1924. The exportation of fish during the first eight months of the year has been estimated by the Statistical Central Bureau at 109,600,000 kroner as compared with 67,000,000 kroner in 1923, and the exportation of canned goods has amounted to 51,500,000 kroner as compared with 24,400,000 kroner in 1923.

It appears from the reports received



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from various parts of the country that the fisheries have brought about a great amelioration of the economic and financial position along the coast.

The whaling industry has not had as good results as in 1923, but on the other hand the prices of whale oil have been higher, so that its sale has been very profitable.

The forest industry has been very active, to a certain extent even more so than usual, and the sale of timber has taken place at profitable prices.

Norway's most important industry is the paper, cellulose and wood pulp industry. The sales of the products of this industry amounted to about one third of the total exports in 1923. The industry worked under very favorable conditions during 1924 except for the paralyzing effects of the labor conflict. During the first eight months of the year the value of exports of these products amounted to about 151,000,000 kroner as compared with 177,500,000 kroner in 1923 (January—August). There has thus been a decrease, which is due to the labor conflict.

The industry which has had the greatest difficulties to overcome has been the mining industry chiefly because it suffered to the greatest extent from the occupation of the Ruhr district where

Norway normally has her best markets for ore and pyrites. As conditions have improved in the Ruhr district the industry in Norway has become more active.

A considerable portion of Norwegian capital was employed during the war in development of electrical plants. While the total capacity of installed generators in 1914 was approximately 458,000 k. w. it is now approximately 1,500,000 k. w. A considerable part of this harnessing of waterpower has been financed by the municipalities and the energy is being sold by them as power and electric lighting. This is one of the most important reasons for the increase in total municipal debt, but on the other hand it will in time diminish the demand for the import of coal. In his report the president of the Norwegian Bankers' Association mentioned that the importation of coal had sunk to about 80 per cent. of what it was in 1913 in spite of the fact that our other industries had made advances. This importation also includes Norway's importation of coal from Spitsbergen which in 1923 amounted to 168,000 tons, or 9 per cent. of the total imports of coal. A great deal of money has been invested in these coal mines, but they appear now to be developing favorably.

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THE SHIPPING SITUATION

As regards the shipping trade the president of the Norwegian Shipowners' Association submitted a report to the recent annual meeting in which he dealt with the shipping situation. It appeared from this report that ship owners now look more hopefully on the situation than they have done in several years. This is due to the Dawes agreement, increase of trade with Russia, the special conditions of corn transportation, the increase of trade generally and the stabilization of rates of exchange. It is also encouraging for Norway that the tonnage of the world has been decreased in the course of a year by 1,140,000 tons. The president referred to the 1923 report in which it was stated that the proportion of vessels less than five years old was 18 per cent.

before the war and 34 per cent. now, and the proportion of sailing ships 24 per cent. before the war and only 7 per cent. now. The fleet's expenses abroad, especially in England, are, however, still too great, and wages have increased by 10 to 15 per cent. but the fleet is nevertheless in activity.

It thus appears from the investigations which have been made that the various industries generally have been working very well and that the prospects in the world's market are good, especially if a settlement of the Ruhr conflict may be hoped for. The fact that the Norwegian exchange is as bad as it is must therefore be ascribed to financial causes, the too great creation of debt, and the fact that government and municipal expenses have not yet been reduced to a suitable level.

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Review of Countries

Great Britain

THE net earnings of the "Big Five" British banks (Lloyds, Midland, National Provincial, Barclays and Westminster) show substantial increases in 1924 as compared with 1923, indicating the beginning of a general trade revival. Increased earnings were not reflected in larger dividends, but were used in strengthening reserves and writing down the value of premises. Another indication of a return to normal conditions was the decrease shown in investment holdings. During the period of inactive trade a large part of the bank's funds, which would normally have been employed in financing trade and industry, were kept in investment securities.

London bankers have been practically unanimous in welcoming the plans for an early resumption of gold payments. Reginald McKenna in an address to the shareholders of the Midland Bank expressed his opinion that the case for "managed currency" is closed and that so long as nine people out

of ten in every country think that the gold standard is best, it must be so. The new-school economic theorists headed by J. M. Keynes seem to have lost their case. Walter Leaf, addressing the Westminster Bank meeting, advocated a conference of the various national banks of issue for the formulation of a scheme of co-operation in regard to gold reserve.

Sir Henry Goschen of the National Provincial Bank said:

I should at present be sorry to embarrass those with whom the decision must rest by expressing an opinion without full knowledge of all the circumstances incidental to the case, as to the exact date when we should revert to our pre-war basis. I trust, however, that the change will be made as soon as it is felt that we are strong enough to permanently reopen our gold market without having to protect our gold stock by such high rates for money as would hamper our industries and militate against the proper development of our commercial interests at home and abroad.

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Frederick C. Goodenough, chairman of the board of Barclays Bank, Limited, said in discussing the gold standard:

Owing to these various causes it is certain that sterling will return to gold parity, the only matter of doubt being the precise date of such return. It will be necessary to provide sufficient safeguards against the possibility of having to revert to restrictions on gold and also that there should be some means of avoiding unduly high rates for

protection of our gold reserve. The return to a free gold market therefore should not be unduly forced since it will certainly follow the economic factors now working in our favor. Many people fail to understand why a return to a free gold market is so important and are inclined to think that it would suit our manufacturers better for this country to maintain the internal purchasing power of the pound sterling at a higher level than its external value in order to encourage exports. Such, however, is not the case. We have to pay our debts abroad and purchase raw materials from abroad, and if we are to provide markets for our manufacturers and promote the production of raw materials for them to deal we have also to invest capital abroad. The uncertainty involved in dealing with these matters will be less if our currency is at parity than if it is at a fluctuating discount in foreign markets, and these conditions outweigh any temporary advantage which might accrue to us through a depreciated currency. A free gold market for London is the surest guaranty for stability in world prices and for confidence, both of which are essential to good trade. The arrangements for a return to a free gold market will open up the whole question of currency and of the steps that may be necessary to protect the gold held against the notes in circulation. This is a matter of very great importance and it would be a misfortune if it should become necessary to superimpose for a long period such a heavy weight of high rates for money as would check the growing indications of improvement in trade.

Walter Leaf in his address to the shareholders of Westminster Bank, Limited, comments as follows on the proposal for nationalizing the British banks—a proposal that is being extended by those who believe in the existence of a British money trust:

An inevitable result of the nationalization of the banks, as I see it, would be a most

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serious reduction in the amount of accommodation given to borrowers. The main-spring of the help which banks now give to their customers—help which includes a great deal beyond the mere lending of money—is interbank competition. I do not hesitate to say that this competition has become far more severe since the great bank amalgamations of a few years ago, and it is growing more severe every day. The talk of a “money trust,” or, as no less a person than William Graham put it the other day, an “undoubted monopoly,” can only raise a smile in those who see in practice the zeal with which all the banks are attempting to attract new business by the offer of more and more favorable conditions. In the good old days of private banking there was a sort of courteous convention by which each local bank, except in the larger towns, was allowed its own district within which the irruption of a rival was regarded as something like poaching. Those times have passed away, and the village must indeed be a small one in which there are not at least three offices of the large banks in direct competition. I do not complain of this; it is very much to the benefit of the commercial community. The only persons who have any right to complain are the shareholders, whose profits

are devoted in some measure at least to the opening of fresh branches which take a long time before they can pay their way, and in some cases, one may fear, are not likely ever to pay at all. Before the war a new branch, if established in a growing region, should pay its way, we used to find, after some three to five years of existence. Now, owing to the rise in overhead expenses on the one hand, and the severe cutting of profits on the other, that period is about doubled.

With a nationalized banking system all this would of course disappear. The future Chancellor of the Exchequer would look with disfavor on proposals tending to diminish the revenue with which he could deal in order to increase that which would be at the disposal of a perhaps distant and probably hostile successor. The officials of the department would look in the first place for safety and in the second for profit—safety for their own sakes, profit for their employers. They would have no inducement to give credit where there was the slightest risk. Rates of interest on loans would be subject to unlimited increase. Uncovered advances would naturally become merely a tradition of the past, and all the conditions of loans would be reduced to the cast-iron forms which the bureaucrat loves. And, of

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course, all the little services which the banker renders outside his usual business—services which entail on him a large risk for no remuneration—would be no more heard of. The loss which would be brought upon the commercial community at large would be most severe.

The approaching return to parity of the Pound Sterling is compared by the *New York Times* to the return of Ulysses. The *Times* editorial reads:

One traveler is returning after long and perilous adventure in stormy seas and strange lands. He has not yet set foot on his natal shore, but his bark is within sight of port. Any moment may bring us the sound of jangling bells and loud gunfire saluting the absent one. His name is the Pound Sterling. On Saturday he was \$4.79%. Another tack or two in familiar waters, a hoarse order from the pilot, a jolly yo-heave-ho from the crew, and the wanderer will be back at \$4.86% and home.

It has been a post-war Odyssey not overshadowed by other romantic war travels: the Odyssey of the crew of the Emden, the Odyssey of the Czechoslovaks all the way from Russia across Siberia and the Pacific and the Atlantic back to Prague. Like the

companions of Ulysses, the Pound Sterling was tempted to eat of the fruit of Lotusland and remain there forever, stabilized at somewhere in the neighborhood of \$3.50. Like Ulysses, he put aside temptation. He abided for a while in the island of Circe, who turns good men into swine, good money into quadrillions of paper trash; and in February, 1920, when Ulysses was down to \$3.18 it seemed as if Greenback Circe would have her will with him; but he broke loose from the arms of the enchantress. He had a close call in passing the rocks of the Sirens. They sang enchanting tunes about inflation as a stimulous to trade. But John Bull Sterling stuck cotton into his ears, tied himself to the mast and sailed on, while his German, Austrian, Polish, Soviet companions went overboard to their doom.

Not the least arduous of the adventures of this new Ulysses confronted him when he was cast up on the shores of a great Western Continent and was taken in hand by the local Debt Funding Commission, which proceeded to administer heroic treatment. Would it kill or cure the patient? Even the stout heart of Ulysses sagged for a while under the ordeal. He refused to be comforted by assurances that the process hurt the doctors more than it hurt him. But he braced himself to the dose and it did him

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good. He departed for home with his chest stuck out, not a charity patient, but a man who could pay his way. After what the Debt Funding Commission did to him nothing else mattered.

And now he is on his own threshold. Would he come back, indeed, like Ulysses, or like Enoch Arden? Like Ulysses. All these years Penelope has been faithfully waiting for him. With courage, with art, she has been standing off the suitors who have been wooing her with all sorts of gifts, with inflation, with state socialism, with Guilds, with miraculous concessions in Sovietland. Penelope has remained true to \$4.86%. The candle has been kept burning in the window. The sea-coal fire has been burning on the hearth. As the returned traveler peeps in at the window he sees home as he left it: a King, a House of Lords, a Majesty's Government, a Majesty's Opposition, trade, unemployment, letters to the editor of *The Times*, cricket, football, fox-hunting in the shires, home. It is, in part at least, his reward for insisting that there is, after all, something to be said for the gowd and the guinea's stamp.

France

THE *Westminster Bank Review* summarizes the present situation of France as follows:

Commercially, the French are prosperous and in a sound position, but financial conditions are less satisfactory. At one time it was usual in England to say that the question of finance was of secondary importance, and that so long as trade and industry were active and employment good, there was no need for apprehension. Experience in Germany and elsewhere has by now demonstrated the fallacy of this view, and it is at present universally agreed that unsound finance simply brings about false trading conditions, and leads to a country living on its capital without the fact being fully realized. Although the French are making efforts toward restoring the financial position of the country, and in particular have at last succeeded in balancing their national budget, many factors are operating to make their task a difficult one. The war and the policy of the four years succeeding the Armistice have left a legacy of inflation

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and high prices. Civil servants have been pressing for bigger wages, and their claims are not easy to resist in face of the increased cost of living. The necessity of filling the deficits in the first post-war budgets and for financing the reconstruction of the devastated areas has forced the Government to appeal again and again to the country for loans, until finally in the issue made two months ago interest and redemption terms were equivalent to an annual charge on the Treasury of nearly nine per cent. on the total sum thus borrowed; and although the budget has now been balanced, a fresh issue will be necessary in the spring to provide funds for the repayment of maturing loans. The depreciation of the franc has had the inevitable result of reducing the value of all fixed incomes, while although wages are nominally much higher than in 1913, they are, after taking into account the decreased purchasing power of the franc, only on an average around two-thirds of the corresponding prewar rates. Foreign exchange rates, although more stable than earlier in the year, show no signs of improvement, and in this connection no trade balance, however

favorable, can outweigh the existence of an unsound currency. Finally, the recent raising by the Banque de France of their rate from 6 to 7 per cent. is a warning that cannot be disregarded, especially in view of the general level of discount rates in other important financial centers.

To indicate these difficulties is not to adopt a pessimistic attitude toward the outlook for the coming year. As previously stated, France has gained new assets, and some are of a character which will prove permanent, and will not disappear with the ebb and flow of trade. The nation was faced with similar difficulties after the Napoleonic and Franco-Prussian wars, while in 1815 and 1871 it was in addition, faced with the discouragement arising from defeat in the field. Nevertheless, each time the French people rose to the occasion, and by sheer determination quickly achieved prosperity. When the facts of the situation are appreciated, there seems little ground for doubting that once again French fortunes will gradually improve.

It is interesting to note that the French Parliament has passed a bill exempting from stamp duty certain payments made by check. The avowed purpose of this legislation is to encourage the use of checks and thus reduce correspondingly the circulation of notes. It is felt, however, that it will be extremely difficult to alter the habits of the French public who have for generations been accustomed to using notes rather than checks for all ordinary payments.

A compilation of the figures for the first nine months of 1924 shows that France is now exporting more than she imports and that the gold value of French exports is now higher than in 1913.

One of the most characteristic symptoms showing France's recuperating power is shown in the accounts of French savings banks. Just before the war the savings

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banks showed an excess of withdrawals over deposits. The difference was not very important, however. On the contrary, since the Armistice, there is a considerable excess of deposits over withdrawals, which shows that the proverbial saving power of the French people is rather on the increase. The following figures tell the story:

Excess of Deposits Over Withdrawals

	Francs
1911	200,000,000
1912	90,000,000
1913	39,000,000
1919	1,370,000,000
1920	660,000,000
1921	1,088,000,000
1922	828,000,000
1923	357,000,000

The total of all deposits in French savings banks at the end of 1923 amounted to nearly 12 billion francs, that is to say more than half of the deposits in the principal institutions of credit, which are estimated at 26½ billion francs.

This enormous sum of 12 billion francs is made up of small deposits only, the number of depositors being as high as 16 millions. As the savings banks do not accept deposits exceeding 5000 francs, the preceding figures

show that more than one Frenchman out of three is the owner of a bank book, with an average deposit of 750 francs per capita. The amount of interest paid yearly by the French savings banks to depositors now reaches 400 million francs.

Another indication of the saving power of the French people is found in the following table giving the amount of internal loans subscribed in France since the war.

	Francs
1919	35,048,591
1920	45,906,470
1921	39,350,394
1922	26,028,824
1923	21,738,535
Total	168,072,810

On the subject of monetary inflation, M. Herriot, the French Premier in a speech recently delivered in the Chamber of Deputies, made the following statement:

The present Government will oppose further inflation at any cost.

There is an historical fact on which I base my opinion and decision. After the American Civil War, the United States went through a period of financial settlement just as trying as the one we are now in, and the

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great American Republic for a time had reasons to fear that its credit was endangered. Certain people resorted to measures which caused inflation.

A day came, however, in 1874, when President Grant rendered a great service to his country. He said then, "From now on, whatever happens, not one single paper dollar will be printed."

Well now, whatever happens, whatever restrictions may result, however painful may

be the obligations we will have to face, and even if our personal situation should be affected, I ask this Chamber—at least I ask all those who give their confidence to the Government—to understand that everything must be subordinated to the necessity of putting an end to the loan and other makeshift policy.

No more inflation! Let us subordinate everything to this principle, even if we should meet great obstacles and even if we should come to clash with demagogues who do not always come, as you know, from the Left or Extreme-Left parties.

Then we will have fulfilled as good Frenchmen our duty toward the future, as was done during the war by those who made much heavier sacrifices in order to give security to the coming generations.

Germany

THE moderate business revival in Germany continues with gradual increasing production, easier money, and firm stock market prices, according to the Department of Commerce. Increasing production has been absorbed by the larger home demand rather than by greater exportation, as is shown by a November record breaking the adverse trade balance. A growing disinclination is manifested against the granting of long-term loans, pending the clarification of the questions of interest, transfer, taxation, and future mortgage valorization.

There were 572 bankruptcies in December, 1924, 204 receiverships, and 239 receiverships terminated. Bankruptcies for the entire year amounted to 5710 as compared with 253 bankruptcies during the previous year and a prewar average of 900. Receiverships for the past year amounted to 2861 as compared with 2076 receiverships terminated.

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Living costs show only a slight increase, according to the Industrie und Handels Zeitung index, which records an advance from 119.7 on November 29 to 122.4 on December 31.

Many German firms are sending men to the United States to study the American machinery industry and to find ways to improve the output and efficiency of German plants and to reduce general factory expenses and overhead. Interesting developments have been made in the affiliations and fusions between various manufacturers of machinery. The principal reasons for those affiliations are improvements expected in technical and administrative problems, for example, common working and building programs, mutual buying and selling, standardizing and simplifying production, proper distribution of the products of affiliated plants, exchange of special processes and methods, and simplification of sales propaganda. It is hoped to increase economy in production and to reduce manufacturing costs.

The federal law prohibiting the export of capital from Germany, which expired on December 31, has not been extended. As

a result there can now be taken or sent out of Germany as much money as desired, by Germans as well as by foreigners residing in or passing through Germany.

The Bulletin of Direction der Disconto-Gesellschaft says:

The tendency toward increased prosperity is doubtless retarded by the continued shortage of capital and credit. There are, however, certain indications that the process of forming capital is being resumed, if only in a modest degree. The accounts newly opened with the savings banks increase in number from month to month, and the amounts deposited grow steadily. The same applies to deposits invested in banks, these having at least doubled since the beginning of the year (1924). The gradual alleviation of difficulties in the money and capital market is further expressed by increased emission activity. German industries may venture to come forward with their capital requirements, and in the month of November by far the largest number of increases in capital were recorded, and to higher amounts, than during the whole course of the year. In October 73 joint stock companies made applications in respect of increases of capital, in November 94, the nomi-

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nal amounts being 42 and 72 million marks. These facts must not, however, lead us to close our eyes to the circumstances that we are still very far from having overcome the general shortage of capital.

The New York Trust Company has issued a valuable study of the German railways as they are to be reorganized under the Dawes Plan. One-third of the payments that Germany has agreed to make on account of reparations are to be derived from her railways. This fact and the great dimensions of the unified German railway system make its organization, earning power and other facts about the system of unusual interest.

Austria

THE problem of the Austrian \$200,000,000 trade balance deficit is being effectively attacked through the development of water power resources, agriculture, and the restoration of Vienna's pre-war status as a

central financial traffic and market center of Central Europe and the Baltic States. Other measures designed to have a favorable effect upon Austrian trade and to lower Austrian price levels to continental parity are the customs tariff agreement with Czechoslovakia, Germany, and France, the international railway agreement for the facilitation of international traffic, and the establishment of a committee composed of representatives of all central industrial organizations for the purpose of reducing the cost of living. A 5 per cent. reduction in the price of milk and a 14 per cent. reduction in the price of bread have already been attained as a result of the latter measures.

The Gold Balance Law designed to deflate business and establish it upon a normal basis has encountered considerable opposition among business houses whose credit is thought to be endangered at a time of loan negotiations. The Schilling Law was finally passed in a modified form, establishing public finances upon a schilling basis within a

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Geneva

BASLE

Zurich

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CORRESPONDENCE IN ALL LANGUAGES INVITED

period of six months, and leaving its use optional in business accounting.

Sweden

THE quarterly report of Skandinaviska Kreditaktiebolaget summarizes economic conditions in Sweden as follows:

The aggregate industrial output improved in 1924. Also the figures for railway traffic and shipping point to a steady, though slow, increase of industrial and commercial activity. Another sign is the development of Sweden's export trade: the figures for the value of Swedish exports, reckoned according to the 1913 prices, have for some months almost approached the pre-war level. As at the same time the imports have been diminished in comparison with the same period in 1923—especially owing to the reduced import of cereals in the latter part of the year after it had been found that the harvest was better than had been expected—the balance of trade was more favorable than 1923. For this and other reasons the demands on the Riksbank for foreign currency have not been large, and the prospects for the continued maintenance of the gold standard are still favorable as far as one can look ahead.

Norway

THE turn of the year brought no conspicuous changes in Norway's business condition, but the general trend is favorable and accompanied by a prevailing optimistic tone, according to the Department of Commerce. Labor is quiet, and industrial operations are satisfactory. The financial situation is steadily improving, and the national currency is tending upward. The money market is stringent owing to heavy demands.

A balanced-budget proposal for 1925-26 was presented by the Finance Minister, who stated that actual equilibrium would be maintained if no additional expenditures for that year were authorized. The budget for the current year is not expected to balance, as expenditures have exceeded estimates by about 30,000,000 crowns.

Economy is the keynote of the new budget proposal. Expenditures are held within the figures of the current year, and involve a considerable reduction in expenditures for railroad and other construction purposes. Revenue, due to increased yield of taxation,

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should be higher; no new taxation measures are anticipated.

Denmark

THE predominant event during recent months has been the enactment of the much debated exchange stabilization plan, according to the Department of Commerce. This law, effective immediately, exempts the Bank of Issue from specie payments until December 31, 1926, on the following conditions: (1) the one-year revolving credit of \$40,000,000 obtained is placed at the disposal of the Bank of Issue for currency stabilization operations, any losses incurred on this credit or on the Currency Equalization Credit of 5,000,000 pounds sterling expiring on December 31, 1925, to be covered by the Bank of Issue. These obligations must, however, not exceed the net profits of the Bank of Issue during the fiscal years 1924-25 and 1925-26; (2) the rate of the dollar is to be "pegged" at 5.74 crowns (17.42 cents to the crown) until July, 1925; 5.60 (17.86 cents) until January 1, 1926; 5.46 (18.30 cents) until July 1, 1926; and 5.32 (18.80 cents) until January 1, 1927. In other words, during the next two years the rate is to be successively enhanced from 65 per cent. to 70 per cent. of par; (3) in each ordinary session of parliament an advisory board of fifteen members shall be chosen among the legislators to study the currency situation and make such recommendations as will be conducive to the success of the stabilization plan; (4) to provide means for the reduction of the note circulation, an "exchange donation" will be collected from the taxpayers partly by means of an increase of 12½ per cent. in the income tax over a period of two years, and partly by means of higher import duties on luxuries and a prolonga-

tion of the automobile sales tax for two years; (5) in order to preclude the necessity for further loans to the state by the Bank of Issue, the Exchequer is authorized to issue three- and six-months' treasury notes up to 50,000,000 crowns.

The Netherlands

THE *Financial and Economic Review of* Amsterdamsche Bank, Amsterdam, summarizes the economic outlook in the Netherlands as follows:

Although in various respects a marked improvement in the economic and financial state of affairs of the Netherlands is perceptible, especially when compared with 1923, the recovery has not been of the proportions necessary for a return to entirely normal conditions. Foreign trade is moving in the right direction, both as regards the quantities of goods shipped and their values. A gratifying feature is the high amount from taxation, the receipts having surpassed even great expectations. Dutch currency has recovered to its gold parity, being now on a par with the dollar, which gives trade and industry a firm basis for their calculations and future plans. Without giving way to any undue optimism, it may be stated that factors point to a bright future being in store for this country.

Though the prospects are hopeful, we may not overlook the fact that some time is bound to elapse before the Netherlands have recovered from the severe reverses met with chiefly during the post-war crisis. The home industry, especially, still bears deeply the traces of the abnormal times.

The *Monthly Review of* Rotterdamsche Bankvereeniging says on the same situation:

Looking back over the past twelve months, at the time when the old and the new year meet, we always consider it a more welcome



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task to be able to ascertain that the past year has brought an improvement, albeit a slight one, than to be obliged to state the contrary. We can make the more gratifying statement also this time; for if 1923 had brought about only a modest improvement of the general economic situation in Holland, this change has been gradually more intensified in the year just ended, so that a comparison between present conditions and those of a year ago must be greatly in favor of today. This is for the most part a result of the improved economic conditions of Europe, which began with the end of the struggle in the Ruhr, received a new impulse by the publication of the Dawes Report, and were still more accentuated by the adoption and the first steps toward the execution thereof. But besides these factors there has been in Holland itself no lack of successful endeavors to shape the purely national elements on which the development of the economic life of the country is based as favorably as possible. This is true not only of the state finances, but also of private enterprise, for which increasing occupation, rising export, and diminishing unemployment are to be recorded.

Czechoslovakia

THE Anglo-Czechoslovakia Bank of Prague summarizes conditions as follows in a recent bulletin:

A review of the past year shows that the improvement in the industrial activity of the country recorded for 1923 was maintained in the following twelve months. This is borne out by the number of unemployed in receipt of state relief, which dropped

from 57,900 in January to 8950 in November.

Among the factors which contributed toward this improvement may be cited the stability of the crown against the dollar; the gradual amelioration of economic conditions in neighboring countries, particularly in Germany and Austria; and the removal of impediments to trade with other states through the conclusion of several commercial treaties.

The financial estimates for 1925, when compared with the previous budget figures, show a reduction in ordinary expenditure of 1,019,808,097 crowns; in the deficit of 330,431,932 crowns; and in expenditure on public works of 910,147,000 crowns. A departure from the usual practice has been made in the budget for the current year by placing enterprises owned by the state on a commercial footing.

No serious strikes occurred during the year, but the increase in the cost of living in the past six months gave rise to a demand by labor in various industries for an increase in wages. This had to be met in part.

The figures of the foreign trade balance for the first eleven months of the year again show a considerable falling off against those for 1923, in spite of a large increase in the volume and value of exports. There was a favorable trade balance for this period of 869,406,241 crowns, as compared with 2,171,355,935 crowns for the corresponding eleven months of 1923. This reduction in the trade balance is due to an increase in imports from 8,630,757,479 crowns in 1923 to 14,040,655,542 crowns for January-November 1924. The high figure for imports is largely accounted for by purchases abroad of wheat, flour and pulses made necessary

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490 Branches in France

GENERAL BANKING BUSINESS

by a substantial increase in the area under sugar beet cultivation, while many industries required larger supplies of raw materials, owing to better employment.

Finland

THE Bank of Finland's monthly bulletin of economic conditions in that country states:

Contrary to the usual course of events, the balance of trade for November, 1924, proved favorable to Finland. The value of imports was 404,800,000 marks, or less than in October of the present year and less than in the corresponding month last year. The value of exports was, on the contrary, extremely high considering the time of year, being 522,800,000 marks. The surplus of exports for November amounts to 118,500,000 marks, and from the beginning of the year to the end of November to 165,800,000 marks. The results of foreign trade are thus appreciably more favorable than last year, when the figures for the end of November showed a surplus of imports amounting to

201,700,000 marks. On the basis of the November results it is fairly safe to prophesy that the results for the whole year will show a surplus of exports.

The labor strikes in certain secondary, special branches of industry have almost everywhere come to an end, and work has been recommenced either at former rates of pay or on the basis of mutual concessions. The number of seekers after employment has grown considerably, but actual unemployment cannot as yet be said to exist.

Russia

IN his annual address as chairman of the Russo-Asiatic Corporation, the largest private creditor of Russia, Leslie Urquhart made the following interesting statement:

It would be unreasonable not to admit that during the last three years since the declaration of the so-called new economic policy financial and economic conditions in Russia have made some progress toward recovery. In this connection the admirable work done by the Commissariat of Finance,

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(Helsingfors)

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despite the appalling difficulties which had to be overcome in the efforts to balance the state budget and stabilize currency, compels the admiration of every unprejudiced person. It required no mean effort of courage and of vision, in the condition of industrial and financial chaos in which the country found itself only a short time ago, gradually to replace the produce of the printing press by the proceeds of taxation and revenue, and to succeed in the provisional state budget of the current year not only to make both ends meet, but to do so without reverting to inflation.

During the past seven years every possible Communist theory of finance has been tried and proved a failure. The process of evolution and return to capitalism is in this department of state now complete, and the Commissariat of Finance is run on lines that would command the respect and approval of the most conservative capitalist government.

The Soviet authorities themselves estimate that not less than £100,000,000 are required to re-equip industry as a whole to meet even the present moderate requirements of the population. But how are these huge demands for capital to be met?

There being no sources of capital in Russia today, the Soviet Government has no

alternative but to seek the necessary capital in those foreign countries where conditions favor its accumulation, and I have reason to believe that it will not be long before practical proposals in this direction will be forthcoming, proposals which must inevitably carry conditions which will re-establish the confidence of the investing public in the credit of Russia.

Cuba

ONE hundred and sixty-nine Cuban sugar mills are reported to have been grinding on January 24, 1925, as compared with 163 on the corresponding date of the preceding year, according to the Department of Commerce. In spite of strikes in the mills at the beginning of the harvest, both the amount of sugar arriving at ports from the centrals and of that exported show increases over last year. Thus, arrivals at ports for the period up to January 17, 1925, and for an approximately corresponding period of last year, are 402,530 and 314,901 long tons, respectively, while exports for these periods are 227,668 and 155,217 long tons, respectively. Continuance of abnormal-

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LONDON

PARIS

ly warm weather has affected the sugar content of the cane to some extent, and the yield so far has been lower.

South America

REPORTS from the Argentine indicate that that country is suffering from tight money due to an inelastic currency system. The Buenos Aires Branch of the First National Bank of Boston comments on this situation as follows:

Tight money is due principally, of course, to the inelastic currency system, similar to that of the United States prior to the passage of the Federal Reserve Act. There are many here who think that if the government is not going to float a foreign loan and import gold in the near future, the Bank of the Nation should avail itself of the right granted under a special law to rediscount commercial paper at the Caja de Conversión, thus increasing paper currency circulation and facilitating free sale of raw products at prevailing profitable values when demand strengthens next month. The coun-

try is growing, but the circulating medium is decreasing. It is felt in some quarters that the continued closure of the Caja de Conversión (it has redeemed no paper with gold for the general public since August, 1914) only accentuates the evil that its inoperation is supposed to remedy, it being pointed out that a return to free gold exchange, now that the trade balance is so heavily favorable to the country, would not only drive the dollar and the pound to par, but would soon bring about the importation of gold, and that any seasonal money stringency could be overcome if the Bank of the Nation would rediscount temporarily as above mentioned. Objectors to this suggestion fear that the rediscounting might easily become chronic, with resulting dangerous currency inflation. In the meantime importers will do well to limit their purchases from abroad, because merchandise moves slowly and overhead costs mount rapidly when money is tight. If this situation can be remedied, all other signs point to a coming era of prosperity.

Exports to Latin America from the United States during 1924 amounted to \$769,573,240, an increase of nearly 10 per cent. over the previous year. Imports from that region were valued at \$1,050,578,995, or \$9,403,396 more than those of 1923.



International Banking Notes

The Swiss Banking Union, Zurich, ascribes the rise of the Swiss franc to parity with the American dollar, the Swedish crown and the Dutch florin, to five main causes: the improvement in the public finances and economic conditions, the revival of the tourist traffic, the issue of a loan in America, the repatriation of capital which had returned partly because higher rates of interest offered better inducements, but chiefly because of the return of that confidence which has restored to the Swiss franc that stability which it now enjoys.



Mitteldeutsche Creditbank of Berlin, and the Allgemeine Verkehrsbank, Vienna, have appointed F. Rosenberg, New York, as their representative in the United States.



Skandinaviska Kreditaktiebolaget, Stockholm, one of the largest Swedish banks, has

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Best Organized Collecting Department

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NEPOMUCENO MEJIA M. - President

offered for subscription a bond issue of 100,000,000 kronen.

The bonds bear a $5\frac{1}{2}$ per cent. coupon, and are being offered at par. They are repayable at par after fifteen years, but may be repaid at 108 at any time after 1935.



The American-Polish Chamber of Commerce, New York, is distributing a pamphlet entitled "The Progress of Financial Reconstruction in Poland," written by Edward Rose.



Total assets of Lietuvos Bankas, Kaunas, Lithuania, as of January 31, 1925 amounted to Litas 162,230,155.81.



A new publication known as *The Foreign Securities Investor* is now being published every two weeks by The Foreign News Distributing Co., Inc., 20 Broad street, New York. This publication is edited for American owners of foreign securities for the purpose of disseminating news and views on all subjects affecting the value of foreign se-

curities. A recent issue contains an article entitled "A Financial Study of the Dutch East Indies" by John H. Muurling, former representative in the United States of the Netherlands Indian Government.



Gross profits of The National Bank, Limited, London, for the half year ended December 31, 1924 amounted to £463,798 7s. 10d. after payment of interest, taxes and provision for bad and doubtful debts. A dividend for the past half-year at the rate of 14 per cent. per annum has been paid. Total resources of The National Bank, Limited, as of December 31, 1924 were £46,488,798 6s. 8d.



Total assets of the London Merchants Bank, Limited, London, as of December 31, 1924 amounted to £4,909,658 13s. 3d.



Deposits of the Government Savings Bank of New South Wales, Sydney, increased during the year ended June 30, 1924 by £1,348,852 0s. 5d. Withdrawals exceeded

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

Capital (Issued)	Rs. 1,00,00,000
Capital (subscribed)	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.

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Secretary

by 3,333,334 shares of 3000 kroners each. The shares are fully paid and non-assessable, and no extra liability attaches to their ownership. They are also free from all Austrian taxes now in force. The Mercurbank combines the functions of a commercial bank with an issuing house, a stock exchange firm and a holding company.

©

The balance sheet of the Bank of Finland, Helsingfors, as of December 31, 1924 has been announced as follows:

ASSETS	Fmk
Stock of gold:	
Finnish gold coin	28,957,070.00
Foreign gold coin	5,589,620.12
Bullion	8,738,666.28
Assets in foreign currency:	
Foreign correspondents	549,147,152.40
Credit abroad	244,800,000.00
Foreign bank notes and coupons	882,152.15
Bills in foreign currency	9,173,903.01
Bonds in foreign currency	3,798,647.50
Finnish silver coin	546,970.00
Government's short term obligations	48,000,000.00
Finnish state bonds in Finnish currency	434,141,806.25
Bills in Finnish currency	539,580,083.50
Loans on security	4,320,002.00
Advances on current accounts	7,211,914.39
Bonds in Finnish currency	13,365,884.75
Silver bullion	450,571.80
Finnish nickel coin	10,711,524.75
Finnish copper coin	404,811.80
Bank premises	12,000,000.00
Furniture	100.00
Sundry accounts	89,877,056.76
	2,011,697,936.46

LIABILITIES

	Fmk.
Notes in circulation	1,249,946,139.00
Balance of current accounts.....	45,743,517.60
Balance of current accounts due to government	158,009,468.96
Credit abroad	244,800,000.00
Bank post bills	8,086,570.02
Bills collected	741,710.20
Foreign correspondents	6,642,360.35
Sinking funds	6,227,548.03
Sundry accounts	16,556,529.24
Balance of interest accrued	609,963.14
Capital	100,000,000.00
Reserve fund	50,000,000.00
Reserve fund for bank premises and furniture	12,000,100.00
Reserved profit	46,960,400.92
Undisposed	65,373,629.00
	2,011,697,936.46

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deposits by £714,696, 4s. 3d., but interest added to depositors' accounts to the amount of £2,063,548 4s. 8d. made the increase stated. Net profits of the rural bank department for the year were £30,499 15s. 1d.

©

A large block of shares in Mercurbank, Vienna were recently sold in New York at \$1.85 per share of 3000 kronen.

Commenting on the above shares, J. P. Perry, director of the Mercurbank, said:

"The Mercurbank is one of the old established financial institutions of Austria, having been organized in 1887. It maintains close connections with a number of leading banks and bankers both in Europe and America. The Darmstadter and Nationalbank, one of the famous German "D" banks, has two representatives on the Mercurbank's board of directors. Hallgarten & Co., New York, the London & Eastern Trade Bank, Ltd., the Bank of Cataluna, Barcelona, Spain, are also represented on the board.

"The bank's capital stock is represented

At the first annual general meeting of the British Overseas Bank, Limited, London, the chairman, Viscount Churchill, reported that during the year ended October 31, 1924 steady progress had been maintained both in regard to the expansion of the bank's business and in the profits earned. Acceptances by the bank showed an important increase over the previous year, showing an increasing activity. Net profits for the

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Capital fully paid-up . . . (Pesos) 6,750,000 - (\$3,375,000)
Reserve funds " 2,250,000 - (\$1,125,000)

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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

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year after providing for taxes and bad and doubtful debts amounted to £105,548, 1s. 4d. Total assets of the bank as of October 31, 1924 were £7,780,816 4s. 5d.



Total assets of Ulster Bank, Limited, Belfast, as of November 29, 1924 were £25,-255,509 14s. 2d. Net profits for the year were £211,378 4s. The bank has a paid up capital of £500,000 and a reserve fund of £900,000.



The net profits of the Skandinaviska Kredittaktiebolaget, Stockholm, for the year 1924—after writing off on debts Kr. 7,469,346.43—amount to Kr. 9,566,146.18, to which has to be added Kr. 3,062,826.99 brought forward from 1923, making a total of Kr. 12,628,-973.17.

Besides the above amount a further Kr. 4,000,000,—taken from the contingency account of Kr. 8,000,000,—has also been written off on debts.

The board of directors proposed to distribute the same dividend as last year, viz. Kr. 15 per share (10.56 per cent.), requir-

ing Kr. 9,210,000, and to add Kr. 800,000 to the tax reserve, leaving a balance of Kr. 3,-118,973.17 to be carried forward.



Total assets of the Bank of Estonia, Reval, as of November 30, 1924 amounted to Emk 7,673,618,182.50 Bank notes issued on this date were Emk 2,250,000,000. The bank held gold abroad on this date amounting to Emk 539,065,950.



Gross profits of the National Discount Company, Limited, London, for the year ended December 31, 1924 were £821,385 16s. 11d. On this date the company's subscribed capital was £846,665 and its reserve fund £550,000.



Net profits of the Commercial Bank of Scotland, Edinburgh, for the year ending October 31, 1924 were £335,117 4s. 2d. The paid up capital of the bank on this date was £1,750,000 and reserve fund was £1,750,000. Total assets were £43,203,243 14s. 1d. Advances were £13,807,141 0s. 10d. Notes in

**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.

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PONCE, PORTO RICO**

circulation were £3,303,929. This bank has an office in London and 300 branches and sub-offices in Scotland.

040 and its reserve fund £1,010,000. Net profits for the year were £193,393 0s. 10d.

◎

The opening balance sheet in gold marks of Deutsche Bank, Berlin follows:

ASSETS	Gold marks
Shares of the Deutsche Bank of 40,000,000 gold marks nominal value (since sold)	40,000,000.00
Cash, foreign monies, coupons and balances with clearing banks.....	36,314,786.93
Cash balances with banks and bankers	157,339,837.87
Bills receivable	11,506,349.05
Loans on Merchandise	23,280,994.84
Loans and advances on securities pledged	7,202,133.95
German treasury bonds in dollars	5,000,000.00
Investments in stocks and bonds....	10,000,000.00
Syndicates	10,000,000.00
Shares of allied banks	25,000,000.00
Debtors in current accounts (besides: debtors for guarantees given by the bank 31,422,844 gold marks)	183,253,587.04
Bank premises	40,000,000.00
Other real estate	3,000,000.00
Items in transit between head office and branches	440,113.82
	552,337,803.50
LIABILITIES	Gold marks
Capital issued and paid up.....	150,000,000.00
Reserve	50,000,000.00
Creditors in current accounts	349,287,795.83
Bills payable (besides: liability of the bank for guarantees given on behalf of customers 31,422,844 gold marks)	550,007.67
Dr. Georg von Siemens's Fund.....	2,500,000.00
	552,337,803.50

◎

Total assets of the Manchester & County Bank, Limited Manchester, as of December 31, 1924 amounted to £23,954,683 16s. 5d. The bank's capital on this date was £1,092,-

◎

During the year ended June 30, 1924, Hollandsche Bank Voor Zuid-Amerika, Amsterdam, earned Fl. 1,624,671.18 in interest and Fl. 942,139.39 on exchange and commissions. Total assets as of July 1, 1924 were Fl. 82,879,648.35, capital was Fl. 17,580,000 and reserve Fl. 5,300,000.

◎

Net profits of the Bank of New South Wales, Sydney, for the half-year ending September 30, 1924 were £388,213 9s. 6d. Total assets of the bank on this date were £74,048,578 8s. 4d. Paid up capital was £6,000,000 and reserve fund £4,050,000; notes in circulation £481,090; deposits £52,396,570 1s. 3d.; bills discounted £43,102,389 2s. 6d.

◎

Net profits of the Belfast Banking Company, Limited, Belfast, for the year ending December 31, 1924, were £106,797 3s. Total assets on this date were £17,993,362 11s. 2d; paid in capital £600,000; reserve fund £600,000; notes in circulation £1,271,630; current, deposit and other accounts £15,432,712 15s. 6d.; advances £9,825,625 19s. 8d.; gold and silver coin, currency notes and cash at call £1,658,244 7s. 4d.

◎

Profits of Williams Deacon's Bank, Limited, Manchester, for the year 1924 after

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

providing for taxes and bad and doubtful debts were £338,898 5s. 9d. Total assets on December 31, 1924 were £41,102,792 9s. 9d.; paid in capital £1,875,000; reserve fund £1,250,000; current, deposit and other accounts £34,836,369 12s. 3d.; advances £18,683,878 5s. 8d.

⊙

Total assets of the National Bank of Scotland, Edinburgh, as of November 1, 1924 were £36,976,612 0s. 6d. Other items on this balance sheet are capital £1,100,000; reserve £1,300,000; note circulation £2,590,656 14s.; deposits etc. £31,018,368 9s. 6d.; advances £11,403,109 8s. 4d.

⊙

The gross profits for the year ended September 31, 1924 of the Bank of London & South America, Limited, London after providing for bad and doubtful debts were £1,903,934 2s. 10d. Items on the balance sheet of this date were capital paid in £3,540,000; reserve £2,600,000; bills receivable, bills discounted, advances, etc., £52,991,594 3s. 11d.; current accounts, deposits, etc., £41,384,812 12s. 7d.; cash etc. £11,-

688,799 1s. 1d. After charges of £1,488,226 5s. 8d. and dividends of £201,600, a balance of £624,792 17s. 9d. was carried forward to profit and loss account. This bank was formerly the London and River Plate Bank, Limited, with which is amalgamated the London and Brazilian Bank, Limited.

⊙

Gross earnings of the Industrial Bank of Japan, Ltd., for the half year ended June 30, 1924 were 19,481,578 Yen. Dividends amounting to 10 per cent. per annum on the paid-up capital were set aside and 900,000 Yen were added to reserve. Total assets of the bank on this date were 546,634,669,455 Yen. The total amount of loans newly made for various enterprises during the half-year was 54,290,000 Yen.

⊙

Net profits of the Western Australian Bank, Perth, for the half-year ended September 29, 1924 were £40,877 19s. 9d. Total dividends amounting to £38,412 10s. were paid and £35,006 0s. 4d. were carried forward. The

reserve fund of the bank on this date was £981,000 and reserve profits were £85,006 0s. 4d. Total assets were £4,682,630 3s. 11d. Notes in circulation were £11,389 10s. and bills in circulation were £37,385 17s. 4d. Bills receivable and advances were £3,545,-353 9s. 11d.

©

The opening of a new branch office in Milan, Italy, is announced by the National City Bank of New York. It will be in charge of Herbert Furrell, who formerly was in the Paris office of the bank. The new Milan branch is on the Piazza Corduzio, in the heart of Milan's business district.

This is the second branch of the National City Bank in Italy, one having been opened several years ago at Genoa. The bank now has thirty-eight foreign offices, which are in Argentina, Belgium, Brazil, Chile, Cuba, England, France, Italy, Peru, Porto Rico, Uruguay and Venezuela.

©

The aggregate paid-in capital of nineteen leading banks of Finland, as of December 31, 1924, amounted to 755,000,000 finmarks (approximately \$19,000,000), surplus and undivided profits to 318,000,000 (approximately \$8,000,000), making a total of 1,073,000,000 (approximately \$27,000,000) of capital resources. These same banks reported aggregate profits for the year 1924 of 181,300,000 finmarks (approximately \$3,300,000) and average dividends to stockholders at the rate of 8.8 per cent., as against 8.6 per cent. in 1923.

©

Total assets of Tampereen Osake-Pankki, Tampere, Finland, on December 31, 1924 amounted to Fmk. 244,148,562.25. On the same date the capital was Fmk. 20,000,000 and the reserve Fmk. 14,000,000. The profits for 1924 were Fmk. 4,016,947.67.

©

The ministry of Commerce of Siam has recently issued the second edition of its "Importers and Exporters Directory for Siam." This directory is designed to supply details of the foreign trade and commerce of Siam and also of those firms in Siam who export and import goods direct. For the information of traders abroad who may desire to enter into commercial relations with this country this book contains a fund of

useful information, and it should be of value to banks throughout the world.

©

The total assets of The Kajima Bank, Ltd., Osaka, Japan on December 31, 1924 amounted to Yen 221,546,475.88. Net Profits for the year ending December 31 were Yen 1,566,807.46 which with the sum of Yen 261,281.56 carried forward from the last half-year made a total of Yen 1,828,089.02, which was appropriated as follows:

	Yen
Reserve funds	500,000.00
Dividends	943,750.00
Bonus	50,000.00
Pension reserve	50,000.00
Balance carried forward to next halfyear	284,339.02
	1,828,089.02

©

The net profits of the Dresdner Bank for the fiscal year ended December 31, last, are reported at 8,349,877 reichsmarks. The directors are proposing a dividend of 8 per cent. after adding 1,400,000 reichsmarks to the reserve capital, increasing the total under that head to 28,400,000 reichsmarks, exclusive of the 78,000,000 reichsmarks capital stocks.

©

The directors of the Dresden Bank, Germany, have declared a dividend of 8 per cent., payable from 1924 earnings.

©

According to a cablegram received recently by the Amalgamated Bank of New York, the U. S. S. R. Prombank of Russia, which the bank here represents, has just ended its most successful year. The message said:

"The annual meeting of the Commercial and Industrial Bank of the U. S. S. R. (Prombank) was held at Moscow on February 22. The balance was found to be 275,000,000 rubles, as against 87,000,000 for last year. The capital fully paid up during the year increased from 15,000,000 to 40,000,000 rubles, and the profits from 2,000,000 to 8,500,000 rubles. The dividends were 15 per cent., as against 8 per cent. last year. The loans, discounts and guarantees for foreign trade were 32,000,000 rubles, and the money transfers from abroad through the Russo-American Industrial Corporation and the Amalgamated Bank of Chicago and New York 10,000,000. The bank has seventy-

Rotterdamsche Bankvereniging

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

five branches in Russia. The meeting approved the report of the directors and accepted a motion for a further increase of capital to 75,000,000 rubles."

©

The board of directors of Banque de Bruxelles, Brussels, at its meeting on February 4, after having considered the results of the financial year of 1924, decided to distribute to shareholders a dividend at the rate of 11 per cent. as compared with a 10 per cent. dividend distributed last year.

The gross profits as they appeared from the profit and loss account amount to Francs 48,491,919.58, against Francs 33,290,494.75 (1923) and leave a net profit of Francs 26,039,870.55, against Francs 16,661,099.35 in the previous year.

The distribution of the balance aforementioned contemplates, besides the payment of an 11 per cent. interest, the carrying to reserves of an aggregate sum of

Francs 4,280,000, against Francs 2,315,000 in 1923.

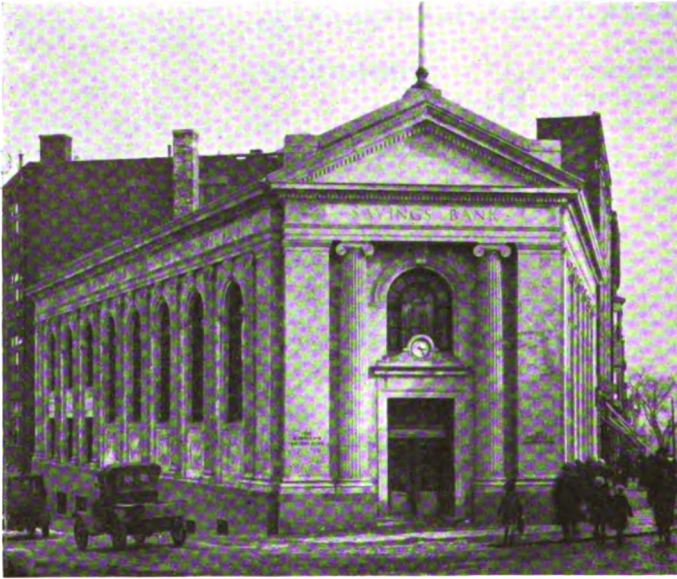
©

Total assets of the Imperial Bank of India on December 31, 1924, amounted to Rs. 96,93,90,625. The net profits of the bank for the half-year amounted to Rs. 49,05,355-15-9 which with Rs. 21,52,857-12-10 brought forward from the half-year ended June 30, 1924, made a total of Rs. 70,58,213-12-7.

This sum the governors of the bank disposed of as follows:

	Rs.
In payment of a dividend to the shareholders at the rate of 16 per cent. per annum free of income tax	45,00,000 0 0
Transferred to reserve fund.....	10,00,000 0 0
Transferred to pension fund.....	3,00,000 0 0
Carried forward to the profit and loss account of the current half-year	12,58,213 12 7
	70,58,213 12 7





HE new banking home of the Montclair Savings Bank, Montclair, N. J.—an individual savings bank building with polished granite base and limestone exterior. The interior is finished in bronze and marble.

Thomas M. James Company
3 Park Street, Boston 342 Madison Ave., New York
Architects and Engineers

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bank building problem

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Savings Banking

Article XXIII 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 XXIII

I. Functions of savings banks:

1. To receive time deposits in small amounts from individuals and to pay interest on them.
2. To invest these deposits in safe, interest-bearing obligations as permitted by law.

II. Types of savings banks:

1. Mutual (non-stock).
2. Stock.
3. Interest departments of national banks, state banks, and trust companies.
4. Savings associations.
5. Postal savings banks.

III. Types of accounts:

1. Single-name accounts.
2. Joints accounts.
3. Trust accounts.

IV. Types of investments:

1. Mortgage loans.
2. Government bonds.
3. State and municipal bonds (with certain qualifications).
4. Other bonds of the higher investment grades (industrial bonds excluded).
5. Bankers' acceptances.
6. Loans with certain high-grade collateral.

SAVINGS banks contrast sharply with commercial banks. While the chief function of the latter is to receive demand deposits, to discount business paper and make advances to provide working capital for commercial borrowers, the function of savings banking is to assemble small savings which in the aggregate can be considered as permanent capital available for investment in long-term, non-commercial loans.

The banking law of New York state defines a savings bank as a "corporation authorized by the laws of this state only to receive money on deposit in such sums, to invest the same in such securities, obligations and property, and to declare, credit and pay from its earnings such dividends, as may be prescribed by law." Savings banks are instituted especially for the purpose of encouraging thrift among persons of small means by paying interest on savings deposited therein. Originally, savings banks were regarded as semi-philanthropic organizations to provide machinery for collecting and assembling the savings of the poor, and to invest them in high grade investments, to the end that the accrued

interest might be returned periodically to the depositors. While modern savings banks can hardly be regarded in this light, one feature has always remained dominant, i. e., strict supervision of the investment of deposits as a means of protecting a class of depositors which can ill afford to lose its savings, and which, at the same time, is generally incapable of making a wise selection of investments or of a bank.

TYPES OF SAVINGS BANKS

Savings banking, however, is by no means confined to savings banks. In many towns, the volume of business does not warrant the establishment of more than one banking house, e. g., a national bank, state bank, or trust company. These banks are permitted to organize "savings," "special interest," "compound interest," or "thrift" departments which answer the same purpose and are conducted in much the same manner as savings banks. In other words, the work of the savings department is carried on quite independently of the commercial banking business.

In addition to the strictly savings banks and the savings departments of commercial

Still Greater Help in

Announcing the merger of two great institutions that have grown by giving business building service that has aided banks . . .

The Bankers Supply Company

IN 18 years, this company has grown to be the largest manufacturer of bank checks in the world. The yearly output of checks would reach seven times around the globe.

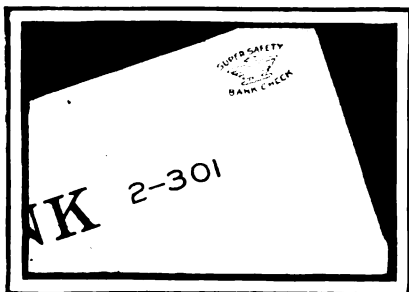
This amazing growth was founded and built upon the idea that banking supplies, particularly checks, could be made active helps in building business for banks.

Super-Safety paper was the result.

Then came the plan of national advertising—to educate the public on problems and principles which should help banks attract new depositors. Local help in advertising for the banks was put on an increasingly effective basis. The whole became a definite, effective merchandising plan for banks.

Modern manufacturing methods—from raw materials to finished products—made it possible to render this complete service to banks at no premium in price.

The step announced today is but another logical move in this 18-year history of progress. It means greater and better service than ever.



THIS is news that concerns the progressive bankers of America chiefly because it announces greater cooperation than they have ever had before—in securing new depositors and holding present business.

The Bankers Supply Company, originators and makers of Super-Safety Bank Checks, has been purchased by the Todd Protectograph Company.

Doubled effort for banks

Where these two institutions in the past have worked *separately*—they will now combine forces.

The great national advertising campaigns of each will be continued—reaching millions of Americans who are banking “prospects.”

Research work toward solving problems of bank merchandising will become doubly effective—through cooperation between the two staffs.

Closer contact with banks will be made possible through the two great corps of trained representatives—600 men in the field, and offices in 125 cities. Thus service never before equalled will be rendered.

BANKERS SUPPLY

THE TODD

World's Largest Manufacturers of Bank

State Street at 60th

NEW YORK

CHICAGO

Building Business

A complete plan

Super-Safety Bank Checks give you something definite to merchandise, at no greater cost than any checks of comparable quality. They are part of a completely worked-out plan for getting new depositors.

First, they are advertised consistently—in the most powerful way—to the millions who are logically banking prospects. They offer features of protection and appearance that *do* appeal to people, *do* help open new accounts for you.

Back of that is a localized advertising service which no bank could possibly secure for less than \$15,000 yearly! It is furnished free to banks using Super-Safety checks. Details will be sent you upon request. Nothing like it has ever before been offered to the banking world.

Under this new combination of forces, the Super-Safety check plan and service will be more vitally effective for you than ever before.

Invaluable data

We ask an opportunity to place before you the details of this plan. It is today in use by thousands of progressive banks. Now it becomes more attractive than ever.

Here is valuable data that you can actually use. It is yours for the asking—and without obligation.

COMPANY, Division COMPANY

Checks and Check-Protection Equipment
Chicago, Illinois
ROCHESTER DENVER



GEORGE W. TODD
*Director, Lincoln Alliance Bank, Rochester, N. Y.
Director, Eastman Kodak Co.
Chairman, Stromberg-Curlison Telephone Mfg. Co.*

LIBANUS M. TODD
*Chairman, National Bank of Rochester
Trustee, Mechanics Sav. Bk.
Director, Rochester Gas and Electric Co.*

The Todd Protectograph Company

THE history of this institution, founded 25 years ago, in many ways parallels that of the Bankers Supply Company—which it has now purchased.

In 1899 the company was founded, and the first Todd Protectograph was made. Nearly all banks use the Protectograph. More than 1,000,000 are in use throughout the world.

Later, came Todd-Greenbac checks—of distinctive appearance, and alteration-defying. Whenever the forger touches any part of their sensitized surface with acid, they instantly flash the word VOID.

And this program was furthered by national advertising—directed toward education of the public.

Now, with still greater facilities for service, the Todd Company will go even farther—in building business for banks.



The **FIRST**
NATIONAL BANK *of*
BOSTON

1784 :: :: 1925

Ten Boston Offices

Foreign Branches

BUENOS AIRES, ARGENTINA HAVANA, CUBA

European Representative

24, OLD BROAD ST., LONDON

WHEN you have Boston or New England business, send it to us. With ten offices covering the city and direct collection facilities throughout this section, we afford quickest and best service. Correspondence invited.

CAPITAL \$20,000,000

SURPLUS \$20,000,000

Resources over \$370,000,000

banks and trust companies, there are other institutions that carry on savings bank functions, such as, for instance, savings associations, building and loan associations, mutual investment companies, and postal savings banks. In fact, any institution which accepts small deposits and pays interest on them, and whose object is to foster the habit of thrift, can qualify as a savings bank.

As to organization, savings banks proper are divided into two classes, mutual (non-stock), and stock. Mutual savings banks are organized without stock capital, are managed by a board of trustees which is usually a self-perpetuating body, and earnings are distributed among the depositors as dividends upon their deposits, usually limited to 5 per cent. as a maximum. Surplus earnings are carried to the guaranty fund, and the expenses of organization are met out of an expense fund provided by the original organizers. Stock savings banks, on the other hand, are managed by a board of directors elected by the stockholders. Interest is paid to depositors at a fixed or contingent rate, and earnings above expenses and interest to depositors are available for distribution to stockholders. Stock savings banks also very often conduct a commercial banking business. Mutual savings banks predominate in the eastern states, while stock savings banks are the prevailing type elsewhere. In New York and New Jersey, only mutual savings banks are now permitted.

SAVINGS ACCOUNTS

Savings accounts are of three classes: (1) single-name accounts, (2) joint accounts, and (3) trust accounts. The single-name account is by far the most common, and is payable to the depositor, his attorney, or (upon the death of the depositor) his legal representative. Joint accounts are in the names of two persons and are payable to either party, or in the case of death of one to the survivor. Such an account, in a husband-and-wife relationship, has the advantage of making the deposit available to both as a joint-tenancy during life, and to the survivor in the event of the death of one, thereby avoiding administratorship. Trust accounts, as well as joint accounts, are frequently opened to circumvent the expenses of administratorship after death, or the necessity of making a will. However, a real trust is not created by the opening of

such a trust account, but merely a tentative or savings bank trust.

Savings accounts are evidenced by pass books, which contain a contract between the bank and the depositor. When a savings account is opened, the depositor is required to sign his name to the bank's signature book or card, and to give a description of himself for the purpose of future identification. The information usually required is along the following lines: Residence, occupation, date of birth, father's and mother's (or wife's or husband's) name, and sometimes the names of sisters and brothers. If the depositor is an illiterate, note is also made of his distinguishing physical characteristics, e. g., color of eyes and hair, complexion, height, weight, etc.

PASS BOOKS

The status of a savings account pass book is legally very different from that issued for a checking account. In savings bank practice, the pass book is used as a voucher or receipt, both for money deposited and withdrawn. It must be presented with each deposit and withdrawal, and to receive interest credits. It therefore shows the correct balance due to the depositor at all times (ignoring accrued interest), thereby differing from a commercial bank pass book, which is merely a memorandum of deposits, does not show the balance of the account, and is not a contract.

Whenever the depositor wishes to make a withdrawal, he is required to make out a withdrawal draft indicating the amount desired, and affixing his signature. The depositor is identified, not solely through the possession of the pass book, but in case he

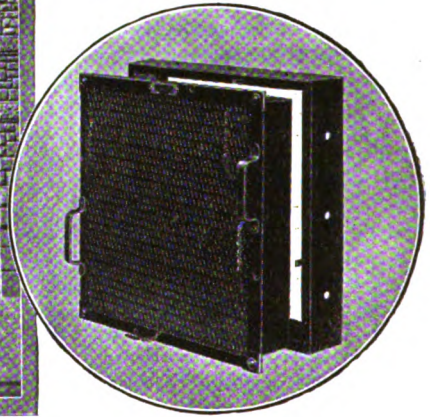
How about a bank magazine individualized and named by yourself suitable for all departments of your institution, at an amazingly low cost?

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REED AIR IS CLEAN AIR



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FREE BULLETINS

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VENTILATE a bank with clean, invigorating air and it will pay you real dividends in better health and higher efficiency of employes and substantial savings in costs of maintenance. The Integrity Trust Company, of Philadelphia, supplies its banking rooms with 22,000 cubic feet of 97% clean air each minute by the use of Reed Air Filters. Send for bulletin showing how you can effect real savings by the use of Reed Clean Air.

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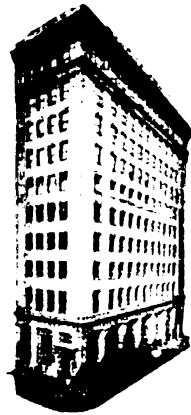
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THE Rivet-Grip System of Reinforcement is the most effective method of bank vault protection known to science, as well as the most economical. Its flexibility of arrangement makes it particularly adaptable to bank vaults of any size—gives to walls, floor and roof of a vault, the same protective strength as the door—balanced protection throughout.

The effectiveness of Rivet-Grip reinforcement was proved by the Federal Reserve tests at Sandy Hook. It is the only type of reinforcement that can be erected in exact duplication of the test walls without prohibitive costs.

Whether building a new vault, or rebuilding an old one, write for our authoritative handbook on modern bank vault construction. Let us submit proposals for the type that will give your vault most effective protection.



*Pittsburgh Branch
Cleveland Federal Reserve
Bank*

The Rivet-Grip Steel Company

Representatives in all principal cities

2741 Prospect Avenue

Cleveland, Ohio

is not personally known to the teller, his signature is compared with that on record. Test questions, based on the descriptive information given at the time the account was opened, may also be asked. Banks located in sections where there is a large foreign element or where there are many illiterates frequently employ the finger-print method of identification.

Savings deposits are classified as time deposits, and the right to require notice of intention of withdrawal is granted to savings banks, varying from ten days to ninety days according to the state. Under ordinary conditions, however, this privilege is rarely exercised, and a bank normally has enough cash on hand to pay any reasonable sums asked for. A savings bank pass book is not negotiable, but may be assigned for the purpose of obtaining a loan, except where a bank expressly prohibits assignments in its by-laws. When a pass book is lost the bank should be notified immediately so that all payments can be stopped and the account closed. The New York bank law requires that the balance be transferred to a new account in order to prevent funds being paid

to a dishonest person who might come into possession of the pass book.

SAVINGS BANK INVESTMENTS

Savings banks are circumscribed in their investment policy. They are permitted to invest their deposits and guaranty fund only in such media as are allowed by the laws of the state in which they are located. The prime object of the close supervision of savings bank investments is to safeguard the depositors from losses by reason of bad investments which might easily follow from an unwise though well-intentioned investment policy. Theoretically, at least, all savings banks (in the same state) are equally safe, since their investments are restricted in the same way.

While the laws governing savings banks differ among the various states, generally speaking, investments are limited to the following classes: (1) First mortgage loans on real estate within the state, (2) United States Government bonds, (3) state and municipal bonds (with certain qualifications and preference being given to municipal bonds of jurisdictions within the same state), (4) bankers' acceptances, and (5)

of the widening field for Travelers Cheques

Careful analysis of the sale of all travelers cheques for 1924 plainly indicates a marked widening of their protective and helpful service.

The estimated total sales in the United States of all travelers cheques during 1924 was \$300,000,000. Forty per cent. of this amount, or \$120,000,000 were carried abroad for use in foreign travel. Fifty per cent., or \$150,000,000, were used by tourists, motorists and business men traveling in this country. Ten per cent., or \$30,000,000, were sold to non-travelers in the United States.

There are excellent reasons why 60% of all travelers cheques sold last year were used in the United States. Lawlessness is not decreasing. Petty pilfering and banditry are exacting their appalling toll from those who carry "easy money"—traveler or non-traveler. The general public is growing more careful. People are playing safe. Insured money in the pocket is quite as necessary, on the streets of our cities, as it is in traveling or for use abroad. Thus, people are insuring the contents of their wallets, wherever they are, through the use of travelers cheques.

AMERICAN EXPRESS TRAVELERS CHEQUES have a double insurance value. They not only insure the actual funds wherever used but they insure the traveler against the many worries, uncertainties and misgivings that all people encounter when away from home.

At nearly 30,000 points in the United States are friendly offices manned by men trained to help those who carry American Express Travelers Cheques. No traveler need have any uncertainties in an express office, whether in Europe, South America, the Far East, or in the United States. "American Express," to its travelers cheque holders, is a byword of personal service.

Of this service a writer in the November issue of NATIONS BUSINESS says:—

"I do not know who the owners of the American Express Company are, or who operates it, but I am safe in saying that they do a great deal of work for nothing for people who may never spend a cent with them. I hope the company is prospering, for with its offices in almost every important city, it is undeniably of credit to American business methods—I know this is free advertising, but it is also good service to the reader."

This is the service a bank offers its patrons when it starts them on their journeys equipped with American Express Travelers Cheques.

American Express Co.
65 Broadway, New York

OFFICES IN ALL THE PRINCIPAL CITIES

loans secured with Government bonds, bankers' acceptances, or assigned pass books.

Mortgage loans are made legal investments in all states, as well as investments in Government, state and municipal bonds (with certain exceptions), and loans with these securities as collateral. Railroad mortgage bonds of companies paying at least 4 per cent. on the aggregate amount of stock outstanding are eligible for investment in most states. Bank stock is a common form of investment in New England. Personal loans are quite general throughout the states, while in the South and West, commercial paper is frequently the principal asset.

POSTAL SAVINGS BANKS

Postal savings banks were organized under the United States Postal Savings Act passed in 1910. These banks, officially called postal savings depositories, are a part of the United States post office system. Deposits are accepted from individuals in the minimum amount of \$1 to a maximum amount of \$2500, and may be withdrawn without notice at any time.

The main purpose of postal savings banks is to receive deposits of money from persons of foreign birth and other persons who may lack faith in the regularly constituted banks owned and managed by private capital. Postal savings banks are, therefore, concessions to those who do not trust banks, and perform a useful service by attracting deposits for use in productive pursuits that otherwise would be hoarded. By the same token, they cannot be considered as offering competition to the regular savings banks.

Postal savings deposits are not evidenced by pass books but by postal savings certificates made out in the name of the depositor. These certificates bear simple interest at the rate of 2 per cent. per year, payable annually, but no interest is paid for a fraction of a year.

The funds received on deposits in postal savings banks are either deposited by the Government in banks especially designated as postal savings depositories, at 2¼ per cent. interest, or are invested in United States Government bonds.

READING ASSIGNMENT

J. T. Holdsworth: Money and Banking, Chap. 18. (Brief general treatment.)
 W. H. Kniffin: Business Man and His

THE organization of Dietz, Pennell & Jordan offers Interior Equipment Engineering Service to Banks & Architects.

This specialized service includes the developing of practical and economical plans for the efficient operation of Banks.

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Booklet on Planning & Equipping of Banks will be sent on request

Bank, Chap. 23 (Savings bank functions, investments and management.)

H. G. Moulton: Financial Organization of Society, Chap. 18. (Functions of savings banking.)

Willis & Edwards: Banking and Business, Chap. 20.

SUPPLEMENTARY READING

(For those who wish to undertake a more thorough study of the subject.)

W. H. Kniffin: The Savings Bank and Its Practical Work.

E. L. Robinson: One Hundred Years of Savings Banking.

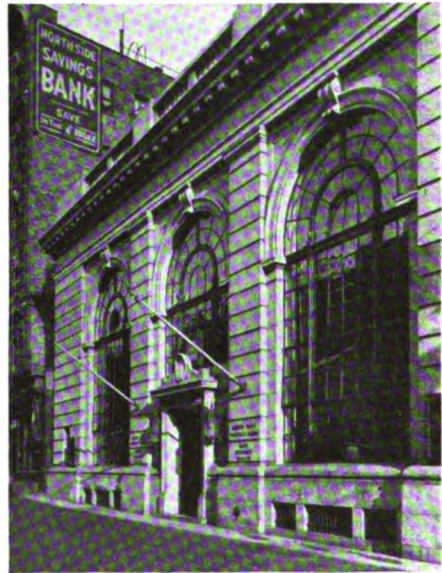
QUESTIONS

1. What is the function of savings banking?
2. Contrast the functions of savings banks with commercial banks.
3. Are savings banks semi-philanthropic institutions?
4. What is the purpose of savings banks?
5. Name and explain the two types of savings banks.



An unusual feature of the North Side Savings Bank, Bronx, New York City, is that the active offices are located on the mezzanine floor, with an unobstructed view of the entire banking room. This institution features its safe deposit business, having a large and well protected vault of the latest design

THE North Side Savings Bank has an individual bank building in the Italian Renaissance style, with an exterior facade of Bedford Indiana limestone. It is 66 feet wide by 105 feet in depth. Built on an inside lot, it receives its light through the large arched windows in the front and skylights in the ceiling



*An individual bank building
designed in Italian Renaissance
by*

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street - - - - New York

6. Are savings banks synonymous with savings banking? Explain.
7. What other institutions engage in savings banking besides savings banks?
8. Can commercial banks have "savings" departments?
9. Define time deposits.
10. What is the name of the managing body of a mutual savings bank?
11. What is the guaranty fund? Expense fund?
12. How does the guaranty fund arise? Can it be distributed to depositors?
13. Are savings banks limited (a) in the amount of money they can receive from single depositors, (b) why or why not? (c) in the rate of interest (or dividends) they can pay to depositors?
14. Name three kinds of savings accounts. Define each.
15. What is the purpose of joint and trust accounts?
16. State three differences between a savings bank pass book and a commercial bank pass book.
17. What is the procedure in opening up a savings account?
18. How are withdrawals made from a savings account?
19. What ways does the savings bank teller have to identify the depositor?
20. What information is used as a basis for "test" questions?
21. Under what circumstances is fingerprint identification employed?
22. Are savings banks required to pay deposits immediately on request?
23. What three things are usually required when a depositor loses his savings bank pass book? When it has been destroyed?
24. Why are savings banks limited to certain types of investments?
25. In general, to what types of investments are savings banks restricted?
26. Is a New York savings bank allowed to invest (a) in second mortgage real estate loans, (b) public utility bonds, (c) industrial bonds, and (d) preferred stocks?
27. What restrictions are placed on New York savings banks in the ratio of loans to appraised value of the property in making mortgage loans?
28. When and under what law were postal savings banks established?
29. What is the particular purpose of postal savings banks?
30. What is the maximum and minimum deposit receivable from one person under the postal savings system?
31. What evidences a postal savings deposit?
32. How much interest is paid on postal savings deposits? How often?
33. How are postal savings deposits invested?
34. Do postal savings banks compete with private savings banks?

“IN this and like communities, public sentiment is everything. With public sentiment nothing can fail; without it nothing can succeed. Consequently, he who moulds public sentiment goes deeper than he who enacts statutes or pronounces decisions.” — *Abraham Lincoln.*

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, 71-78 Murray Street, New York.—EDITOR.

Announcement

BEGINNING with the April number there will be published in this department a series of articles of particular interest and value to bank credit men. This series, when completed, will constitute a complete treatise on credit and credit department methods. While some of these articles will necessarily be elementary in their nature and will perhaps be more valuable to beginners in credit work than to experienced executives, they will nevertheless be valuable to all engaged in credit work in helping them to fix clearly in mind certain basic principles. The main topics to be covered will be as follows:

1. FORM OF BUSINESS ORGANIZATION.
 - a. Individual or proprietorship.
 - b. Firm or partnership.
 - c. Corporation.
2. CORPORATION SECURITIES.
 - a. Bonds.
 - b. Notes.
 - c. Stock.
3. BUSINESS RECORDS.
 - a. Theory of bookkeeping.
 - b. Trial balances.
 - c. Balance sheet.
 - d. Profit and loss statement.
4. STATEMENT ITEMS.
 - a. Balance sheet items.
 - b. Profit and loss items.
5. AUDITED STATEMENTS.
 - a. The auditor's report.
 - b. Auditor's certificate.
6. STATEMENT ANALYSIS.
 - a. Comparison form.
 - b. Additional analysis.

7. SPECIAL ANALYSIS.
 - a. Ratios.
 - b. Graphic analysis.
8. INVESTIGATIONS.
 - a. Purposes.
 - b. Form.
9. SUMMING UP THE RISK.
 - a. Pointing out features.
 - b. Rating the risk.
10. THE CREDIT FILE.
 - a. The credit folder.
11. CREDIT DEPARTMENT ORGANIZATION AND SYSTEMS.
 - a. Work to be accomplished.
 - b. Division of work.

The practice of answering questions on credit problems of general interest to readers will be continued as in the past, and all readers of this department are urged to take advantage of this opportunity for obtaining expert advice on their current credit problems.

The Editor of this department welcomes suggestions from his readers for improving the department, and in helping him to make it more than ever useful to those who are following it each month.

Readers will be interested to know that the material which has appeared hitherto in this department will eventually be available in book form.

Questions and Answers

QUESTION: While reviewing financial statements I am often attracted by the absence of a liability item of reserve for taxes. It seems to me that practically every statement should show a reserve for taxes,

and I would like to know if it is proper and reasonable to expect this?—O. E. T.

ANSWER: Of course it is very necessary to know if the results of operations have been such as to warrant the payment of a profits tax. If so, conservatism would require that a reserve be established. It may be that the statement is a quarterly or a mid-year exhibit, in which event the company would not compute its profits tax on operations, but rather wait until the close of the year. On the other hand, it would be more conservative to set up a reserve at each time that the books were closed, and therefore reduce earnings to a net basis. This would more nearly reflect the correct earnings for the period. The tax can be fairly accurately estimated, and to see a reserve set up would permit of a more accurate analysis and is naturally desired.

QUESTION: I would like to have your opinion as to what percentage gross profits should be of sales, and also what percentage net profits should be of sales.—C. H.

ANSWER: I sincerely doubt if this question can be answered by a fixed percentage. The question of profit is largely dependent upon the line of business—for example the commission business. The commission merchant operates on a very small margin of profit, per dollar of sales, but he transacts a tremendous volume and his profits, while

only small in contrast to sales, show him a large return on his invested capital. The same thing applies to the flour miller, who also operates on a small margin of profit per dollar of sales. However, these lines of industries show a large capital turnover. The wholesale grocer would show a fair turnover, the wholesale dry goods perhaps a little lower, and the wholesale hardware man a little lower than the dry goods merchant, but all of these must operate their business to make a satisfactory return on their invested capital, and therefore the fellow with the low turnover must necessarily sell on a larger margin of profit. The chain stores work for a large volume at a small margin of profit on sales. You will, therefore, appreciate that it is impossible to fix a certain definite ratio on profits to sales.

QUESTION: What entries should be made to take care of uncollectible accounts receivable?—M. T.

ANSWER: A journal entry taking care of estimated loss to profit and loss and crediting a reserve for bad debts would be as follows:

Profit and loss \$_____

Reserve for bad debts \$_____

If it should happen that you want to charge an individual bad debt against reserve for bad debts, the entry would be as follows:

Reserve for bad debts \$_____

Company's or individual's name \$_____

“SAVING is the first great principle of all success. It creates independence, it gives a young man standing, it fills him with vigor, it stimulates him with the proper energy; in fact, it brings to him the best part of any success—happiness and contentment. If it were possible to inject the quality of saving into every boy we would have a great many more real men.”—

Sir Thomas Lipton



ALFRED C. BOSSOM

MR. BOSSOM, the well known bank architect, has been appointed chairman of the committee to handle foreign exhibits for the Architectural Exposition which will be held in New York April 20 to May 2 under the auspices of the American Institute of British Architects and the Architectural League of New York.

For the exposition, which will be the largest of its kind ever held in America, architects from all over the world have been invited to submit drawings and photographs of their interesting work.

The foreign countries that are being represented include England, France, Spain, Italy, Finland, Poland, Sweden, Mexico and Canada. Each of these countries will be allotted an equal amount of space, and will be located in a prominent part of the exposition.

Among the drawings that are to be illustrated will be the new design for the addition to the Bank of England, and it is expected that designs of banks from many other countries will also be submitted, as there is more activity in banks than any other form of building operation in Europe of late.

How the General Electric Company Helps Its Employees

IN a statement recently issued to its stockholders, the General Electric Company summarizes as follows its relations with its more than 60,000 employees:

All payments to employees in the nature of salaries, wages, etc., or in other words, all compensation for services rendered, amounted in 1922 to \$87,448,000 and in 1923 to \$120,601,000, an increase of \$33,153,000 or 38 per cent. During these two years the average number of employees was 61,638 in 1922 and 74,912 in 1923, an increase of 22 per cent. Thus it will be seen that the average earnings per employee increased from \$1419 in 1922 to \$1610 in 1923, or 18 per cent. more in the average pay envelope.

Every effort has been made to improve the conditions under which the employees work by keeping the shops clean, light, well ventilated, and sanitary, and giving particular study to their protection against accidents. Well maintained emergency hospitals are provided, with company physicians available, and there are also numerous rest rooms for women workers with nurses or matrons in attendance. Clean, efficiently conducted restaurants have been established for employees, where wholesome meals are served at minimum cost. Recreational opportunities in a wide variety of forms may be found at the different manufacturing plants.

Every possible encouragement is given to employees to improve themselves through educational courses provided for shop apprentices and student engineers. There are also classes in stenography, arithmetic, accounting, commercial law, business administration, drafting, metallurgy, etc.; and instruction for aliens in the English language and in the principles of American Government. Students in the last named courses are encouraged and aided to become American citizens. Large libraries at the works are available to all employees.

In recognition of the value of continuous service, the company gives all employees receiving less than \$4000 a year, of five or more years continuous service, annual supplementary compensation equal to 5 per cent. of their wages or salaries, either in cash or G. E. Employees Securities Corporation bonds, as the employees prefer. For the

year 1924 these payments will approximate the substantial sum of \$2,330,000.

In addition to a pension system for veteran employees, the company provides death benefits in favor of dependant relatives, in amounts varying from \$500 to \$1500, according to the term of service.

The company has also developed an effective plan for assisting employees in the purchase or building of homes. Although this plan is relatively new, houses having a value of over \$2,000,000 have already been financed under it.

In 1920, 50,000 shares of the common stock of the company were offered to employees on a monthly payment plan at a subscription price of \$136 per share. More than 10,000 employees completed their payments and received over 46,000 shares.

In the years 1919, 1920 and 1921, employees' 7 per cent. investment bonds were offered to employees, who thus acquired an aggregate of \$9,736,000.

In order to encourage and enable employees to continue the habit of saving, the company organized in January, 1923, the G. E. Employees Securities Corporation.

The company owns all of the capital stock of this corporation and its funds are invested in the securities of the General Electric Company and in electric public utilities in the United States. G. E. Employees Securities Corporation 6 per cent. bonds are purchased by the company and sold to employees in units of \$10, for cash and on a monthly payment plan. So long as the employees retain their bonds the General Electric Company adds 2 per cent. to the 6 per cent. paid by the G. E. Employees Securities Corporation, making an 8 per cent. investment. The bonds can be redeemed at any time, and partial payments are refunded upon demand. A maximum of \$500 per year is set upon individual subscription.

The management of the G. E. Employees Securities Corporation is entrusted to a board of fifteen directors, seven of whom are elected by and represent the bond holders, who are employees.

At this time (and in less than two years of operation of the plan) about 23,000, or 33 per cent., of all employees own or have subscribed for bonds having a value of nearly \$15,000,000.



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NATIONAL
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—*in*
Resources

165
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Broadway - Locust - Olive

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Eastern States

Comprising New York, New Jersey Pennsylvania and Delaware

CONVENTION DATES

Pennsylvania—at Atlantic City, May 20-22
National Safe Deposit Association—at Atlantic City, N. J., May 29-30.

New York—at Ithaca, June 22-24.

American Bankers Association—at Atlantic City, Sept. 28—Oct. 1.

NATIONAL CITY BANK APPOINTS WOMAN EXECUTIVE

The appointment of Mrs. William Laimbeer to the executive staff of the National City Bank, New York, was the occasion for wide-spread public interest. The news was featured on the front pages of New York newspapers and quickly transmitted to all parts of the world. That so conservative an institution as the National City Bank should thus give recognition to the growing importance of women in business set people to talking and thinking all over the country. Mrs. Laimbeer will have complete charge of the women's banking department. The *New York Times* describes Mrs. Laimbeer's career as follows:

It was in the rise of Mrs. Laimbeer, however, rather than the breaking down of a century-old tradition of a conservative bank, that society folk appeared to manifest the most interest. The story as told at one gathering in which were present several New Yorkers who can trace their lineage back to the English and Dutch Colonists, was essentially as follows:

A popular débutante, later a bride and mother, and at all times a liberal entertainer, Mrs. Laimbeer was left a widow in 1918. Soon after she decided to go to work, for although her friends understood that a fairly large fortune had been left to her,

she desired to provide for her children the same advantages they would have enjoyed had her husband lived. Her first efforts brought only meagre returns, but they at least furnished her with a foothold on which to climb, and when the United States en-



MRS. WILLIAM LAIMBEER

Appointed to the executive staff of the National City Bank, New York, in charge of women's banking department

tered the World War she had learned enough about the culinary and allied arts to volunteer. She was assigned to the important work of food conservation, and in this capacity she helped to instruct in the business of properly preserving and canning



An advantageous connection affording close contact with industrial and financial conditions in Buffalo.

Your correspondence is invited

**THE PEOPLES BANK
OF BUFFALO**

foodstuffs for shipment to the army camps in France and in the United States.

This work brought her recognition and on Armistice Day she took up her first important work in civil life when she became manager of the Bureau of Home Economics of the New York Edison Company. In this capacity she demonstrated in colleges, schools and elsewhere the manifold uses of electricity in cooking. Success then came rapidly, and one year later she received an offer to go into banking.

Her first endeavor in this new field was as manager of the women's department of the United States Mortgage and Trust Company, and she had charge of one office. But six months later the business of this office had developed so well that the trust company found it worth while to make her an assistant secretary and to put her in charge of the company's Manhattan branches where women's accounts were solicited. As an assistant secretary she passed alone on matters such as the granting of secured loans to business women and in opening new accounts.

Thus in less than twelve years Mrs. Laim-

beer has advanced from a position of little more than a clerkship to an executive in the first billion dollar commercial bank in America. Her interests in her business career appeared to center in her family, then her business, and finally in her old set of friends, and it is said that she has now attained a position in finance about equal to that of her late husband. Her headquarters in the Wall street bank will be only a stone's throw from the office in the Mills Building where the late William Laimbeer worked to win his share of Wall street fame and fortune.

MANUFACTURERS TRUST COMPANY TO ABSORB YORKVILLE BANK

At the meetings of the boards of directors of the Manufacturers Trust Company, New York, and of the Yorkville Bank held on February 19, action was taken by both boards recommending the merger of the Yorkville Bank into the Manufacturers Trust Company on such terms and conditions as the boards of directors would recommend for the approval of the stockholders of the respective institutions. When the merger is consummated, the effect, together with a proposed issue of capital stock, will be to give the Manufacturers Trust Company a capital and surplus combined approximating \$17,000,000, and deposits of about \$150,000,000.

Yorkville Bank stock will be exchanged for stock of the Manufacturers Trust Company, in accordance with the plan, and the present stockholders of the Manufacturers Trust Company will be given the right to subscribe for additional capital stock in proportion to their present holdings on the basis to be recommended by the board of directors.

The merger of the Yorkville Bank into the Manufacturers Trust Company brings to the latter another old established institution with a remarkable record. There are only four other banking institutions in Greater New York whose stock is quoted as high as, or higher than that of the Yorkville Bank, stock of the latter having sold as high as \$2000 a share. The Yorkville Bank has been paying dividends at the rate of 60 per cent. a year.

The Yorkville Bank is advantageously located at the corner of Third avenue and 85th street. It has deposits of \$35,000,000 and will, on completion of the merger, be operated as a branch office of the Manufacturers



*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**

Trust Company, to be known as the Yorkville office.

As has been customary in all previous mergers in which the Manufacturers Trust Company has participated, all of the present officers, directors and employees of the Yorkville Bank will be invited to remain in some capacity with the Manufacturers Trust Company.

The president of the Yorkville Bank, August Zinsser, will become a vice-president and director, associated with Nathan S. Jones, president of the Manufacturers Trust Company, in the management of the enlarged institution, and will continue to have personal charge of the Yorkville office.

The growth of the Manufacturers Trust Company is notable. Organized in November 1905 as the Citizens Trust Company in the Williamsburgh section of Brooklyn, it has gradually absorbed or merged into itself the following old established banks: The Broadway Bank of Brooklyn in July 1912, Manufacturers National Bank of Brooklyn in August 1914, West Side Bank of New York in June 1918, The Ridgewood National Bank of Queens in September 1921, the North Side Bank of Brooklyn in April 1922,

the Industrial Bank of New York in December 1922, the Columbia Bank of New York in August 1923, and now the Yorkville Bank of New York.

While the Manufacturers Trust Company now ranks as the fortieth largest banking institution in the country, the acquisition of the Yorkville Bank will bring it to the position of the twenty-ninth banking institution in size in the entire country.

The present management of the Manufacturers Trust Company has been in charge of the institution since its organization.

JOSEPH L. OBERMAYER

One of the younger men in New York city banking circles to rise to the position of vice-president of a large financial institution is Joseph L. Obermayer, who has been made vice-president of the American Trust Company and advanced from the position of treasurer, which function he will continue to exercise.

Mr. Obermayer is the brother of Charles J. Obermayer, president of the Greater New York Savings Bank and also president of



"The People's
Messenger"

Keeping up with the United States

AN organization of the Bell System's present magnitude would have been thought impossible only twenty years ago.

Then the capital stock of the American Telephone and Telegraph Company, amounting to \$129,040,280—less than one-sixth of the amount outstanding now—was owned by 15,500 stockholders. There were few who looked forward to a system of 10,500,000 owned telephone stations and 4,500,000 connecting stations, and with over 343,000 stockholders—the system of today.

The Bell System has not merely kept pace with the growth of the country. It has grown faster than the population. Its use has been extended so that today there are twice as many telephones in the United States as in the rest of the world.

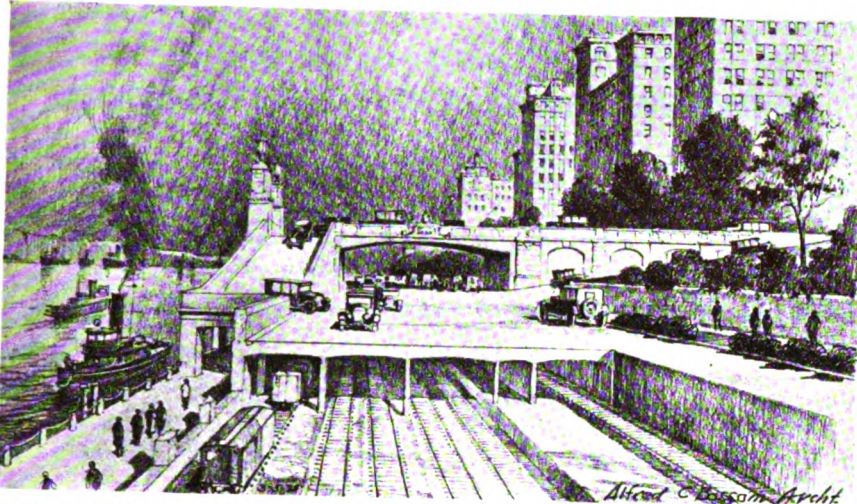
With its growth, its service has become more and more indispensable.

A. T. & T. Stock pays 9% dividends. It can be bought in the open market to yield about 7%. Write for pamphlet, "Some Financial Facts."



BELL TELEPHONE SECURITIES CO. *Inc.*

D.F. Houston, President
195 Broadway NEW YORK



Above is a sketch illustrating Alfred C. Bossom's plan for relieving traffic congestion in New York by constructing a raised motorway along Riverside Drive with tunnels underneath for railroad tracks. This plan would give Manhattan Island a continuous motorway connecting with New Jersey by tunnel and at Spuyten Duyvil with Westchester. Access to the river front for pedestrians would be provided by bridges and stairways, thus enabling the former to walk close to the river and at the same time be free from danger

the Savings Banks Association of the State of New York.

Mr. Obermayer has been with the American Trust Company since its organization. Prior to that, he was with the New York Title and Mortgage Company, as treasurer. He was born in Brooklyn, in 1885. His early training was acquired as a public accountant, which gave him a broad knowledge of mercantile, manufacturing and banking operations.

NEW BUILDING FOR FARMERS LOAN & TRUST COMPANY

It is reported that a new twenty-story building to be occupied by the Fifth avenue office of the Farmers Loan & Trust Company will be constructed in the near future on the southeast corner of Fifth avenue and Forty-first street, New York. Construction work will start on May 1, and is to be completed within a year. The building will be erected by Jas. T. Lee and will be known as the Farmers Loan & Trust Building. The Farmers Loan & Trust Company will occupy the basement, street and second floors; the remainder of the building will be let for offices. During building operations the Farmers Loan will occupy temporary quarters at 9 East thirty-eighth street.

ANOTHER TOUR FOR BANKERS

There will again be this year a tour exclusively for bankers, their families and friends. The tour will be under the direction of Lifsey Tours, Inc., of New York, who conducted similar tours in 1923 and 1924.

The tour will start from New York on the S. S. "Berengaria" of the Cunard Line, sailing June 17. A week will be spent in Paris, and from this point three separate parties will start out, travelling on different schedules which they have selected. Later all three parties will rejoin in London for a week's stay, after which they will sail for home on the Cunard liner "Aquitania" on August 8.

NATIONAL PARK BANK TO HAVE UP-TOWN OFFICE

After sixty-nine years of continuous service in the lower Manhattan district, The National Park Bank, New York, has at last yielded to the steadily expanding demands of business and has invaded the uptown Grand Central section by establishing an office at 240 Park avenue on the northwest corner at Forty-sixth street.

The personnel of the new office has been carefully selected from the present staff of

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*

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

The National Park Bank and is thoroughly familiar with the spirit and traditions of this old institution. E. V. Connolly, vice-president, is in charge.

At these new quarters complete facilities in banking, trust and investment are at the disposal of old friends of the institution as well as of individuals and business organizations desiring additional banking connections.

The capital, surplus and undivided profits of The National Park Bank are \$33,700,000, and the board of directors is composed of the following: Charles Scribner, Edward C. Hoyt, Richard Delafield, Francis R. Appleton, Cornelius Vanderbilt, Gilbert G. Thorne, Thomas F. Vietor, John G. Milburn, William Vincent Astor, Joseph D. Oliver, Lewis Cass Ledyard, Jr., David M. Goodrich, Eugenius H. Outerbridge, Kenneth P. Budd, John H. Fulton, Frank L. Polk.

A. C. EMERY RETURNS FROM FLORIDA

Archibald C. Emery, president of The Hamilton National Bank, New York, recently returned from a six weeks' rest at the Mountain Lake Club, Lake Wales, Florida.

Freedom from business cares and the refreshing Southern air have enabled Mr. Emery to return to his duties greatly invigorated and ready for a busy season.

SALES OF GENERAL MOTORS CARS TO USERS

The deliveries of General Motors cars by dealers to ultimate consumers in January totaled 25,387 cars and trucks, compared with 33,574 in January, 1924, and with 33,919 in December, 1924.

Delivery of cars and trucks to dealers by

manufacturing divisions of General Motors in January totaled 30,342 compared with 61,398 in January, 1924, and with 19,928 in December, 1924.

Attention is called by the corporation to the fact that the January, 1925, figures are materially affected by the limited production of Chevrolet's new models, which has an important influence on the total figures for General Motors Corporation.

TWO GREAT BANKS MERGED

Two great New York banking institutions, the Chatham and Phenix National Bank and The Metropolitan Trust Company, started operations on March 16 as one. This linking of aggregate resources of nearly \$300,000,000 was decided upon early in January and approved by the stockholders of the two institutions a few weeks later. The identity of each has been merged into the new company, which will be known as the Chatham Phenix National Bank and Trust Company.

Based on their condition reports as of January 1, these two banks bring into combination total resources of \$288,809,578, deposits of \$247,808,808, and loans and discounts of \$175,441,438. The merger also brings together two of the outstanding executives of the banking world, Louis G. Kaufman and Samuel McRoberts. Mr. Kaufman was president of the Chatham and Phenix and will be president of the merged institution, and Mr. McRoberts, who was president of The Metropolitan Trust Company, will be chairman of the board in the new line-up, actively engaged in the direction of the affairs of the bank.

The record of Mr. Kaufman's career parallels that of some other prominent New York bankers in that it chronicles his rise from small beginnings to the executive head

IN
BUFFALO

THE
MARINE
TRUST COMPANY

*Resources over
One Hundred Sixty Millions of Dollars*

of one of the ten largest banks in New York City. He came here from the West in 1910 to be president of the Chatham National Bank, a position which he has held through successive stages of consolidation as the power and influence of his institution steadily expanded.

Mr. Kaufman was born in Michigan fifty-two years ago and was educated in the public and high schools of his native town, Marquette. His first banking work started at the age of 19 when he became a messenger in the Marquette County Savings Bank. Seven years later he became cashier-manager of that bank, and his rise from that time was very rapid. In 1901 he became vice-president of the First National Bank of Marquette and five years thereafter was made its president. He has been president of the Michigan Bankers Association, and a member of the executive council of the American Bankers Association.

In 1910 he came to New York as president of the Chatham National Bank, succeeding George M. Hard. Since that time he has effected the purchase of numerous other institutions and the establishment of a dozen or more branches.

Mr. McRoberts began his business career as private attorney with the legal department of Armour & Co. He rose by various stages to the position of financial manager of all the Armour interests, and in 1908 was made vice-president of The National City Bank, New York, later becoming its executive manager.

The World War occasioned a break in his business record, for he was commissioned a major in the Reserve Corps in November, 1917, and almost immediately was promoted to colonel in the National Army. In December of the same year he became Chief of the Procurement Division of the Ordnance Department and in the following August was promoted to the rank of brigadier-general with the American Expeditionary Forces.

He resumed active business after the war as president of The Metropolitan Trust Company. He was particularly active in the negotiation of loans here for foreign governments during the period of the war when the United States was only a spectator. His corporate interests are large. He is a director of ten or more corporations and an officer of many of them. These include some

THE obligations of this institution are selected as appropriate and sound mediums for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Full information may be secured through usual banking channels, or by addressing Financial Sales Department, at any of our offices.

GENERAL MOTORS ACCEPTANCE CORPORATION

Executive Offices:

224 West 57th Street, New York City

Branch Offices:

Atlanta	Cleveland	Kansas City	Philadelphia
Boston	Dallas	Los Angeles	Pittsburgh
Buffalo	Dayton	Memphis	Portland, Ore.
Charlotte	Denver	Minneapolis	St. Louis
Chicago	Detroit	New York	San Francisco
Cincinnati		Omaha	Washington
	London, England		Toronto, Canada

of the largest industrial enterprises in the country.

THREE NEW YORK BANKS HAVE ANNIVERSARY THIS YEAR

Three New York banks have important anniversaries in 1925. The Emigrant Industrial Savings Bank will be 75 years old on April 10, and the Pacific Bank will also complete its seventy-fifth year in 1925. On October 13 the Fifth Avenue Bank will be 50 years old.

MECHANICS AND METALS OPENS NEW BRANCH

Mechanics and Metals National Bank, New York, has opened its new Harlem market branch, located at First avenue and 103rd street. This branch is now housed in a building of its own, in a locality which has proved one of the most advantageous since the bank acquired branches several years ago. Another branch, located at Broadway and Worth street opened about March 9. The bank will occupy the entire ground floor. The Mechanics and Metals has thirteen branches.

FARMERS LOAN AND TRUST TO INCREASE CAPITAL

Stockholders of the Farmers Loan and Trust Company, New York, have ratified the proposal to increase the capital to \$10,000,000 from \$5,000,000. The new stock has been offered to present stockholders share for share at par. Rights expired March 4.

BANK CLUB HAS AN OUTING

The National City Bank Club, which is made up of the officers and employees of that institution, had its annual outing and dinner at the Briarcliff Lodge on February 12. Seven hundred members attended.

D. S. HOUSTON ADVANCED

A sequel to the recent election of W. S. Gifford as president of the American Telephone & Telegraph Company, New York, was the announcement recently that David S. Houston had been elected financial vice-president. As executive vice-president Mr. Gifford, prior to his elevation to the presidency handled the duties of a financial vice-president. Mr. Houston was elected at a



W. S. GIFFORD
President American Telephone & Telegraph
Company, New York



DAVID S. HOUSTON
Financial vice-president American Telephone &
Telegraph Company, New York

recent meeting of the board of directors, of which H. B. Thayer is chairman.

Mr. Houston, who is himself a director of the A. T. & T., is also president of the Bell Telephone Securities Company, a position which he has held since its organization nearly four years ago.

For eight years Mr. Houston was in the Cabinet, first as Secretary of Agriculture and later as Secretary of the Treasury, being at the same time chairman of the Federal Reserve and Farm Loan Boards. He is a member of the board and finance committee of the Prudential Life Insurance Company, and a director in the Farmers Loan and Trust Company and the New York Telephone Company.

**AWARD FOR NEWARK'S BEST
BUILDING OF 1924 GIVEN TO
ALFRED C. BOSSOM**

The Broad Street Association of Newark, N. J., has awarded first prize for the most artistic building erected in its territory in 1924 to Alfred C. Bossom, New York. Its action was based on the recommendation of

the Committee on Architectural Harmony which made a detailed study of all structures erected in Newark and its vicinity last year. A certificate was also issued to the owners, the Fiedler Corporation. The presentations took place on Friday, February 27, at a luncheon meeting of the association held in the Hotel Robert Treat with Moses Plant,

If you really want to know how far bank advertising has advanced — see Reed's Master Plan for 1925. Nothing else can give you a full realization of the new order of things which P. M. Reed & Banker Associates, Chicago, have initiated.

HAROLD A. DANNE

**ELECTRIC
LIGHT — POWER**

41 Park Row, New York, N. Y.

president of the organization, in the chair.

The building which has been so recognized officially is located at 12 Park place, in one of the busiest parts of Newark. It is of classic Georgian architecture, a style well adapted to the tinted limestone used in its walls. The design is distinguished by simplicity and dignity. Since its completion the building has been the subject of constant admiration by visitors to the New Jersey municipality.

CORNERSTONE LAID OF NEW U. S. MORTGAGE & TRUST BUILDING

The cornerstone of the new bank and office building of the United States Mortgage & Trust Company, southwest corner of Broadway and Seventy-third street, New York, was laid on February 10. President

where we now stand, it was a venture without the background of present-day developments in this great city to guarantee the success of the undertaking.

Our company was among the pioneers in establishing branch offices, and the foresight exercised by the board of directors more than twenty years ago has been clearly demonstrated by the results achieved since that time.

This branch from its inception has been successful and its deposits today exceed \$10,600,000, with well over 5000 depositors, whose needs along fiduciary and other lines are being adequately served.

As an indication of the general development which has taken place in this section, it is significant to observe that in 1902 the subway was not yet in operation, while the value of the real estate comprising this site has increased more than ten-fold since its last transfer in 1887.

The laying of a corner-stone is always a symbol of pride in the achievement of a goal. Such a ceremony, by its very simplicity, can not but add to the dignity and meaning of a chapter in the life of an institution devoted to the service of the public.

So now, after nearly twenty-three years of continuous operation and contact with the thousands of men and women, firms and corporations whose interests have become identified with this splendid section of New York City, we take a step which binds us



Laying the cornerstone of the new building of the United States Mortgage & Trust Company at Broadway and Seventy-third street, New York. Left to right: W. W. Kelchner, vice-president Charles Diehl, Thornton Earle, Henry Otis Chapman, the architect; Arthur Turnbull and Charles E. Graham, directors; vice-president H. L. Servoss, James Timpson, director; vice-president J. A. Hopper, and president John W. Platten. Mr. Kelchner and Mr. Earle are trustees of the Rutgers Presbyterian Church, which formerly occupied this site

John W. Platten made a brief address, in which he said in part:

When on October 1, 1902, the United States Mortgage & Trust Company opened its first uptown office but a few steps from

more closely than ever to the neighborhood we have selected as one of our particular fields of endeavor.

Coins, stamps, pictures and other documents, and copies of New York newspapers

Banking Service *for* Financial Institutions

This Company's service and the facilities of its various Departments are at the disposal of Trust Companies, Banks, Bankers and Corporations.

Inquiries invited

UNITED STATES MORTGAGE & TRUST COMPANY

CAPITAL, SURPLUS AND UNDIVIDED
PROFITS OVER - - \$7,400,000

New York

Member:
Federal Reserve System

Member:
N. Y. Clearing House Assn.

of February 10, were deposited in a copper box and set in the stone.

The new structure is to be ready for occupancy September 1, 1925. It will be five stories high, of steel frame and fireproof construction, and will occupy the former site of the Rutgers Presbyterian Church, for which a new church edifice, together with a parish house, will be erected immediately to the west on Seventy-third street.

BUFFALO BANKS CONSOLIDATE

The Community National Bank and The South Side National Bank, Buffalo, have consolidated under the name of the Community-South Side National Bank with combined resources of more than \$13,000,000. The main office of the new bank will be maintained at 1308 Jefferson street, besides which there will be four branches.

Edward A. Duerr becomes president of the consolidated institution. Mr Duerr has long been identified with banking in Buffalo. Robert W. H. Campbell, formerly the executive head of the Community National Bank, will be first vice-president of the consolidated bank.

Howard Sullivan, cashier of The South Side National, becomes vice-president in charge of the south side office. Bernard M. Norcross, cashier of the Community National, retains that position in the new bank. Lyman G. Horton will be branch manager at South park, Edmund C. Johnston branch manager at North park and Henry C. Lawrence branch manager at Kensington.

Other assignments include Raymond Matthews, assistant cashier at the south side office; Ernest V. McClung, assistant cashier at the head office, and Raymond Royce, assistant manager of the South park office.

Honorary vice-presidents of the new institution are Herman J. Manzel, William G. Bishop, John Winegar and Gustav A. Kayser.

PHILADELPHIA NATIONAL BANKS INCREASE DEPOSITS

A compilation of statistics of all of the national banks of Philadelphia as of December 31, 1924, shows a total of deposits amounting to \$692,106,531. This is an increase since December 31, 1923, of \$74,070,270. During 1924 the national banks earned

**DURING THE YEAR 1924 MORE
THAN 100 BANKS PURCHASED**

**M O S L E R
BANK VAULTS**

embodying

DONSTEEL

The **ONLY** metal that

1. Cannot be penetrated by
OXY-ACETYLENE TORCHES
 2. Cannot be penetrated by
DRILLS s s s
 3. Cannot be shattered by
EXPLOSIVES s s
- IN A BURGLARIOUS MANNER**

THE MOSLER SAFE CO.

375 BROADWAY, NEW YORK, N.Y.

Factories Hamilton, Ohio.

Largest Safe Works in the World

on their book value an average of 8.05 per cent., on their capital they earned an average of 29.38 per cent. The average annual dividend rate was 17.10 per cent.

JERSEY CITY BANK ELECTS WOMAN

For the first time in the financial history of Jersey City, a woman has been made an executive of one of its banks. Miss Lillie Huelsen, who has been associated with the



MISS LILLIE HUELSEN

Assistant secretary Greenville Banking and Trust Company, Jersey City, N. J.

Greenville Banking and Trust Company for the past twelve years, was elected an assistant secretary of that institution.

NO CAUSE FOR ALARM

The increase in the discount rate of the Federal Reserve Bank of New York is commented upon as follows by *The New York Times*:

The Reserve Bank of New York has been the only one of the Reserve Banks, and the only central bank in the world maintaining during the past year a discount rate of 3 per cent. The rate at the Boston, Cleveland, Richmond and San Francisco Reserve

Hare & Chase, Inc.

Automobile Finance
300 Walnut Street
Philadelphia



The name Hare & Chase has
fifty-eight years of business
prestige behind it

Banks has been 3½ per cent. and at the other Reserve Banks 4 per cent. In view of the fact that the brunt of gold exports has fallen upon the New York bank and that the Reserve Banks have been reducing their security holdings in this market, not to speak of the signs of more active business, it was quite in order to bring the New York rate up to at least 3½. Under the circumstances it is easy to exaggerate the significance of this advance, and the tendency to do so shows an undue inclination to discount the future. The change reflects recovery from the stagnant conditions of last summer, but 3½ per cent. is still the lowest rate in the world for money and its adoption ought not to be interpreted as a warning that a state of dangerous expansion is threatened. There should be an opportunity to enjoy normal conditions without alarm.

ELECTS WOMAN ASSISTANT SECRETARY

Miss Grace D. Berkebile, for twenty years associated with the Peoples Savings and Trust Company of Pittsburgh in various

Sharp & Alleman's Lawyers & Bankers Directory

Abstract of Laws and Legal Forms for all States

Inheritance Tax Digest with Summary

Complete list of Legal Journals

Court Calendars for all States, Patent, Divorce and Foreign Laws

Eight Thousand personally selected attorneys effectively cover the United States, Canada and Europe, making the Directory a safe and efficient handbook for receiving and forwarding legal business.

"*Sharp & Alleman's List of Attorneys*," A Handy Book for Forwarders

THE SHARP & ALLEMAN COMPANY

Philadelphia



MISS GRACE D. BERKEBILE
Assistant secretary Peoples Savings & Trust Company, Pittsburgh, Pa.

capacities, was elected assistant secretary of that institution at the annual meeting held recently.



New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island

BOSTON BANK MOVES INTO NEW QUARTERS

The Atlantic National Bank of Boston on February 22 moved into its recently completed building in Post-Office Square, Bos-

ton. The new headquarters combines the former banking rooms of the Fourth-Atlantic National Bank at 58 State street and the offices of the Commonwealth Trust Co., on Congress street, now all merged into the Atlantic National Bank. The new building is one of the finest and most modern bank buildings in New England and the commodious banking rooms are approached by entrances on Kilby and Milk streets as well as Post-Office Square. The Atlantic National now has total resources of over \$100,000,000, and complete banking service—commercial, foreign, trust, savings, transfer and safe deposit.

THE NATIONAL SHAWMUT BANK OPENS NEW OFFICE

The National Shawmut Bank of Boston has opened temporary quarters at 548 Commonwealth avenue for the accommodation of the residents and business firms of the Kenmore-Governor Square district. Permanent quarters, modernly equipped, will be ready May 1 at 542 Commonwealth avenue. This new home of the Shawmut Bank will be known as the Kenmore-Governor Square Office of the National Shawmut Bank.

CHAPMAN NATIONAL BANK IN NEW BUILDING

The Chapman National Bank of Portland, Maine, has moved into its new bank and office building—Portland's newest and most imposing building and one of the largest business structures in New England.

The formal opening took place on Saturday, February 7, when the entire city was cordially invited to inspect the building. School children were especially invited during the morning hours. At the opening flowers were given to the ladies and special

favors to the children. During the first week the bank offered to add \$1 to every savings account opened.

The night before the opening an informal reception and dinner were held for stockholders, directors and employees, at which President Philip F. Chapman spoke of the remarkable development of the bank since its establishment in 1898.

A feature of the new building is the provision of conference rooms for out-of-town bankers, who are cordially invited to use these facilities when in Portland.

The equipment provided in the new building is the most modern available. No pains have been spared to provide the most mod-

"A MONUMENT TO LOYALTY and SERVICE"



CHAPMAN NATIONAL BANK
is the New Chapman Building
Monument Square After February 7th

*Open For Public Inspection
Saturday, Feb. 7th*

A BANKING HOME FOR EVERYBODY

THIS IS THE NEW HOME OF THE CHAPMAN NATIONAL BANK, THE MOST MODERN AND COMPLETELY EQUIPPED BANKING BUILDING IN PORTLAND, MAINE. THE BUILDING IS LOCATED ON MONUMENT SQUARE, THE MOST PROMINENT AND BUSINESS CENTER OF THE CITY. THE BUILDING IS A MONUMENT TO LOYALTY AND SERVICE. THE BUILDING IS A MONUMENT TO LOYALTY AND SERVICE. THE BUILDING IS A MONUMENT TO LOYALTY AND SERVICE.

Full page newspaper advertisement announcing the opening of the Chapman National Bank, Portland, Maine

ern machinery available for facilitating the business transacted each day for the bank's more than 12,000 customers.

Extensive newspaper advertising accompanied the opening. One of the full-page advertisements is reproduced herewith.

An editorial in a local newspaper comments on the new building as follows:

The Chapman Bank moved into its new home in Monument Square recently and the purposes for which the splendid structure now overlooking the city's principal square were thereby completed. Primarily the Chapman building was built for the Chapman bank, but it serves a great variety of other uses, providing much needed



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

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

office room, quarters for some fine stores on the street, and an arcade which outshines any institution of this sort in the East.

Portland people have great cause for pride in this new building which is already one of the show places of Maine. Not only is it one of the largest business structures in New England, but it is graceful and impressive of design and would be an ornament to any city in the country. Towering above the city's business center it is bound to impress visitors with the solidity of Portland's financial and commercial institutions and the enterprise of her business men. Faith in Portland and confidence in her future as a commercial center were the inspiration of this fine structure, and faith and confidence of this kind will enable her to continue to progress in the future as she has in the past.

The coming of the Chapman Bank into Monument Square is in line with the tendency that has prevailed for some time for the city's financial institutions to move up from the lower end of the city into what already has become the chief retail center of the community. Next door to the Chapman building, the Portland Savings Bank is preparing new quarters. Farther to the east the Fidelity Trust Company has for several years had its modern and commodious banking rooms. The Maine Savings Bank a few months ago opened fine rooms farther up Congress street, and still farther along the Casco-Mercantile Trust has its Congress street office at one of the most convenient and conspicuous locations in the city. Another Congress street bank is the Forest City Trust Company, which is situated nearer the City Building. Here are half a dozen banks located along a thoroughfare which only a few years ago was bare of any institutions of that sort.

Of the old Portland, Middle street was the chief retail center and Exchange street its financial headquarters. Both these thoroughfares are still an important part of commercial Portland, but the pre-eminence of each has gone. The city's growth in a business way has long been west along Congress street.

Portland has ever had just cause to be proud of her banking institutions and the Chapman which has now joined the Congress street coterie has long been recognized as one of the city's most substantial and enterprising banks. The local banks are well and carefully managed by business men of distinctive ability and knowledge, and they rank high among similar institutions all over the country, not excluding those located in much larger cities than ours. They are a credit to the city and state, and add greatly to Portland's prestige as a commercial center.



Tarentum Savings & Trust Company,
Tarentum, Pa.

THIS limestone building has a width of fifty-six feet by a depth of eighty-four feet. Owing to the topography of the town, the side street rising steeply to the rear, an unusually high style of individual bank building was desirable.

An unusual arrangement of floor space on the interior, has provided room for three active officers with open and private offices; fifteen active tellers, with ample room for clerical work; large vaults and safe deposit department on the main floor and accommodations on a mezzanine floor for directors' room and women employees' rest room.

The bank owns property in the rear and provision has been made in building for extending the building, should the growth of the bank make this desirable some years hence.

*This building was planned
and directed by*

Morgan, French & Co., Inc.

Architects and Bank Engineers

19 West 44th Street . New York

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

PEOPLES SAVINGS BANK, PROVIDENCE

The latest statement of the Peoples Savings Bank, Providence, R. I., (December 31, 1924) shows a high-water mark in deposits of \$19,866,857, with total assets of \$28,877,989. The investments show an appreciation over book values of \$2,487,606,

and the total assets exceed all liabilities by \$8,395,049.

OLD COLONY CORPORATION OF BOSTON OPENS A NEW YORK OFFICE

The Old Colony Corporation, owned by the interests identified with the Old Colony Trust Company of Boston, has opened a New York office at 52 Cedar street. Its officers include Francis R. Hart, chairman of the board; Phillip Stockton, president, and F. S. Battershall, vice-president. Mr. Battershall, formerly associated with the Vacuum Oil Company, will be in charge of the New York office.

Besides acting as correspondent of the Old Colony Trust Company, the corporation will serve as a link between the bond department of that bank and affiliated interests in the West and South.

NEW HAVEN LINE AIDED BY BANKS

In its program of selling bonds direct to patrons and friends, without recourse to the usual financing method which calls for underwriting by the investment banking houses, the New York, New Haven & Hartford has received valuable aid from banks. "Indispensable support and assistance have been given by the banks of New York, Boston and intervening territory," according to E. G. Buckland, vice-president of the railroad company, in a recent statement. Their subscriptions, he said, had totaled nearly \$10,000,000. The full amount of the subscriptions required to assure the complete success of its financing program has already been received.

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



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. W.M. HARDT
Vice-Pres. and Cashier
- E. E. SHIELDS
Assistant Cashier
- W. M. GEHMANN, JR.
Assistant Cashier
- M. D. REINHOLD
Assistant Cashier
- E. M. MANN
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>	

To Executives—

Greater efficiency is reflected in increased dividends.

The breathing of pure and invigorating air increases efficiency and lessens absenteeism. Gerdes Ventilating Systems and Electric Window Ventilators diffuse *unheated* outdoor air without causing draft or chill.

The cost of a system is repaid many times through ambition and better health. A reprint from Sweets Architectural Catalog will be sent on request.

Theodore R. N. Gerdes, M. E.

Specialist in Ventilation

105-107 Bank Street, New York City

Telephone Watkins 2893

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

CONVENTION DATES

Executive Council, A. B. A.—at Augusta, Ga., April 20-23.

Georgia—at Macon, April 23-25.

North Carolina—at Pinehurst, May 7-9.

Associated Advertising Clubs of the World—at Houston, Tex., May 10-14.

Maryland—at Atlantic City, N. J., May 12-14.

NEW BUILDING PLANNED FOR NASHVILLE BANK

The building formerly occupied by the American Trust Company of Nashville, Tennessee, is being demolished in preparation for building a fifteen story bank and office building to be occupied by that company.

While this work is going on the American Trust Company is sharing the location of the

American National Bank in the Stahlman Building on the southeast corner of Third and Union. Plans call for the completion of the new American Trust Building by the first of January, 1926.

EVANS JOINS DISTRICT NATIONAL

Joshua Evans, Jr. formerly vice-president of the Riggs National Bank, Washington, D. C., has recently become executive vice-president of the District National Bank of the same city.

Although one of the younger group of bankers, Mr. Evans has had a long and notable banking career. He entered the Riggs National Bank in the position of messenger as a mere lad, rapidly advancing to the key position of general bookkeeper, from which he was promoted to the grade of assistant cashier in 1907. In 1915, he was elected cashier, and in 1920 was made a vice-president of the bank.

Mr. Evans was a charter member of the Washington Chapter of the American Institute of Banking and came into prominence with the older banking men in 1905, when he delivered his address entitled "The Making of a Bank Clerk." This paper received

The Corporation Manual

Twenty-sixth Edition, 1925

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

150 Broadway, New York

wide circulation and general commendation from many quarters. Prominent in the activities of the local chapter, he was one of the first three trustees of the institute drawn from the ranks of the nation-wide member-



○ HARRIS & EWING

JOSHUA EVANS, JR.

Executive vice-president District National Bank, Washington, D. C.

ship of young men to sit on the board of trustees of the national body, then consisting of some of the leading bankers of the country.

Mr. Evans offered a resolution in the

board of trustees that was the forerunner of the transfer of the control of the institute from the board of trustees appointed by the American Bankers Association to the institute members themselves.

He is a graduate of the American Institute of Banking and past president of the local chapter.

During his period of activity in the institute, he was a frequent contributor to the bulletin of the American Institute of Banking, writing articles on government finance, under the *nom de plume* of "Uncle Sam."

His activities in the District of Columbia Bankers Association were of outstanding significance. After serving as a member of the administrative council, he held the positions of second vice-president, first vice-president, and in 1922 was elected president.

He was among the first to promote the annual convention idea, and was vice-chairman of the first convention, held in 1919. He formed the committees and conducted the big symposium, out of which grew the plan for the clearing of checks at the District of Columbia clearing house without the use of cash.

During his administration he inaugurated the bankers' weekly luncheons, with a view of bringing about greater co-operation among the members of the association for the exchange of credit information and the adoption of plans that would be productive of distinct practical benefits. From the very beginning, pronounced results were obtained. These luncheons have continued regularly through each succeeding administration.

Mr. Evans has always shown an unusual interest in civic, educational and charitable affairs. He is a director in the Washington

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

Auditorium Corporation, chairman of its committee on municipal finance, a member and treasurer of the Washington Committee of One Hundred of the American Civic Association, a member of the president's council of George Washington University, trustee for the American Association of University Women, Washington Fund, treasurer of the Instructive Visiting Nurse Society, treasurer and trustee of Southern Industrial Educational Association.

He has always been an ardent Republican and during the last two national campaigns served as vice-president of the Harding and Coolidge Club and of the Coolidge and Dawes Club. He is a member of the Metropolitan Chevy Chase and National Press Clubs.

**LOUISIANA SAFE DEPOSIT
ASSOCIATION TO HOLD
STATE CONVENTION**

The Louisiana Safe Deposit Association, organized just two years ago, has been holding its monthly meetings regularly, preceded by a dinner, which is always held in the lunch room of the Hibernia Bank & Trust Co., in New Orleans.

This association has been doing exceptionally good work among safe deposit men in an educational way, and its meetings are always interesting and instructive.

The Association now plans to hold a state convention in New Orleans, on April 29 and 30, 1925, to which convention, safe deposit men in the nearby southern states are being invited. Letters are now being sent out announcing the meeting, and a largely attended and very successful convention is anticipated. Able speakers will address the meeting on topics pertaining to the safe deposit business, and set subjects will be fixed on the program for discussion.

On the last night of the meeting, a banquet will be given, which will be attended by the delegates to the convention. The presidents of all the New Orleans banks will be invited to attend, several of whom are scheduled for addresses.

This is the first time in the history of Louisiana that such a convention has been held, and much good is expected to come from it.

The officers of the association are as follows: L. E. Thoman, president; N. Riviere, first vice-president; Jules Bayle, second vice-



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

president; Maurice Baudier, secretary treasurer.

The committees appointed up to the present time include the following: Hotel rates, L. E. Thoman, Hibernia Bank & Trust Co.; convention hall, Jules Bayle, city bank branch Whitney-Central Trust & Savings Bank; publicity, R. E. McCurdy, Hibernia Bank and Trust Co.; program, executive committee, L. E. Thoman, N. Riviere, Jules Bayle and Maurice Baudier; speakers, Jules Bayle, N. Riviere, head office Canal-Commercial Trust and Savings Bank; L. E. Thoman; and L. E. Lemarie, Whitney-Central National Bank; banquet, N. Riviere, A. E. Schiro, Hibernia Bank & Trust Co.; W. S. Frank, Whitney-Central National Bank; badges, Jos. L. Gray, Marine Bank and Trust Co.; registration, Jules Bayle; entertainment, W. C. Wilson, A. J. Parlongue, Dryades branch Canal-Commercial Trust and Savings Bank; reports, Miss Jeanne Richardson, citizens bank branch Canal-Commercial Trust and Savings Bank, and R. E. McCurdy.

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE — Over fifty - nine
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

MARINE BANK & TRUST COMPANY

The Marine Bank & Trust Company of Houston, Texas, has opened for business with a capital of \$800,000 and a paid-up surplus of \$75,000. This new bank is a combination of the Peoples State Bank and the Marine Bank & Trust Company, which latter institution has been in process of organization for some time. The assets of the Peoples State Bank have now been acquired by the Marine Bank & Trust Company under which name the business will hereafter be carried on.

At the time being it is the purpose of the new institution to utilize the banking quarters formerly occupied by the Peoples State Bank. These quarters have been extensively remodeled. The bank will conduct a complete bank and trust service with departments for commercial banks, savings trusts and safe deposits.

Officers of the bank have been elected, as follows: Denton W. Cooley, president; T. P. Priddie Jr., vice-president and cashier; Ike L. Freed, H. H. Gieseke, and Stuart A. Giraud, vice-presidents; P. C. Rehrauer,

Irwin H. Blume and Fred A. Sommers, assistant cashiers.

The board of directors is composed of C. B. Berry, contractor; E. W. Bertner, surgeon; D. W. Cooley, president of the bank; R. C. Cooley, dental surgeon; Ike L. Freed, capitalist; Stuart A. Giraud, Humble Oil and Refining Co.; A. H. Kennerly, Houston Oil Company; H. H. Gieseke, capitalist; George S. King, of the law firm of Wood, King and John; T. P. Priddie Jr., vice-president and cashier of the bank; Tobe Sakowitz, Sakowitz Bros., and Thos. F. White, Federal Land Bank.

BUSINESS MEN AT PLAY

The *New York Times* states in a recent editorial:

Real estate is booming in lotus land. Building lots in Florida are quoted in Manhattan terms—so many hundred or thousand dollars per front foot. The Everglades State professes to see the time when it will be feeding the greater part of the United States. But in their hearts the people of Florida know that their future is not as a

granary but as a vacation resort. They think of hotels and not of plantations or canning factories. The Florida boom has more than local significance. It signalizes the discovery of another holiday land by the American people and also the discovery of another holiday season. For multitudes the fortnight or month of winter vacation has become a habit almost as fixed as the summer vacation.

And still the foreigners will continue to speak of this land of hustle! Far in the past are the slab of pie and glass of milk which the kings of industry and finance snatched from the luncheon counter. In their place is the two-hour luncheon, with or without oratory. Rare is the railroad king who boasts of never having taken a vacation in twenty years. He and his subordinates now take a spring vacation in Maine, a summer vacation anywhere, and a winter holiday in Florida. Where are now the Titans of business who used to reach their desks earlier and leave their desks later than their clerks and office boys? They are on the golf links after three in the afternoon.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri

CONVENTION DATES

Missouri—at St. Louis, May 19-20.

Iowa—at Dubuque, June 15-16-17

Wisconsin—at Milwaukee, June 16-17.

Financial Advertisers' Association—at Columbus, O., October 14-16.

INDUSTRIAL MILWAUKEE

The Commercial Service Department of the First Wisconsin National Bank, Milwaukee, has just published a trade review of industrial Milwaukee for 1924. This is the fourth of a series which is continued from year to year. The review is attractively printed with a poster cover design in colors symbolical of one of the foremost industries of Milwaukee—leather.

In an article on "Milwaukee's Industrial Activities in 1924," R. E. Wright, manager of the service department, says:

"One might argue pessimistically from the bare figures of Milwaukee production and trade for 1924 if he ignored aught else. If, however, he took account of the upward trend of manufacturing and employment in



THERE is a certain regard and respect for detail characteristic of work done by a firm specializing in the field of Bank Designing, Equipping and Building.

The black and gold marble entrance of the Bristol Savings Bank, Bristol, Conn., pictured above, is representative of this attention to detail.



The Griswold Building Co., Inc.

SPECIALISTS IN

Designing, Building, Equipping,
BANKS

101 Park Avenue, New York, N. Y.

\$30.00 per M

THE BANKERS' SPECIAL PEN HOLDER



NO BLOTS
NO STAINS
HOLDS ANY PEN
5 COLORS

Send for samples that will prove why this is the most practical pen for bank use. Brass pen grip will not corrode; hollow flared end keeps surplus ink from fingers.

PIERCE ADV. NOVELTY CO., 22 W. QUINCY ST., CHICAGO

progress since July or August, he would conclude that even if 1924 showed less favorable results than 1923, the year 1925 would in all probability go far to even up the score. We tend to reckon all things by calendar years, but a cycle of business may begin anywhere in a year and end anywhere. Prosperity may be the lot of business for a few months and then may come decline. The calendar year has to take what comes, the better mixed up with the worse. Thus it was with the year now ended. It began well and ended well, but was poor in the middle."

CHANGES IN MISSISSIPPI VALLEY TRUST COMPANY STAFF

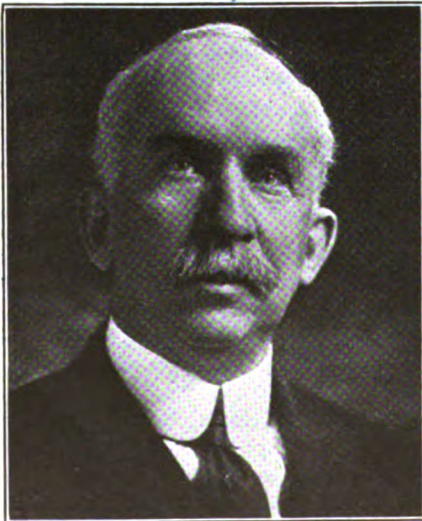
At the annual meeting of the board of directors of the Mississippi Valley Trust Company of St. Louis, Breckinridge Jones, formerly president, was elected to the position of chairman of the board, and J. Sheppard Smith, formerly vice-president, was elected president.

Mr. Jones was one of the organizers of the trust company in 1890, and was its first

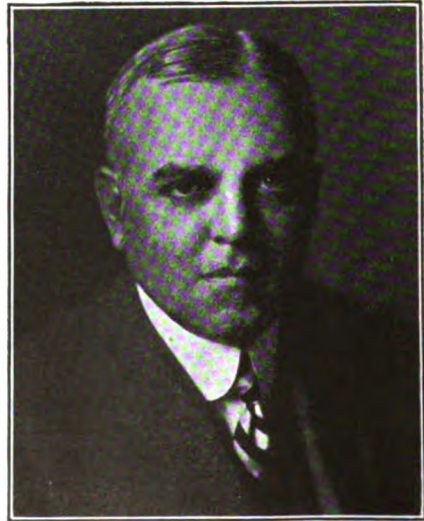
secretary. He subsequently became vice-president and counsel, and in 1912 became president when the late Julius S. Walsh was elected chairman of the board. Mr. Jones is widely known throughout the United States in banking and business circles. He has been called the father of the Trust Company Section of the American Bankers Association having been principally responsible for organizing that body, and having served as its first president.

In addition to his service to the Missouri Bankers Association as president in 1897, Mr. Jones has been of inestimable value to the association and to the state in general as a framer of a considerable part of Missouri's banking code. He has recently been elected a member of the Federal Advisory Council for the Eighth Federal Reserve District.

Mr. Smith, the new president, was born in St. Louis and educated at St. Louis University. He began his career as an errand boy, and his rise in the business world has been due solely to his ability to do hard work and his popularity in both business and social



BRECKINRIDGE JONES
Chairman Mississippi Valley Trust Company,
St. Louis, Mo.



J. SHEPPARD SMITH
President Mississippi Valley Trust Company,
St. Louis, Mo.

One of Chicago's Oldest and Most Vigorously Growing Commercial Banks

Offering Its Correspondents
Complete Facilities
and Exceptional Service



FREDERICK H. RAWSON
Chairman of the Board

HARRY A. WHEELER
President

UNION TRUST COMPANY CHICAGO

RESOURCES MORE THAN \$75,000,000

circles. He has been connected with the Mississippi Valley Trust Company in the capacity of vice-president since early in 1915.

At the same meeting, Charles G. Cobb, former savings manager was elected assistant secretary, and Robert N. Arthur was named by the board to fill the former position.

MURALS NOW IN PLACE IN UNION TRUST COMPANY, CLEVELAND

On February 13 the mural paintings done by Jules Guerin of New York were put in place in the great archlike wall-spaces surmounting the ends of both arms of the Union Trust lobby above the upper balcony.

These murals, with their startling color contrasts, their extraordinary effects in



One of the murals done by Jules Guerin of New York, and just put up in the lobby of the Union Trust Company, Cleveland

Eggs Won't Bounce! *This is a fact. If you doubt it, try one*

Outcault's Christmas Club

gets the largest membership and holds the most money in Bank after maturity. This is a fact. Let us show you.

OUTCAULT ADVERTISING COMPANY

221 EAST 20th STREET, CHICAGO, ILL.

grouping and perspective, their broad sweep of power and finesse of detailed execution, add amazing warmth and life and beauty to this great banking room.

Mr. Guerin is one of America's foremost artists. His best known mural paintings are perhaps those in the Lincoln Memorial at Washington. Among Mr. Guerin's other famous works in this line are the murals in the Federal Bank Building at San Francisco, the Illinois Merchants Bank at Chicago, and the Pennsylvania station at New York.

Mr. Guerin was for many years on the staff of *Century Magazine*, and in this capacity travelled all over the world—to Jerusalem, Greece, the Holy Land, Egypt, and throughout Europe. This wealth of experience and travel is reflected in the finished elegance of the new Union Trust mural paintings.

In these murals, four in number, Mr. Guerin has endeavored to depict those great fundamental economic principles which constitute banking and which underlie our modern financial structure. The paintings, therefore, are more than mere decorations—they are symbolic of those human endowments and activities upon which are founded our entire system of commerce, industry and finance.

FIRST NATIONAL BANK IN ST. LOUIS ESTABLISHES FOREIGN AND DOMESTIC TRAVEL BUREAU

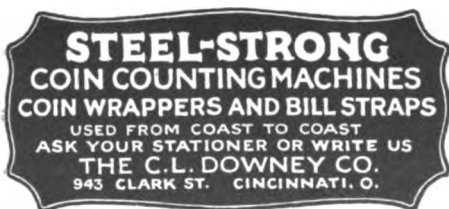
On February 16 the First National Bank in St. Louis announced to the public the opening of a foreign and domestic travel bureau, (American Express Service). This new department of service has been established for the convenience of the bank's large clientele. The bureau assures reliable information, necessary in planning a tour in the United States or abroad, and enables the arranging of all matters pertaining to transportation and finance at one time and in one place. There is no charge for service rendered the bank's customers by its travel bureau. Besides supplying information in reference to securing pass-ports, the bureau will furnish information regarding custom regulations of countries to be visited, hotel accommodations, climatic conditions, etc. The bureau is also equipped to furnish complete data regarding steamships plying between given ports, their rates, class and appointments. The First National Bank in St. Louis is making every effort to live up to its slogan "First in Size and in Service."

President F. O. Watts of the First National Bank in St. Louis, accompanied by Mrs. Watts, left St. Louis February 15 for an extended European trip.

Mr. and Mrs. Watts expect to return to St. Louis about June 1.

NEW BANK FOR MILWAUKEE

When the Grand and Sixth National Bank opened for business in Milwaukee, Wis., on February 7, the public had been carefully prepared for the event. This preparation comprised three folders and two newspaper



Feb. 7th
Take
a
Step
In
the
Right
Direction
Grand
and
Sixth

One of the newspaper advertisements used in the publicity campaign of the Grand and Sixth National Bank, Milwaukee, which opened for business on February 7

FRANK
The Antiquarian
 18 Trinità dei Monti ROME

Appraisals and Valuations of Antiquities and Art Objects. Knowledge of Languages and Procedure Permits of My Conducting Auction Sales in Italy, France, England, Germany and Spain. Twenty Years' European and American Experience Warrants Your Patronage.

advertisements. Two of the folders were in the nature of "mystery" messages, as was one of the newspaper advertisements. It was the purpose of the bank to whet the public interest in the "solution," which came in the last folder and in a final large newspaper advertisement announcing the opening.

The folders were printed in red and black on white coated stock paper. The lettering was bold and the illustration forceful. The first folder carried the arresting message "Watch Your Step" and showed a male foot in the act of stepping. The second substituted "Stop" with the figure of a policeman with hand upraised on the first page. The third carried "Come Saturday" as its outside slogan, and within explained about the opening.

As a special inducement to purchase a safe deposit box, three months' free rental was offered to those who rented boxes during opening week.

The slogan of both folders and advertisements was "Take a Step in the Right Direction." The mystery newspaper advertisement is reproduced herewith.

The bank is capitalized at \$200,000. Officers are John LeFeber, president; Jesse A. Smith, vice-president; N. Rendebach, cashier.

"In accepting the presidency of this bank, it is with the hope that I may be able to influence many of our young men and women of the West Side, particularly of this vicinity, to get into the habit of saving through our bank," said President LeFeber. "There is nothing that will make a young man or woman feel so self-satisfied and confident

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



as to have a substantial amount of money laid up for a rainy day.

"It is our intention to furnish complete banking service for large and small depositors. Our equipment is the best obtainable for a bank of this size. Our staff is well trained and our directorate comprises some of Milwaukee's most successful and influential business men."

ARMOUR & CO.'S 1924 EARNINGS GAINED 40 PER CENT.

Armour & Company's 1924 consolidated net earnings aggregated \$9,016,349 after depreciation, interest, Federal taxes and preferred dividends paid and accrued, compared with \$5,414,401 in the previous year, a gain of over 40 per cent. In the past twenty years ended December 27, 1924, the company's net earnings have totaled \$107,783,298 or an annual average of \$5,344,626, exclusive of foreign exchange losses of over \$23,000,000. The 1924 profits equalled \$4.50 a share on the class A stock and were equivalent to \$2.25 a share on the combined class A and B common stock.

While earnings in 1924 greatly exceeded those of the previous year they do not reflect the probable earning power of Armour & Company, as the operations for that year in such lines as fertilizer and leather were below normal. The facilities of the company and subsidiaries are adapted to handle a larger volume of business in all branches, and with the usual growth of the business it may reasonably be expected that the properties as a whole should have an earning power well in excess of the 1924 earnings.

Net tangible assets of the company, according to the balance sheet of December 27, 1924, after all deductions, were equivalent to \$34 a share on both class A and B

stock. Consolidated current assets of \$205,783,000 and consolidated liabilities of \$61,709,768 show a ratio of 3.33 to 1.



Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

CONVENTION DATES

Kansas—at Topeka, May 21-22.

Oklahoma—at Tulsa, May 26-27.

Colorado—at Bear Creek, June 19-20.

SAVINGS CONFERENCE HELD IN MINNEAPOLIS

Bankers of Minnesota, Michigan, Illinois, North Dakota, South Dakota, Wisconsin, Nebraska, Missouri and Iowa met in Minneapolis on February 26 and 27 for a regional savings conference held under the auspices of the Savings Bank Division of the American Bankers Association. Alvin P. Howard, president of the division, presided. Among the addresses on the program were the following:

"What Savings Banks Mean to a Community," E. G. Smith, president Beloit Savings Bank, Beloit, Wis.; "Opening and Closing Accounts—Data Required—Identification," Robert J. Campbell, assistant treasurer Fidelity Savings Trust Co, Kansas City, Mo.; "The Unit Plan for Tellers," C. P. Walker, assistant cashier Harris Trust & Savings Bank, Chicago, Ill.; "The Savings Manager and His Duties," H. H. Reinhard, vice-president National Bank of Commerce, St. Louis, Mo.; "Methods of Figuring and Paying Interest," A. W. Converse, vice-

president First Trust & Savings Bank, Chicago, Ill.; "Bookkeeping Systems," F. O. Willius, assistant treasurer State Savings Bank, St. Paul, Minn.; "Buying Bonds for Banks," Lester Bigelow, bond officer Minneapolis Trust Company, Minneapolis; "Blue Jeans and White Collars," H. A. Blodgett, president Harvey Blodgett Co., St. Paul, Minn.; "Saving for a Home and Financing It," Miss Jessamine Hoagland, manager savings department, National Bank of the Republic, Chicago, Ill.; "How It Can Best Co-operate With the Community," M. H. Sprague, cashier First National Bank, Grafton, N. D.; "When the Banker Knows His Customers Personally," O. M. Habberstad, president Scanlan-Habberstad Bank and Trust Co., Lanesboro, Minn.; "How Country Banks Can Promote Thrift," H. B. Craddick, president Craddick Service, Inc., Minneapolis; "Clubs for Farmer Boys and Girls," T. A. Erickson, leader of boys and girls' clubs, University Farm, St. Paul, Minn.; "The Next Step in American Progress," William Arthur Ganfield, president Carroll College, Waukesha, Wis.; "Taking the Icicles Off the Savings Appeal," Miss Minnie A. Buzbee, advertising manager Hennepin County Savings Bank, Minneapolis; "Backing Up the Advertising," Allard Smith, vice-president Union Trust Company, Cleveland, Ohio; "Using the Postage Stamp," Burr E. Lee, advertising manager Second Ward Savings Bank, Milwaukee, Wis.; "Bank Window Display," Miss Alice Moshier, assistant cashier Merchants National Bank, Fargo, N. D.; "House Organs—Their Value and What to Put in Them," C. E. Auracher, advertising manager Cedar Rapids Savings Bank & Trust Co., Cedar Rapids, Iowa; "Street Car and Bill Board," W. E. Brockman, advertising manager Minnesota Loan & Trust Company, Minneapolis; "From the Highways and Byways," John W. Rubecamp, assistant cashier Illinois Merchants Trust Co., Chicago, Ill.; "After the New Account—What?" F. G. Murbach, manager savings department, Union Trust Company, Chicago, Ill.; "Gaining the Customer's Good Will," A. F. Dawson, president First National Bank, Davenport, Iowa; "Bank Promotion Through Department Store Eyes," Hugh Arthur, The Dayton Company, Minneapolis; "Business Through Employees and Customers," A. S. Martin, assistant cashier Continental and Commercial Trust & Savings Bank, Chicago, Ill.; "Following Leads Inside the Bank," R. F. Wright, manager commer-

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

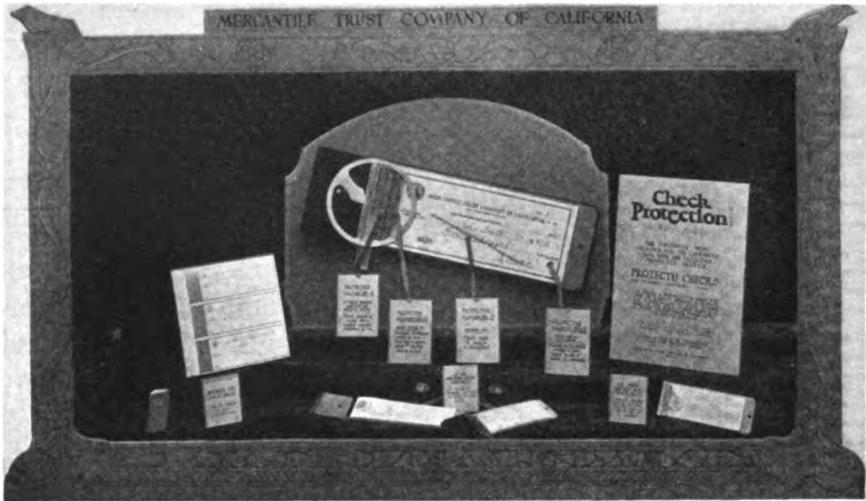
Complete facilities are provided for active and inactive accounts, collections, bills of lading, investments and foreign exchange transactions.



FRANK O. WETMORE,
Chairman

MELVIN A. TRAYLOR,
President

Combined Resources
Exceed \$350,000,000



This is the first of eight different window displays now being made by the Mercantile Trust Company of California. Protectu Checks are to be featured in these displays for three months. The Mercantile Trust Company now has twenty-nine offices in San Francisco and twenty-seven in outlying towns. Total resources of the institution are more than \$162,000,000.

cial service department, First Wisconsin National Bank, Milwaukee, Wis.; "School Savings—From the Banker's Standpoint," Alfred Hoel, president First National Bank, Gilbert, Minn.; "The Educator's Viewpoint of School Savings," Robert E. Scott, Superintendent of Schools, St. Louis Park, Minn.; "Teaching Savings in the Schools," Frank H. Forsell, principal Seward Junior High School, Minneapolis.



Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska

CONVENTION DATE

California—at Santa Barbara, May 20-23.

CALIFORNIA TRUST CHANGES

At the meeting of the board of directors of the California Trust Company, Los Angeles, held Friday, February 13, G. Allan Hancock was elected to the newly created position of the chairman of the board, and Leo S. Chandler was promoted from the vice-presidency to the presidency.

Mr. Chandler has been in active charge of the operations of the California Trust Company for the last two years, and has built it up from a relatively small beginning to an institution of influence in the financial affairs of Southern California. Mr. Chandler is also the president of the California Bankers Association, and has for many years been identified with banking in Los Angeles.

California Trust Company is a subsidiary of the California Bank, which financial institution under the guidance of A. M. Chaffey, president, was a pioneer in the development of branch banking in California, and has resources of over \$75,000,000.

MAYNARD GOES WITH UNITED STATES NATIONAL

L. M. Maynard, who was consulting economist for the Citizens National Bank of Los Angeles and for numerous private corporations, has affiliated with the United States National Bank as consulting economist. He will be available for consultation with the bank's clients on all business problems.

The United States National Bank now has six branch offices in Los Angeles, and has launched on an aggressive policy of expansion, under the direction of Perry W. Weidner, recently chosen president.

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

ONE feature common to the addresses of the officials of Canadian banks delivered at the annual meetings, and to the great majority of reports to shareholders of other financial and industrial institutions, has been the emphasis placed on the desirability of reducing taxes. Chambers of commerce, boards of trade and business associations are joining in pressing the same plea upon the government with unusual seriousness. Particular emphasis is laid upon the fact that various levies upon capital and industry in this country are more burdensome than corresponding taxes in the United States: the result is that Canadian business is at a disadvantage when competition enters, as it does into so many different fields. Likewise it is alleged that the larger income taxes on individuals are an important factor in the exodus of Canadians to the United States. What is being asked is a measure of relief for income taxes and an adjustment of the levies on business so that there may be less interference with industrial and trade enterprises, the success of which means the development of the country's resources, the employment of labor and the creation of general prosperity. At the same time it is realized that because of the country's large participation in the war, resulting in the creation of a very heavy national debt, the government must have large revenue. The feeling in the business community, however, is that a determined effort on the part of the government to further curtail both current and capital expenditures would bring results.

The tax burden, which amounts to about one-fifth of the total net revenue from all industries, including agriculture and mining, and which involves a per capita tax of more than \$60 for the entire population, is indeed serious in the opinion of *The Financial Post*, Toronto. Leaders of business are pointing out that a tax levy which a year ago was in excess of \$550,000,000 for a total population of less than 9,000,000 people is responsible for many thousands leaving the country. It has been suggested that the governmental process of planning revenue according to

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 BANK

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 285,000 DEPOSITORS
CAPITAL & SURPLUS \$11,075,000

Ask our Department of Research and Service for any desired information regarding business conditions in this region.

the volume of previously determined expenditure should be reversed by introducing the business policy of cutting expenses to meet revenue to keep expenditures within bounds.

Sir Herbert Holt, president of the Royal Bank, has started a movement for a budget bureau for Canada along the lines of that in the United States. Sir Herbert recognizes the heavy national expenses which must be met, but points out that the Geddes committee in Great Britain instituted drastic economies, while the budget installed in the United States by General Dawes literally cut Federal expenditures in half in the course of three years and reduced the debt by over \$5,000,000,000, and that in a country where the necessity for economy was far less pressing than it is in Canada.

There seems to be little change in the general business situation. With the rise in the value of the pound sterling export opportunities in industries shipping raw materials and food products have materially improved. Likewise the marked advance in the value of farm products, led by wheat, has greatly added to the potential buying power of a very large proportion of Canada's population, and while it is, of course, difficult to estimate the exact proportion of last year's crop to which the price advance will apply, the situation no doubt warrants the assumption that, not only has current buying power been greatly increased, but that farming operations generally for 1925 will be on a more profitable scale.

BANQUE CANADIENNE NATIONALE

The Banque d'Hochelaga, Montreal, is now operating under its new name of the Banque Canadienne Nationale. The bank is dropping its former historic name but remains the same institution, with nearly \$125,000,000 of assets, that has for so many years served, chiefly the French business community in Canada.

It is interesting to note that it is nearly thirty years since the bank decided that it should have a name more in keeping with its natural scope than a name of purely local significance, but a natural hesitation to drop such an historical name as Hochelaga prevented it from taking this step. The recent purchase of the assets of the Banque Nationale again brought the matter up. The new name was decided on and, after a determined fight, was endorsed by parliament.

BANK OF NOVA SCOTIA

A strong liquid position, increased deposits, and profits slightly in excess of the previous year, are the principal features of the ninety-third annual report of the Bank of Nova Scotia, Toronto.

The profits for the year amounted to \$2,110,028.14 which, added to the \$252,695.82 brought forward from last year, made a total of \$2,362,723.96 available for distribution. Dividends amounting to \$1,600,000 were paid, war tax on circulation took \$100,000, a contribution to the officers' pension fund \$75,000, and there was written off bank premises \$250,000, leaving a balance of \$337,723.96 to be carried forward to next year.

Following are comparative figures:

Income Account			
	1924	1923	1922
Earnings	\$2,110,028	\$2,104,532	\$2,122,682
Pension	75,000	75,000	75,000
Tax on cir.	100,000	100,000	97,464
Premises	250,000	250,000	250,000
	<hr/>	<hr/>	<hr/>
	425,000	425,000	422,464
	<hr/>	<hr/>	<hr/>
	\$1,685,028	\$1,679,532	\$1,700,218
Dividends	1,600,000	1,600,000	1,557,338
Reserve			35,000
	<hr/>	<hr/>	<hr/>
	\$ 85,028	\$ 79,532	\$ 107,835
Bal. forward	252,695	173,163	65,328
	<hr/>	<hr/>	<hr/>
Balance	\$ 337,723	\$ 252,695	\$ 173,163

In the balance sheet total deposits show at \$179,943,461, an increase of, roundly, \$5,000,000 over the previous year. This increase is all in the interest bearing or savings deposits. Notes in circulation are reduced \$931,000, reflecting the smaller turnover in business generally. The bank's investments accounts total \$49,296,622. Current loans in Canada, in which are included the amounts shown under grain loans and loans to municipalities last year, total \$77,338,034, which is a reduction of \$3,315,714 from 1923.

DOMINION BANK

An increase of about \$3,000,000 in savings deposits, a growth of nearly \$15,000 in earnings and an expansion of \$2,500,000 in current loans are features of the annual statement of the Dominion Bank, Toronto. The showing made is a particularly satisfactory one in view of the common experience of the Canadian banks in 1924, which marked the year as one of curtailed commercial credits and an accompanying reduction in banking profits.

Out of the profits of \$1,144,082, which compared with \$1,129,370 for the previous year, the bank was able to meet usual dividends and bonus, increased government taxes and allowances for premises and pensions.

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

and add substantially to the balance, which now stands at \$900,124. Following are comparative figures:

Profit and Loss			
	1924	1923	1922
Profits	\$1,144,082	\$1,129,370	\$1,175,478
Pension	45,000	45,000	45,000
Gov. taxes	169,332	162,158	157,795
Premises	75,000	75,000	150,000
	<u>289,332</u>	<u>282,158</u>	<u>352,795</u>
	\$ 854,750	\$ 847,212	\$ 822,683
Dividends	720,000	720,000	720,000
Bonus	60,000	60,000	60,000
	\$ 74,750	\$ 67,212	\$ 42,683
Bal. forward	825,374	758,163	715,480
Balance	\$ 900,124	\$ 825,375	\$ 758,163

PROVINCIAL BANK OF CANADA HAS GOOD YEAR

The net profits of The Provincial Bank of Canada, Montreal, for the year ending November 29, 1924, amounted to \$408,380.01. Total assets of the bank on November 30 were over \$40,000,000, of which \$20,940,160 are classified as liquid assets. The directors reported that during the current year there has been a considerable increase in the number of depositors as well as in the total of deposits. The bank now has 181 branches operating in the Province of Quebec, Ontario, New Brunswick and Prince Edward Island.

It is reported that the number of shareholders of the bank has increased steadily, there being now 2208 shareholders. Regarding this matter the president reports:

"We are pleased to add that we are constantly in receipt of applications from our

present shareholders and also from clients for new stock, this leading us to hope that in the near future the further development of our business will warrant the issue already authorized by yourselves of \$2,000,000, of new shares, thereby increasing the paid-up capital of our bank to the full amount presently authorized of \$5,000,000."

MONTREAL C. & D. BANK

Further steady progress during 1924 was shown by Montreal City and District Savings Bank, according to the year's financial report. This bank, which caters largely to the savers among Montreal workmen, invests its funds in high grade liquid securities and call loans only, and is distinct from other Canadian banks in that it makes no commercial loans at all. The large volume of business done in a concentrated area enables the bank to make substantial profits on the narrow margin that exists between the rate paid to depositors and the rate received on the investments.

Chief among the changes in the balance sheet is an increase in deposits of over \$2,000,000 bringing these to \$52,256,581.

Profit and loss accounts for the past two years compare as follows:

	1924	1923
Net profits	\$272,056	\$268,101
Dividends	199,810	199,810
Balance	\$ 72,246	\$ 68,291
Donations	8,000	7,500
Surplus	\$ 64,246	\$ 60,791
Prev. surp.	216,320	405,528
Balance	\$280,566	\$466,319
Trans. to res.		250,000
Total surplus	\$280,566	\$216,319

Aktiebolaget Unionbanken

The Organization of One of Finland's Important Banking Institutions

AKTIEBOLAGET Unionbanken, one of the larger banking institutions of the Republic of Finland, was founded by the taking over of the assets and liabilities of the *Aktiebolaget Unionbanken* in Finland, a bank established through the amalgamation of the *Wasa Aktie Bank* (*Vasa Joint Stock Bank*) established 1879, the *Abo Aktiebank* (*Abo Joint Stock Bank*) established 1896, and *Landtmannabanken, Aktiebolag* (*The Farmers' Bank, Ltd.*) established 1910. This amalgamation, which

the *Wasa Aktie Bank*, had, at the time of fusion, developed into concerns of far reaching importance. They had, to mention only one feature of their rapid development, in course of time established branches in thirty different places.

The third of the amalgamating banks, the *Landtmannabanken Aktiebolag* (*The Farmers' Bank, Ltd.*) was founded by large groups of farmers in Southern Finland and Ostrobothnia for the special purpose of supplying the floating credit required by



Head office of the *Aktiebolaget Unionbanken* in Helsinki

took place in the year 1920, was a result of that need for greater concentration in the issue of credit and in the use of funds deposited by the public, which, during the first years of the post-war period, made itself felt in various countries all over the world. The fusion was, moreover, of mutual advantage to the amalgamating banks, whose interests, owing to a wide-spread net of branches, were conflicting at a number of places.

Originally the *Wasa Aktie Bank* and the *Abo Aktiebank* were purely provincial banks, intended to serve credit operations in their immediate neighborhood, but, owing to the growth of their business, and to the large funds, both in deposits and in capital, which they controlled, the banks, especially

the Swedish-speaking agricultural population. Before the time of the *Landtmannabanken, Aktiebolag*, there existed in Finland credit institutions which issued long-term loans against the mortgage of real estate, but there were, generally speaking, no facilities for the supply of short term working credit to the agricultural population. The bank thus filled a real want, and in looking back on its activity, it may fairly be stated that the bank performed its functions with marked success. It acted as an economic stimulus, furthering, at the same time, both cultural and national prosperity.

As, in the beginning of the year 1920, these three banks were amalgamated into one and the scope of the new bank was determined, consideration was given to the



GEN. BARON GUSTAF
MANNERHEIM
President board of directors

DR. ALEXANDER FREY
General Manager

HJALMAR EKOLM
Deputy general
manager

various interests and characteristics of the old banks. The management and administration were, for this reason, not concentrated in one office. It was decided that the bank should have three independent head offices: at Helsingfors, Wasa and Abo. These three head offices were each subject to their own board of directors, which ap-

proposal was approved by the constituent meeting of the Aktiebolaget Unionbanken on June 30, 1924, and it was, at the same time, resolved that the head office of the bank should be in Helsingfors, the offices at Wasa and Abo being treated as principal offices, but subordinate to the head office in Helsingfors.



Interior of head office in Helsingfors

pointed representatives to a central board of directors. However, this mode of organization proved to be expensive and unwieldy, and as, owing to the rather severe losses through engagements from the time of war, a scheme for the reconstruction of the bank was drafted, it was suggested that the system of three head offices should be given up and the management of the bank should be concentrated at one office only. This

Aktiebolaget Unionbanken (Union Bank Limited) has a paid up capital of Finnish marks 100,000,000 and a reserve fund of Finnish marks 26,667,537. A sum of Finnish marks 30,000,000 is further at the disposal of the bank as a guaranteed capital.

On September 30, 1924, the sums deposited with the bank amounted to Finnish marks 313,192,318 on deposit accounts, and to Finnish marks 105,570,255 on current accounts.

The loan issued consisted principally of Finnish marks 187,048,672 in bills, Finnish marks 220,099,044 in loans, and Finnish marks 194,947,044 in advances on current accounts. The sum at which the books closed on the same date was Finnish marks 712,282,024.

The headquarters of the bank are located in handsome premises of its own, situated at Hagasundsgatan 7, close to the railway station in the center of the town. The equipment is very up to date. The bank has, at present, sixty-one offices and branches at various places in the country. Besides the premises of the head office in Helsingfors, the bank also owns the premises in which are housed the offices and branches at Wasa, Abo, Björneborg, Borga, Grankulla, Inga, Kaskö, Kauhava, Kimito, Korsnäs, Kristinestad, Kronoby, Kurikka, Lappfjärd, Loimijoki, Lojo, Lovisa, Mariehamn, Nykarleby, Nystad, Nadendal, Närpes, Oravais, Pargas, Pörtom, Salo, Uleaborg, Viiala, Wóra and Atsåri.

Particular attention has been paid to the foreign business of the bank. Strong connections with almost all the important business centers of the world are maintained. The bank has a special foreign department as well as a department for handling letters of credit, travelers' checks, etc.

The bank's board of directors includes: General Baron Gustaf Mannerheim, presi-

dent; Georg Ehrnrooth, vice-president; and Messrs. Axel Alléen, Amos Anderson, Carl G. Björkenheim, Erik Dahlström, Erik Hartman, Hans Heimbürger, Ludvig Jönsson, Ivar Lindfors, E. J. Ollonqvist, and August Tag.

The board of managers consists of Dr. Alexander Frey, general manager, Hjalmar Ekholm, deputy general manager, and Allan Jusélius, manager.

The condensed statement of Aktiebolaget Unionbanken as of September 30, 1924, follows:

ASSETS	
	Finnish marks
Cash in hand	11,719,220
Government and other bonds	32,856,892
Current accounts	58,305,027
Bills	187,190,350
Correspondents	160,486,884
Loans	220,099,043
Sundry accounts	21,524,608
Guaranteed capital, unused	20,000,000
	712,282,024
LIABILITIES	
Capital paid up	60,000,000
New issue	21,939,250
Reserve funds	26,667,537
Guaranteed capital	30,000,000
Deposits	313,192,318
Current accounts	42,797,011
Correspondents	107,118,808
Bank post bills	11,208,798
Sundry accounts	486,032
Other liabilities	97,693,380
Mortgage department	1,178,890
	712,282,024



“LET not him who is houseless pull down the house of another, but let him work diligently and build one for himself. Thus by example assuring that his own shall be safe from violence when built.”—*Lincoln.*



Touring along one of the famous Alpine roads in a motor bus

Switzerland for the Tourist

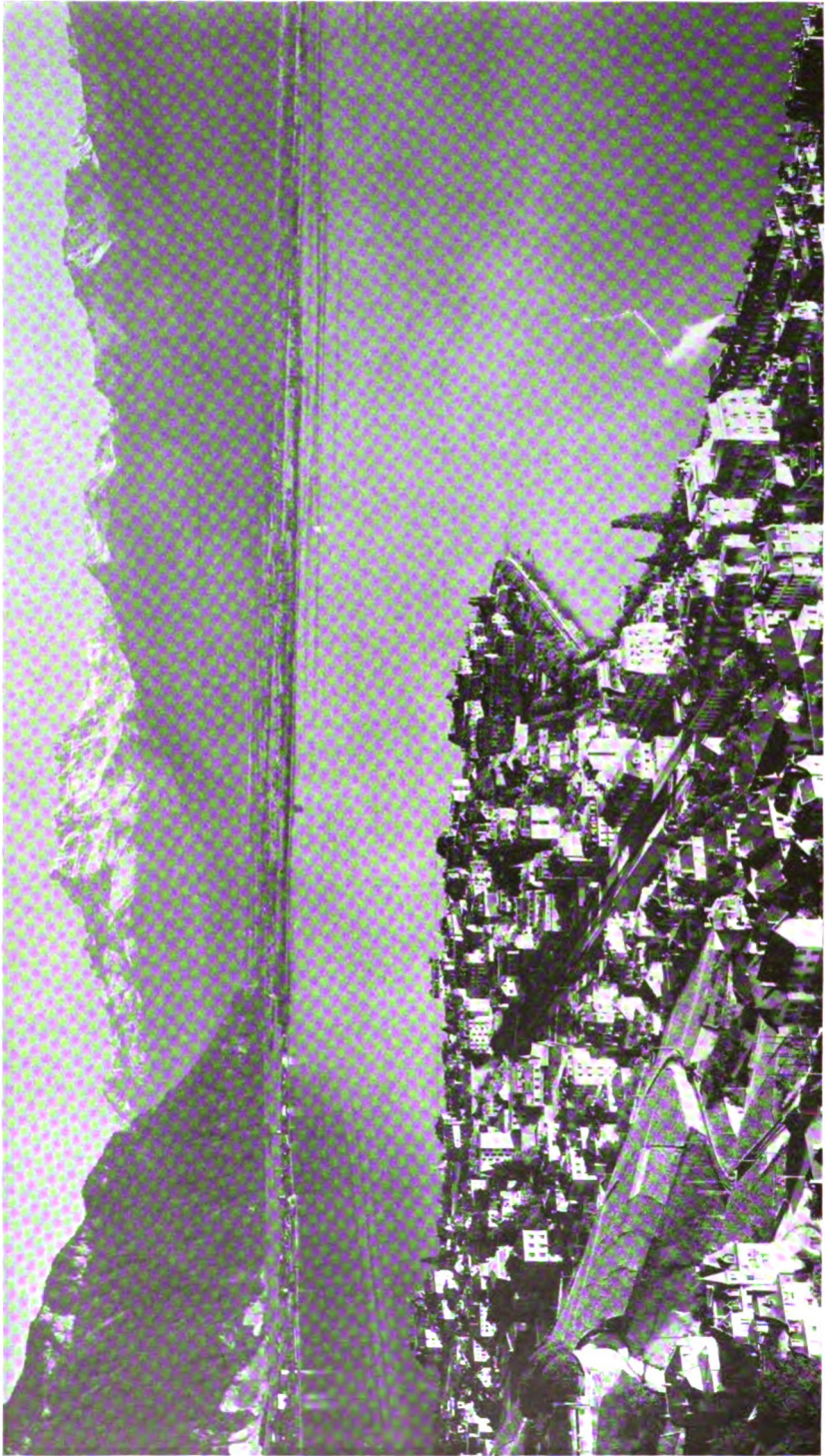
By Albert Junod

THE natural beauties of Switzerland, her romantic lakes, her mountains covered with eternal snow, her glittering glaciers, her health resorts, her picturesque railways, her romantic villages, towns, and medieval castles, her historical past—as far back as the Romans—her quaint national customs, her renowned schools and her famous hotel organization, have made of Switzerland the meeting-place of the tourist, in one word, the “Playground of the World.”

That which appeals to the traveller in Switzerland, besides her picturesque sites, her invigorating climate, her spas, is her tourist organizations either for those who wish to go in for the various sports which the country affords, or for those who prefer to have a rest in order to recuperate their health or to study nature from the artistic, historic, or economic points of view. If “mere beauty” is the chief aim of touring there are other factors not less important, which encourage the traveller to visit Switzerland. These factors are the economic and political conditions of the country, the de-

velopment of the hotel industry, the extension of means of communication, the renown of the public and boarding schools, the celebrity of the physicians, the model organization of clinics and sanatoriums, etc. In any of these domains, Switzerland may be equalled, but not surpassed.

Even in the eighteenth century, Switzerland was visited by foreign travellers among whom were famous authors who made the country as a whole famous abroad, as well as the chief towns such as Geneva, Lausanne, Berne, Basle, Lucerne, and Zurich. At the very same period when Voltaire dwelt in Switzerland and received in his château of Ferney his many admirers, Jean Jacques Rousseau disclosed to the world the charms of the lake of Geneva in his “Nouvelle Héloïse.” At the beginning of the nineteenth century, Byron in his “Prisoner of Chillon” rendered illustrious the famous old manor and its surroundings. Longfellow sang the Bernese Oberland and Schiller the lake of Lucerne in his immortal drama. Soon the high Alps were conquered by ad-



A bird's-eye-view of the famous resort of Montreux overlooking Lake Geneva

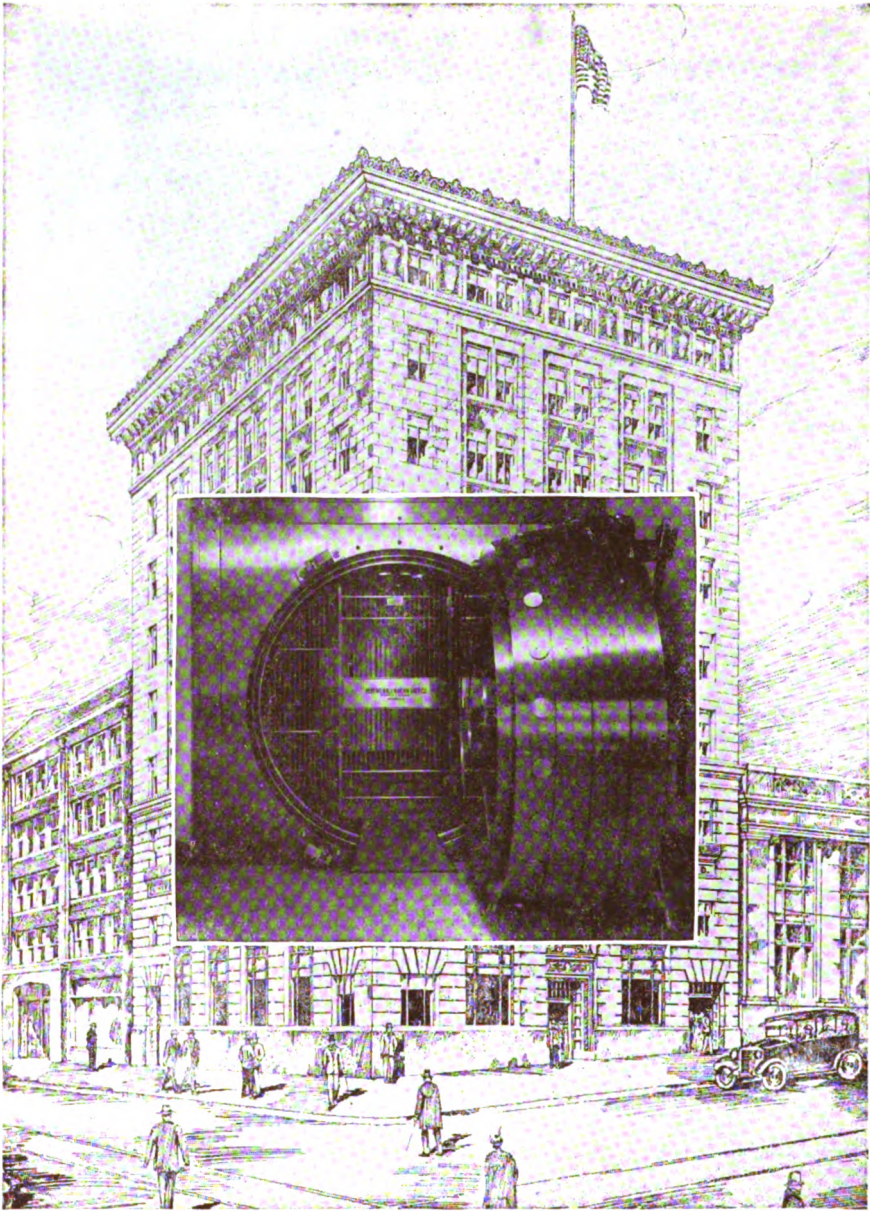


THIS new home of the uptown office of the Italian Savings Bank was recently opened at 204 East 116th Street, New York. It was erected under the supervision of the office of

C. P. H. GILBERT
ARCHITECT

Specialist in Bank Architecture

METROPOLITAN TOWER—MADISON SQUARE—NEW YORK



New building of the United States Mortgage Bond Co., Detroit, Mich., designed by Harry S. Angell, Architect of Detroit. All vault work was installed by

Herring-Hall-Marvin Safe Co.

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Principal Offices: New York, Boston, Chicago, San Francisco, Birmingham, Pittsburgh

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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.



The majestic Matterhorn, rising to the height of 14,780 feet

venturous tourists. Among the chief admirers of the Alps we may mention Shelley, Ruskin, Lamartine and Victor Hugo.

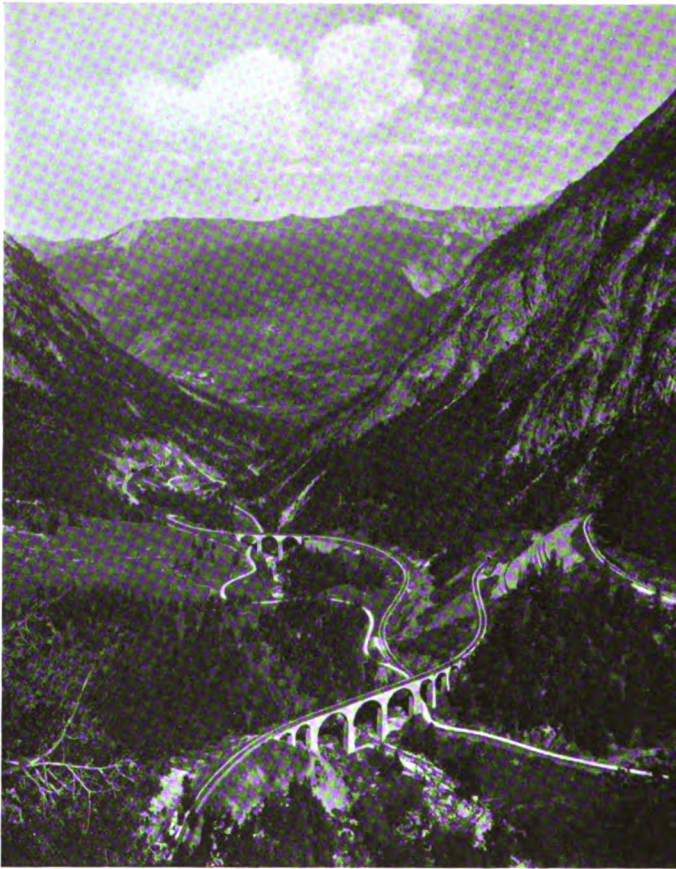
THE DEVELOPMENT OF TOURING

In the course of the last sixty years the flood of tourists has grown more and more. Famous resorts have been established even in the remotest and least known valleys, at the very foot of the snow-clad giants, such as Zermatt and St. Moritz. In the year 1871, the first-cog-railway was built from Vitznau to the summit of the Rigi (5900 feet). Later still more hazardous lines were built, transporting the tourist above the glaciers and eternal snow. We might mention chiefly the Gornergrat-Railway above Zermatt (10289 feet) and the Jungfrau Railway, with the highest hotel in the world (11940 feet).

International railway lines are very nu-

merous in Switzerland, which has been called on this account "the turning platform" of Europe. Some of the lines are universally known as remarkable feats of engineering, the chief of which being at the same time main lines of traffic and tourist travel, crossing the chain of the Alps. These are the Gotthard line, with a tunnel $9\frac{1}{4}$ miles long; the Simplon line with the longest tunnel in the world (twelve miles 737 yards), and the Lötschberg line, through the Bernese Alps, with a tunnel nine miles long. One of the most interesting tourist lines is the Rhetian Railway in the Grisons, running through the Albula tunnel to the Engadine.

Thanks to the abundance of water courses, fed in summer by the melting glaciers, electric traction will in time be substituted to steam power. Most of the mountain lines are already electrified and in a few years' time all Swiss railways, particularly the chief international lines, will be so operated.



Looking down on the Rhetian Railway in the Grisons. At the right may be seen the entrance to the Albula tunnel to the Engadine

Besides railways, there is at the disposal of tourists efficient steam-boat service on the Swiss lakes, chiefly in summer.

The roads, which were the chief means of communication up to the nineteenth century, have come to the fore again on account of the automobile. In no other country in the world could be found more picturesque, more daring Alpine roads than those of the Fourka, the Grimsel, the Simplon, the Gott-hard, the Bernardine, the Bernina, the many loops of which graze and tower over the glaciers. Postal motor-cars run regularly in summer on these roads.

Up to the end of the nineteenth century, Switzerland was chiefly frequented by tourists in the summer months, their chief recreations being walking excursions, mountain-climbing, fishing, rowing, and swimming; travellers frequented chiefly the spas and the picturesque towns.

AN ALL YEAR ROUND SEASON

Summer is the cycling and motoring season on the numerous lower and higher roads. At the resorts on the shores of the lake of Geneva (Montreux, Vevey, Clarens), and on the southern lakes (Lugano, Locarno), thanks to the extraordinary mildness of the climate, there is not only a summer season, but also spring and autumn seasons.

For the last thirty years, winter sports have become universally popular, so that the winter season attracts crowds of tourists wishing to enjoy outdoor sports on the heights. The secret of this transformation is to be found in the hygienic and therapeutic properties of the bracing and pure mountain air in winter, an atmosphere absolutely free from microbes, and in the luminous intensity of the air, particularly on the high altitudes. When the low lands are

invaded by fogs, which frequently happens in winter, the heights are glittering in glorious sunshine, so that the Alps and the Jura may be considered as the paradise of winter sports. The sun shines there for weeks and months running, in an invariably blue sky. The mountains and the high valleys being covered with a layer of dry snow, the atmosphere on the heights is absolutely pure. Invalids, convalescents, as well as those in good health, enjoy the luminous action of the sun, which is an incomparable boon to the human organism. This is the secret of the growing popularity of the Swiss mountains, not only in summer, but in winter too. The hotels being most comfortable and well heated, a stay in the mountains is particularly attractive in every respect.

Besides outdoor exercise, the tourist can enjoy the long evenings indoors, the hotels organizing numerous dances, pageants, and fêtes of all sorts.

Switzerland, thanks to the beauty and variety of her mountains, is the paradise of mountain climbers. Hotels or huts of the Swiss Alpine Club have been built in the highest valleys and at the foot of snowy peaks. Besides perilous ascensions, which

ought only to be undertaken by experienced climbers, there are easier excursions to generally accessible summits and to Alpine passes. The views of the glittering glaciers, the deep valleys and the dark blue lakes, are sights never to be forgotten. Switzerland is, therefore, as favorable to winter as to summer sports.

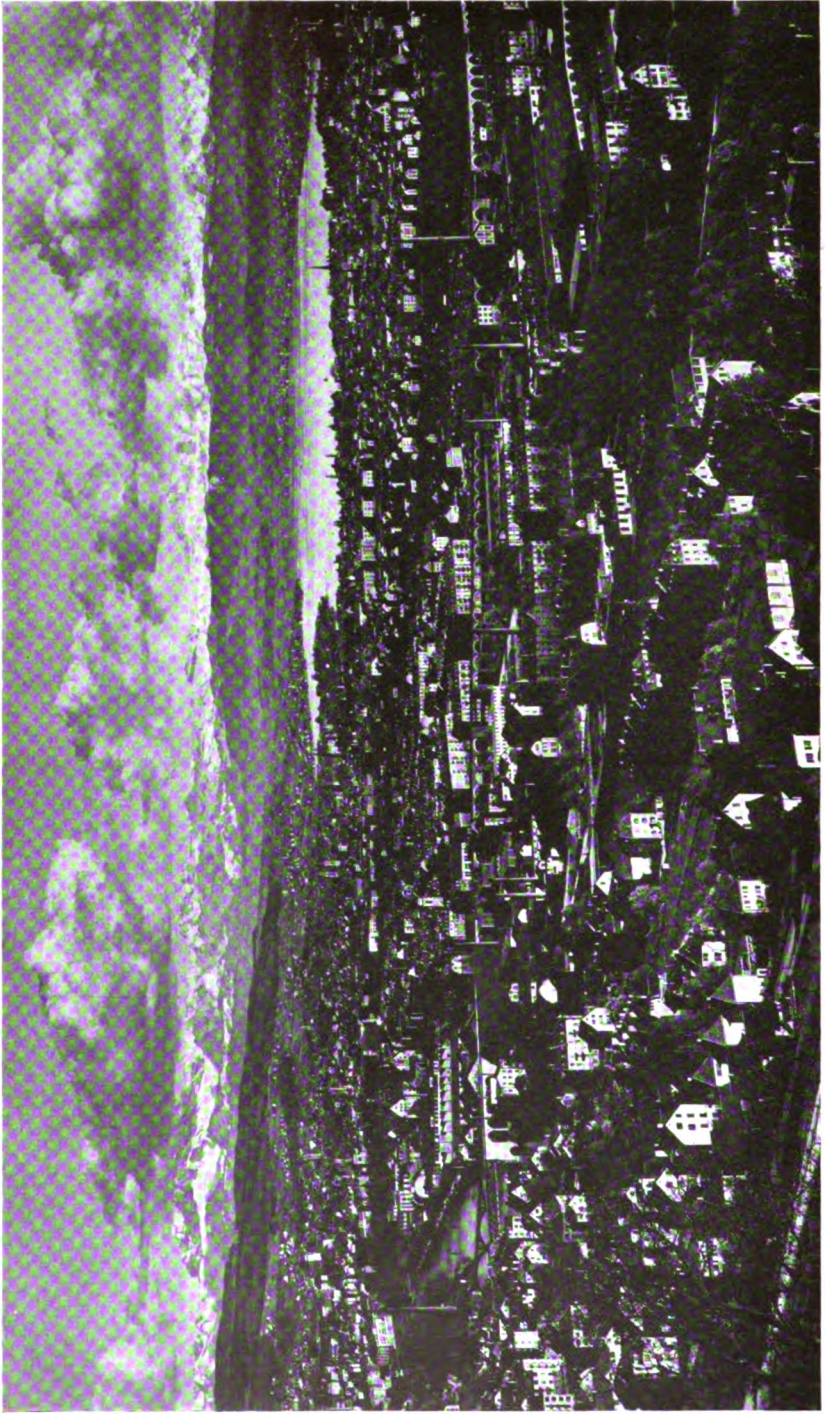
In summer one may indulge in bicycling, motoring, rowing, tennis, swimming, fishing, golf, etc., while in winter lovers of skiing, skating, curling, ice-hockey, etc., can in the mountain resorts satisfy their taste for their particular favorite sport. There are in Switzerland some twenty golf links, and tennis courts are to be found at every summer station. On the numerous rivers and lakes, those preferring nautical sports will find ample opportunity to pursue their favorite recreation.

The Swiss towns, with their famous and comfortable hotels, offer at all seasons a pleasant stay. Economic and intellectual centers, rich in monuments and treasures of art, each having its special character, its particular style; these places all well deserve a visit.

The economic importance of Swiss touring



The massive peaks of Eiger (left) and Mönch in the Bernese Alps. In the foreground at the right is a station of the Jungfrau Railway which traverses the foothills



The historic and beautiful city of Zurich with the lake and the Alps in the background



On the golf course above St. Moritz

goes hand in hand with the hotel industry, and everywhere so-called local or regional societies of development and committees of initiative have been founded, including the institutions and individuals desirous of furthering the development of their station or region. These societies are supported by several associations, such as the Swiss Alpine Club, the noble aim of which is to propagate the love of the mountains and to facilitate Alpine excursions. On the other hand, the Swiss Automobile Club, the Swiss Touring Club and a number of sporting associations, contribute largely to the development of automobile tours. Those having an immediate interest in touring and who are conscious of its economic value and importance have undertaken an active propaganda in its favor: the Swiss State Railways, the Swiss Association of Hotel Keepers, etc.

All these were in 1918 amalgamated in the Swiss National Touring Office, an institution created with the assistance of the federal cantonal and municipal authorities, financial and commercial enterprises, in order to develop, according to the statutes approved by the Federal Council, the highest Swiss administrative body, the common efforts of all these institutions operating in Switzerland and furthering Swiss tourist travel in general. The Swiss National Touring Office, which is a semi-official organiza-

tion, devotes itself more and more to the study and to the execution of all measures proper to encourage travelling in Switzerland and to facilitate access to the country by the tourist and to render his stay more pleasant. By numerous representatives abroad, by means of publications, newspaper articles, advertisements, conferences, films, exhibitions, etc., it realizes more and more, according to its means, the ideal its promoters had in view. This allows us to realize the importance of the Swiss hotel industry which employed in 1912, 43,136 employees, which means that it comes in the second place among Swiss industries, ranking even before the state railways.

According to official statistics, the following are the numbers of employees and workmen of the chief Swiss industries:

Mechanical industry	46,485
Hotel industry	43,136
Railways	42,250
Watch industry	34,988
Silk industry	31,537
Cotton industry	29,950
Embroidery	28,606
Food supply	26,044

The receipts from foreign tourists (i. e., without counting the Swiss) were in 1912 about 201 million francs. To this sum might be added the receipts of hotels not included

in the statistics of the Association of Swiss Hotelkeepers, of private and boarding schools, twenty millions; of owners of villas and chalets, rented to visitors from other countries, 15 millions; of railways and other transportation organizations, 35 millions; of the post, telegraph and telephone administration, fr. 7,600,000. The total of fr. 278,000,000 does not, however, represent the complete receipts from tourists, for other expenses such as for porters, coachmen, chaffeurs, guides, and carriers, theaters, concerts, and cinemas, photographs and picture post-cards, watches, jewelry, silks, and articles of fashion, embroideries, keepsakes and souvenirs, chocolate, confectionery, tips, etc., must also be considered. These expenses represent millions, so that we might estimate the total annual receipts from foreign tourists to be about 350 million francs.

This will explain the importance attributed in Switzerland to the development of touring, which is, together with the industries of silk, embroideries, watches, and machines, one of the chief sources of national wealth. The prosperity of the railways and other

means of transport depends mainly on the development and success of tourism.

CHIEF TOURIST CENTERS

The chief tourist centers in Switzerland are the Grisons (Engadine, St. Moritz, Davos); the lake of Lucerne and Engelberg; the Italian lakes (Lugano, Locarno); the Bernese Oberland (Interlaken, Wengen, Grindelwald, Thun, Adelboden, Gstaad); the lake of Geneva with Lausanne, Geneva, Vevey, Montreux, and the Valdeuse Alps (Villars, Chateau d'Oex); the Valais with Zermatt, and the Jura. As for the hundreds of thousands of tourists visiting Switzerland throughout the year, they belong to different countries; those supplying most visitors are Great Britain, Germany, the United States of America, Holland and France. American travellers in Switzerland are, comparatively speaking, few and far between, but are welcomed most heartily, and the greatest efforts are made to make Switzerland known in America, not only from a tourist standpoint, but also as far as arts, industry, education, social and political life are concerned.



The mountain terminus of the famous Gornergrat Railway with the peaks of the Matterhorn (left) and the Dent Blanche in the background

Union Bank of Switzerland

SWITZERLAND, with its world-famous holiday resorts, is at the same time a country possessing a highly developed export industry. Swiss manufactured articles, such as watches, chocolate, condensed milk, cheese, textile goods, machinery, etc., have found a market in most countries of the world. On the other hand Switzerland, which with regard to raw materials is almost entirely dependent upon imports, has become a valued customer of several European and a good many overseas countries. These import and export activi-

ties have not only led manufacturers and merchants to establish world-wide trade connections, but have been the reason that Switzerland, in spite of its small size and small population, has developed a banking system of unusual importance, the foremost representatives of which have, for many years, played a quite important rôle in international banking.

faith placed in Swiss laws, integrity and political independence by the inhabitants of those countries most shaken and harassed by the consequences of the war, have fostered the international relations of Switzerland to such an extent that in spite of the losses it suffered by reason of the war its influence may be taken as considerably increased. In this connection it may be mentioned that the Swiss are proud of the fact that one of their beautiful towns, Geneva, has been chosen as the seat of the League of Nations.



Head office of the Union Bank of Switzerland, Zurich

ties have not only led manufacturers and merchants to establish world-wide trade connections, but have been the reason that Switzerland, in spite of its small size and small population, has developed a banking system of unusual importance, the foremost representatives of which have, for many years, played a quite important rôle in international banking.

THE WAR'S EFFECT

The circumstance that Switzerland, in keeping with its century-old traditions, remained neutral during the World War, has greatly added to its importance as a European clearing ground. Moreover, its privileged geographical position, right in the heart of Central Europe, and the absolute

The various economic crises which were experienced all over the world as a result of the late war, left the Swiss banks, with very few exceptions, in an unshaken position, thereby allowing them not only to maintain, but greatly to extend their friendly business intercourse with foreign institutions.

IDENTIFICATION OF THE BANK WITH SWISS INDUSTRY

To those Swiss banks which are in the front rank among the institutions with extended international business relations, belongs the Union Bank of Switzerland. Its history from its beginnings, some sixty years ago, to the development into its present size, is closely identified with the steady progress of some branches of Switzerland's



The office at Winterthur

trade and industry. The two institutions which, through their amalgamation, laid the foundation of the subsequent large business of the Union Bank of Switzerland, viz., the Bank in Winterthur, and the Toggenburger Bank, used to be the leading banks in industrial centers playing an important part in the country's economic life. The former had been extending its services to the cotton and machine industries, while in St. Gall and Lichtensteig the Toggenburger Bank had its clients chiefly among the lace-making and embroidery industries.



The office at Aarau

When in 1912 the Bank in Winterthur and the Toggenburger Bank decided to unite their interests and to amalgamate under the new title of Schweizerische Bankgesellschaft—its present English style "Union Bank of Switzerland" having been adopted since 1922—they were just on the eve of commemorating their golden anniversary, the first-named bank having been founded in 1862, while the latter was formed in 1863. This amalgamation proved of the greatest importance for the future history of the united banks. At the time of the fusion the Toggenburger Bank maintained branches at Rorschach, Rapperswil, Wil, Flawil, St. Fiden and Gossau, while the Bank in Winterthur was established in Winterthur and Zurich. As a consequence of the ever-growing importance of Zurich as the chief center of Switzerland's economic activities, the Zurich office was soon destined to take the leading part in the bank's organization and administration.

In extending its net of branches the Union Bank of Switzerland was very fortunate inasmuch as it succeeded in increasing its hold over new business by taking over old-established, prominent local banks in different sections of the country. In following this policy a solid footing was secured in Aarau, Baden, Wohlen, Laufenburg, Liestal, Lausanne, Montreux, Vevey, La Chaux-de-Fonds, Fleurier, Couvet, Locarno, Lugano and Berne. New branches were only opened



The St. Gall office

at Basle and Frauenfeld. Through these new offices and branches a large number of leading firms, in particular industries which before were not served by the bank, have since become its valued clients. This especially applies to export houses engaged in the straw, watch, tobacco, chocolate and chemical industries, which used to bank with the local institutions that were subsequently absorbed by the Union Bank of Switzerland. As a proof of the assertion that this bank is actively in contact with almost all Swiss industries, the following figures may be given from its balance sheet as of December 31, 1923, indicating the percentage in which the various industries figure among the bank's debtors:

	Per cent.
Cotton industry, wool and silk	23.0
Embroidery	8.5
Other textiles and straw plaits	16.2
Machine and metal working industry	11.0
Watches	5.1
Building industry	8.5
Purveying industries	10.2
Chemical industry	5.1
Footwear and leather	3.3
Household articles	1.7
Various industries	7.4

100

EXTENSION OF BRANCH FACILITIES

With the increase of the number of the bank's branches great attention was paid by the management of the Union Bank of



The Lausanne office

Switzerland to the accommodation and organization of these offices, with the idea of making better provision for the business needs of its clients and for their individual convenience and comfort. Many banks abroad have therefore found it to the advantage of their clients to appoint the Union



Superb stove and stucco ceiling, dated 1710, in the chairman's office (taken from patrician residence standing on site now occupied by head office, Zurich)

Bank of Switzerland as their correspondent in connection with their letter of credit and travelers' checks service. Besides personal service being accorded to holders of letters of credit, such foreign friends may at the same time obtain credit and trade information, and receive assistance in establishing commercial relations.

FOREIGN EXCHANGE AND STOCK EXCHANGE TRANSACTIONS

The central position of Switzerland in Europe and the excellent telephonic communications with all the surrounding countries have to a considerable extent contributed toward the creation there of several foreign exchange markets, headed by Zurich with the largest business and followed in importance by Basle and Geneva. Among the banks dealing in foreign exchange on a

big scale the Union Bank of Switzerland takes a leading position.

The Swiss stock exchange markets have played a noteworthy part during and after the late war. As an illustration of this fact it may be recalled that during this period Swiss securities to the estimated value of about two thousand millions of Swiss francs were repatriated without any restrictions and formalities being imposed upon the foreign sellers. The Union Bank of Switzerland is among those banks having a concession to deal in shares and bonds on the exchanges of Zurich, Basle, Geneva, Berne and Lausanne, so that orders can be executed during exchange hours directly by the bank's representative. The Union Bank of Switzerland has not only an extended business in securities through dealings at the exchanges, but large amounts in new bond and share issues are placed with the public through its investment department. That in Switzerland new issues of securities amount to substantial figures is illustrated by the fact that for the first eleven months of 1924 all issues in Switzerland reached a total of frs. 581,000,000.

SWITZERLAND AS AN INTERNATIONAL FINANCIAL CENTER

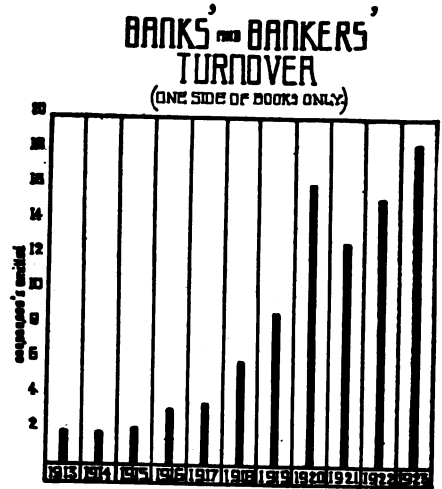
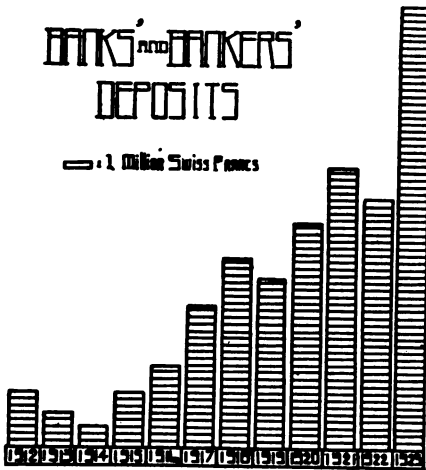
The enhanced position of Switzerland as an international financial center has, of course, also found its expression in the increased relations foreign banking institutions sustain with the larger Swiss banks. Here again the Union Bank of Switzerland can show very satisfactory figures, as the number of accounts kept there by foreign banks increased from 1912 to 1923 by 480 per cent.

The Union Bank of Switzerland also acts as agent and depository for state and note-issuing banks of various countries, and substantial balances are kept with it by prominent institutions in all of the world's financial centers.

The great importance of this bank may also be gathered from the charts shown on the following page.

THE BANK'S MANAGEMENT

The management of the Union Bank of Switzerland is supported by a most distinguished board of directors, presided over by Dr. R. Ernst, LL.D., Winterthur, who is also on the board of some of Switzerland's leading industrial and trust concerns. Some of the members of the board of di-



These charts picture the great volume of business handled by the Union Bank of Switzerland

rectors of the bank who are well known abroad are: Dr. Hans Sulzer, delegate of the board of directors of the well known works of Sulzer Brothers Ltd., Winterthur, and former Swiss Ambassador to the United States of America; P. Reinhart-Sulzer, head of the firm of Paul Reinhart & Co., raw cotton importers, Winterthur and Alexandria; Max Bally, delegate of the board of directors of the firm of C. F. Bally, S.A., the best known Swiss manufacturers of footwear; A. Cailler, member of the National Council, delegate of the board of directors of the largest chocolate factories in Switzerland, the Peter, Cailler, Kohler, Chocolats Suisses, S.A.; J. Jäggli-Pünter, vice-chairman of the bank and head of the firm of Jakob Jäggli & Co., cotton twisting and dyeing mills and manufacturers of sewing cotton and woolen hosiery yarns; Dr. Ed. Heberlein, delegate of the board of directors of the firm of Heberlein & Co., S.A., bleachers, dyers, printers and finishers of cotton piece goods, embroideries and yarns; Dr. J. Weber, president of the board of directors of the Swiss Locomotive and Machine Works at Winterthur; Traugott M. Bruggisser, delegate of the board of di-

rectors of S. A. Bruggisser & Co., manufacturers of straw plaits and straw braids at Wohlen; Ed. Bühler-Kohler, head of the firm of Ed. Bühler & Co., cotton spinning and weaving mills.

Condensed statement of the Union Bank of Switzerland as of December 31:

ASSETS		
	1923 Frs.	1922 Frs.
Cash in hand	18,902,717.05	20,081,044.76
Banks and bankers.....	119,640,568.57	94,001,442.84
Bills of exchange	35,773,970.78	95,534,667.67
Stocks and investments	20,623,306.04	27,131,911.24
Debtors	277,862,304.25	245,989,931.96
Bank and warehouse premises	18,291,420.50	17,494,700.00
	541,095,287.19	500,233,698.47
LIABILITIES		
Capital, fully paid.....	70,000,000.00	70,000,000.00
Reserves	16,000,000.00	16,000,000.00
Pension fund for employees	7,469,203.10	6,858,842.40
Time deposits and current accounts.....	339,513,439.96	343,088,797.73
Banks and bankers deposits	63,908,884.02	35,915,103.68
Acceptances on account of customers.....	38,829,789.27	23,162,806.35
Dividend account.....	4,996,640.00	4,994,840.00
Balance to carry.....	377,330.84	213,308.31
	541,095,287.19	500,233,698.47



An Important Factor in Finland's Economic Life

AFTER the war was ended a period of extraordinary difficulty set in from which Finland was not spared. It was during that period that a union of bankers was formed which attracted very special and general attention: the Föreningsbanken i Finland and the Nordiska Aktie-

and development of the banks from which the new company was formed.

The Föreningsbanken i Finland, the oldest of Finland's private banks, was established in 1862, two years after Finland, being independent of Russia, had created her own monetary unit. It was organized on the



A/B Nordiska Föreningsbanken, Helsingfors, Finland

banken för Handel och Industri amalgamated in 1919 into the Nordiska Föreningsbanken. And so a new institute was formed among the leading banking establishments of Finland, and, because of the extent of its business operations and of its capital, it took its place at the head of Finnish banks. The importance of the concern, of which more will be said later on, is so great that a few facts may be given as to the history

initiative especially of Henrik Borgström, later its director in chief, and with a capital of 3,000,000 Frms. Among its shareholders were to be found most of the big business concerns and the most prominent representatives of the economic world in Finland, so that, from its very beginning, the bank could reckon on certain and permanent clients. From the very beginning of its business it had the support of public con-

fidence. By the end of 1865, the regular deposits had reached over 16,000,000 Fmks., and the business turn-over amounted to 356,000,000 Fmks. From 1866 to 1886, when the banking law was passed, the bank was privileged to issue bank notes. In 1895 it extended its sphere of activity by establishing a special mortgage department, the work of which was so successful that it enabled the bank to place three issues of mortgage bonds amounting to a total value of 30,-

from 1907 to 1913 was Alfred Norrmén, who was in turn succeeded by August Ramsay who directed the bank from 1913 to the amalgamation with the Nordiska Aktiebanken, at which time Mr. Ramsay became chairman of the board of directors of the new company. In 1918 the bank had more than thirty-one branches in the more important sections of the country.

The Föreningsbanken and the second concern, the Nordiska Aktiebanken för Handel



Interior of the bank

000,000 Fmks. The increase of business made possible the gradual raising of the joint-stock capital from 3,000,000 to 50,000,000 Fmks., to which was added a reserve fund of 35,000,000 Fmks. in 1919. The deposits and account-currents had risen from 2,000,000 Fmks. in 1862 to 541,163,000 Fmks. in 1918; the loans from 1,085,000 Fmks. to 268,584,000 Fmks.; the turn-over from 51,647,000 Fmks. to 23½ milliard Fmks. and the net profits from 105,000 Fmks. to 8,308,000 Fmks. in the same period. Of the chief directors of the bank, Henrik Borgström and Pehr August Törnquist conducted the business of the bank for comparatively short periods, viz., from 1862 to 1865, and from 1865 to 1872, until their deaths. This enabled Baron Jean Cronstedt to impress his own stamp upon the history of the bank, as, for nearly thirty-five years, from 1872 to 1907, he led the management with a strong hand and a sure insight into the necessities of the moment. His successor

och Industri in Helsingfors, at the time of the amalgamation were the two oldest private banks in Finland. The Nordiska Aktiebanken was established in the year 1872, principally with German capital and on the inducement of Wilhelm Stahl, a German of the Baltic Provinces. After surmounting some difficulties at the beginning, due especially to the opposition of the Russian Government to the influence of the bank on the management of the business of its Petersburg branch, the development of the Nordiska Aktiebanken followed a quiet, successful course. The bank, the central administration of which was, in 1907, removed from Wiborg to Helsingfors—where a special mortgage department had already been established in 1897—to an ever-increasing extent rendered valuable service in the economic development of the country. The joint-stock capital was raised from 8,000,000 Fmks., its lowest level, to 50,000,000 Fmks. in 1918. In that year the reserves had also

grown to 83,500,000 Fmks. From its foundation to the time of the amalgamation, the deposits and account-currents had risen from the round sum of 5,000,000 Fmks. to 467,000,000 Fmks., the loans from 2,099,000 Fmks. to 225,808,000 Fmks., the turnover from 401,000,000 to 18,8 milliard Fmks., and the net profits from 948,000 to 8,685,000 Fmks. The first director-in-chief of the bank, Wilhelm Burjam, held his office till 1906, and his life-work places him in a prominent position among the leading men in Finnish economic life. After him, Leon. v. Pfaler took over the management of the Nordiska Aktiebanken. To him was transferred the chairmanship of the central board when the association of the banks was established. In 1918 the Nordiska Aktiebanken had forty branches scattered over the various districts of Finland.

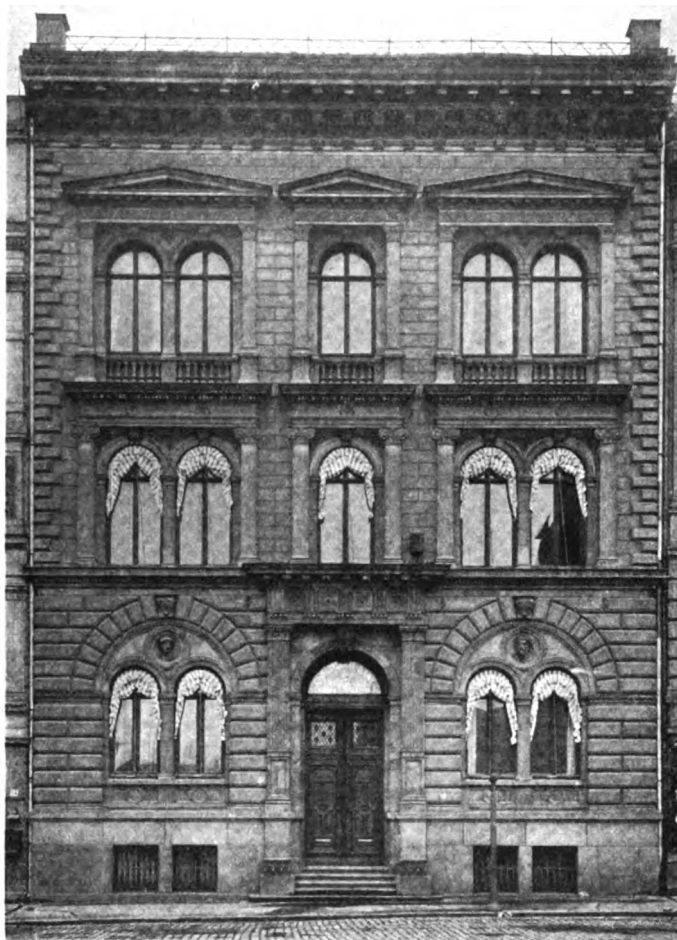
The amalgamation of these two important banks, which entered into practical working on October 1, 1919, was to result in obvious advantages not only to the banks concerned but to the whole credit system of the country. Owing to the augmented joint-stock capital which, together with the open reserves, amounts to the colossal sum of 807,000,000 Fmks., the bank was able to render much greater support to industry in Finland. Its fifty-one branches in the country enabled it in great measure to satisfy local economic requirements in individual cases, and to simplify agreements. A few figures taken from the business done by the A/B Nordiska Föreningsbanken, with which in 1921 was also amalgamated the Privatbanken i Helsingfors A/B, will

show the reader the enormous importance of the institution: The total turnover of the last business year, 1923, including both debit and credit accounts, reached the figure of 152,203,000,000 Fmks. The balance of the banking department closed on each side with 2,630,265,084.84 Fmks. The deposit account amounted to 1,176,972,921.83 Fmks., the loans to 1,053,419,267.80 Fmks. The year 1923 brought a net profit of 52,500,000 Fmks., from which, as in 1922, a dividend of 18 per cent. was paid. The chief director of the bank, Leon. v. Pfaler, who has already been mentioned above, receives every support in his most responsible work from his deputies, J. O. Wasastjerna and G. af Forselles, and from the other members of the central management, Messrs. Ivar Wasastjerna, E. Indrenius, Henr. Kihlman, B. von Troil, Knut Polón and R. v. Ficandt as well as from the representative of the board of directors, whose head is State Councillor Anders Donner.

As above mentioned, the Nordiska Föreningsbanken is the most extensive financial institution in Finland, but it is not only that: as far as capital and business are concerned, it holds a prominent position among the leading banks of the North, and it is of vital importance to Finland's economic life that it does find in the bank the support of a credit institution which promotes the development of Finland, of its trade and industry, and facilitates economic relations between Finland and other countries. This is the principal task of the Nordiska Föreningsbanken.



"THE test of idealism's work in a nation or an individual is the extent to which the idealism becomes concrete in service."—*Herbert Hoover.*



The renovated building of the Christiania Bank og Kreditkasse,
Christiania, Norway

A Long Established Norwegian Bank

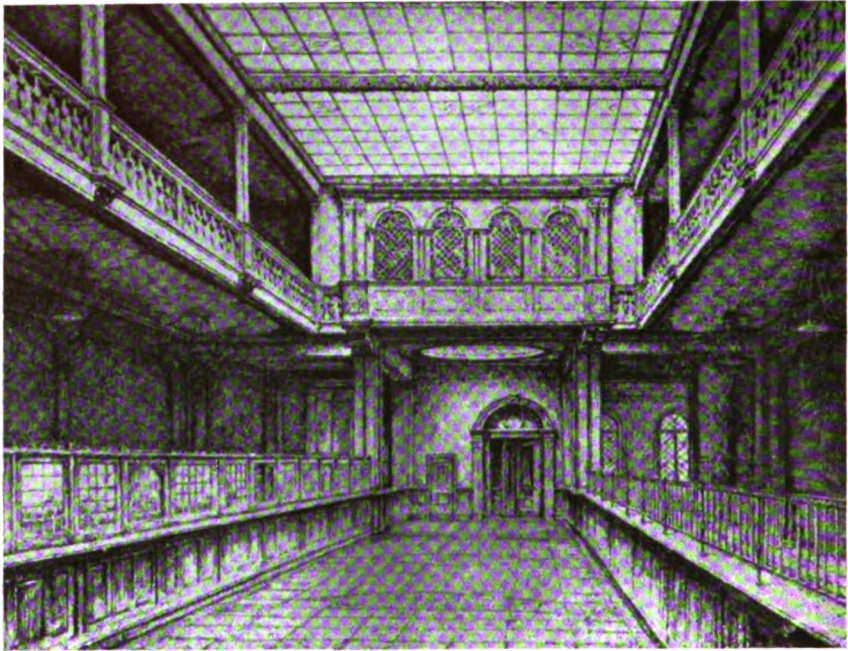
THE Christiania Bank og Kreditkasse, Christiania, Norway, is the oldest Norwegian joint stock bank, having been established in 1848. Through the many years which have succeeded its founding the bank has shown a steady and consistent growth, the result of sound and conservative management and a wise and progressive policy of expansion and development.

The bank today is in all respects a thoroughly modern organization, conducting all types of banking transactions. Its premises have recently been entirely renovated and considerably enlarged.

Four branches of the Christiania Bank

og Kreditkasse are operated in the city of Christiania, but none outside. Sentiment in Norway is strongly in favor of independent banks, and branch banking in that country, except within the confines of the city in which a bank is located, is practically unknown.

The Christiania Bank og Kreditkasse began business in 1848 with a paid up capital of Kr. 80,000. This amount was increased to Kr. 640,000 in 1858; to Kr. 2,080,000 in 1868; Kr. 2,240,000 in 1878; Kr. 8,750,000 in 1918; Kr. 17,500,000 in 1919; and Kr. 24,000,000 in 1923. The bank started



Main banking room of the Christiania Bank og Kreditkasse



A view of the bank's modern safe deposit vault



Four men who have been prominently identified with the management of the Christiania Bank og Kreditkasse. Left to right: F. H. Früllich, first manager of the bank, from 1848 to 1877; P. H. Castberg, manager from 1886 to 1920; E. Sandberg and Karl Rasch, the present managing directors

business with a surplus fund of Kr. 1368. By 1858 the surplus amounted to Kr. 54,618; in 1868 it was Kr. 288,000; in 1878 Kr. 1,000,000; in 1908 Kr. 2,508,549; 1918 Kr. 6,968,549 and in 1923 Kr. 16,000,000. Hieronymus

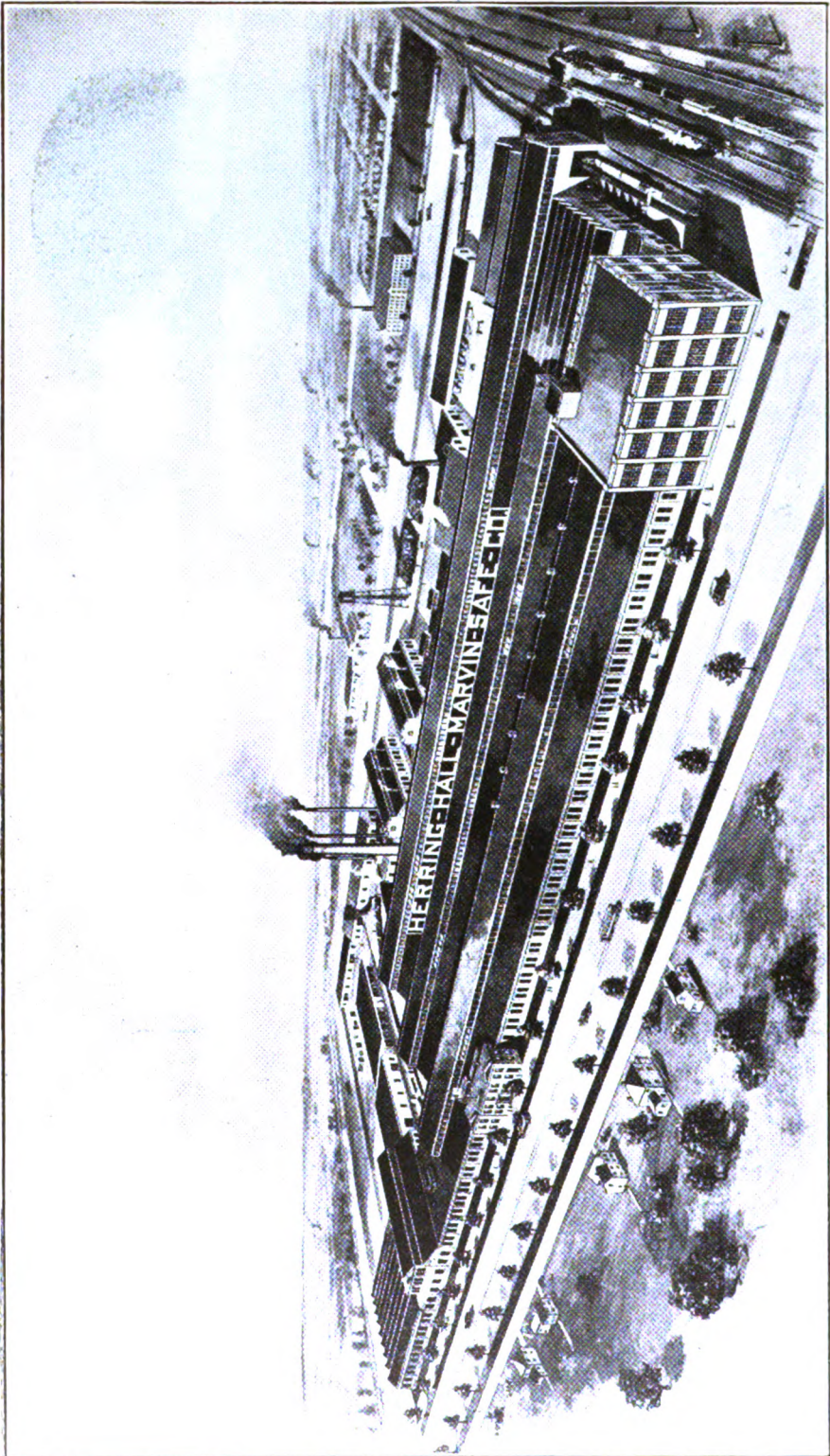
Heyerdahl is chairman of the Christiania Bank og Kreditkasse. E. Sandberg and Karl Rasch are managing directors.

A condensed statement of the bank's condition as of December 31, 1923, follows:

ASSETS		LIABILITIES	
	Kr.		Kr.
Cash in hand and at Norges Bank.....	13,364,970	Capital paid up	24,000,000
Bills discounted and loans on bills	66,411,261	Reserve funds	16,000,000
Treasury acceptances	16,500,000	Pension fund	1,000,000
Government bonds and other securities	96,671,477	Building fund	550,000
Due from Treasury Department	18,609,646	Deposits	303,936,438
Bank premises (incl. new building)....	1,799,000	Bank deposits	42,999,627
Due from other banks	33,686,522	Dividends payable	1,408,584
Current accounts	147,087,630	Other liabilities	10,867,867
Sundry assets	6,632,000		
	400,762,506		400,762,506



"TRIFLING actions affect a man's credit. The sound of your hammer at five in the morning or nine at night heard by a creditor makes him easy six months longer."—*Benjamin Franklin.*



View of the factory of the Herring-Hall-Marvin Safe Company, Hamilton, Ohio

Some Recent Bank Building Operations



New building of the First National Bank of Milton, Pa.

FIRST NATIONAL BANK, MILTON, PA.

JUST seven months saw the completion of this fitting memorial to the constant business principles and service of the First National Bank of Milton, Pa., but due to the same foresight which planned for the new home, the adequate facilities provided will accommodate the future growth as well as the present business of the bank.

Designed with extreme care as to proportion and beauty, the exterior is of the classical Corinthian order of architecture. Large windows permit a flood of light to fill the

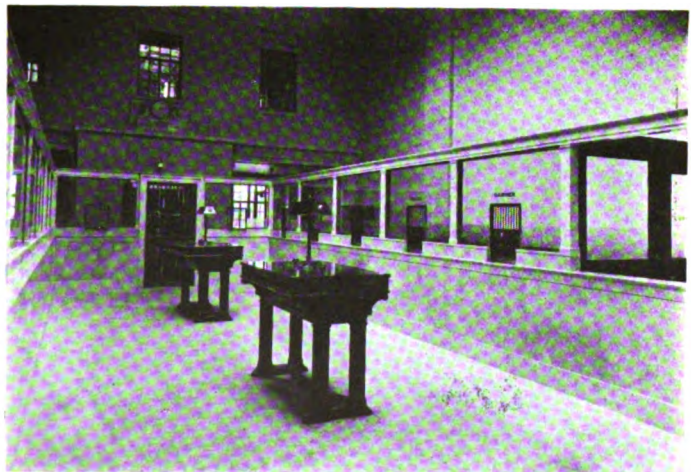
interior. These windows will also be used for advertising the services of the bank, and will be illuminated at night by concealed reflector lights. The base of the exterior stone is of polished Concord granite, above which is cut cast granite.

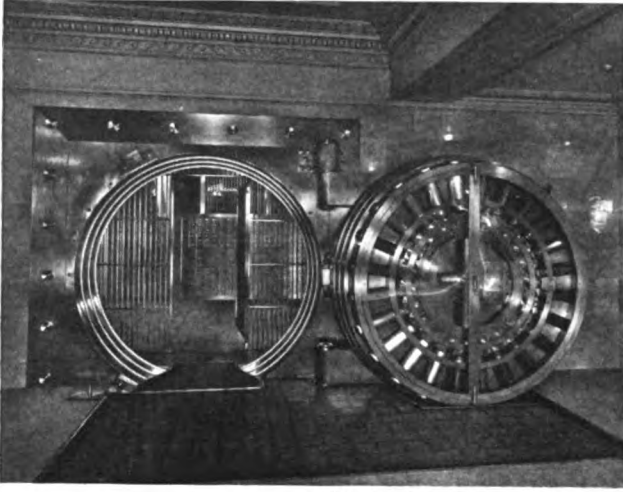
Due to the fact that the architect and the bank worked in harmonious conjunction on the interior plan, the banking room and the interior as a whole are highly representative of the most complete modern banking institution of its kind and size. Every possible convenience has been provided for the customer, and every detail of banking business is arranged for in a manner which reflects sound judgment.

Imported Botticino marble has been used for the vestibule wainscoting. The counter screen, also of Botticino marble, is surmounted by solid bronze glass frames and wickets. Under the top of the counter screen, in bronze receivers, are the reflector lights which throw a correct line of light on the tellers' counters, insuring at all times quick and efficient service. The flooring in all the cages and work space situated behind the counter screen is of quarter-inch-thick battleship linoleum, and the entire working equipment and cages are of olive-painted steel.

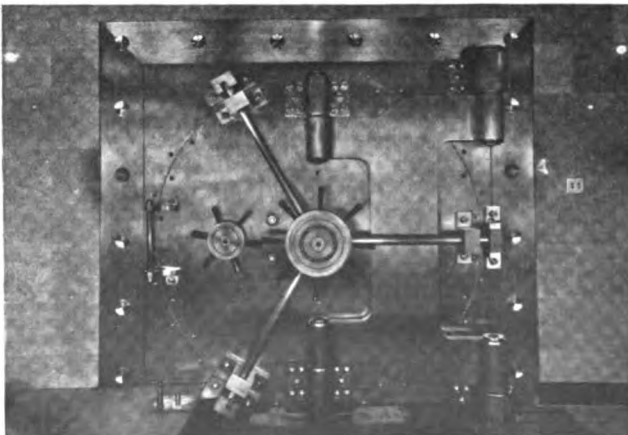
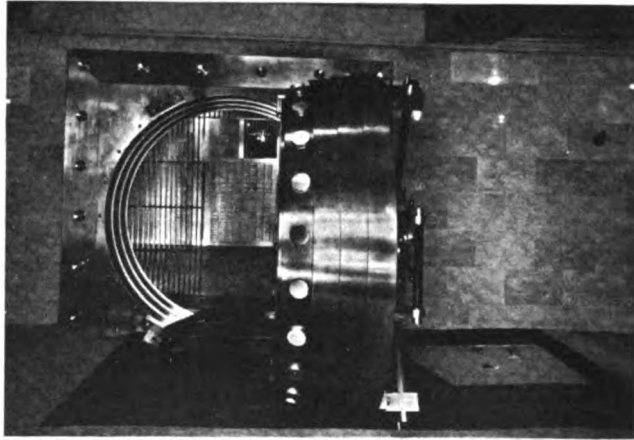
The public lobby presents a spacious, convenient, and thoughtfully planned space. The Knoxville pink Tennessee marble flooring used in this space adapts itself readily to the general tone of the banking room, and at the same time provides a flooring of

Interior of the First National Bank of Milton, Pa., which was designed, built and equipped by the Griswold Building Company, New York. The vaults at the rear were installed by the Herring-Hall-Marvin Safe Company, Hamilton, Ohio





Beauty and strength are admirably combined in this impressive sixteen-inch vault door built for The Hellman Commercial Trust & Savings Bank of Los Angeles, Calif., by The Mosler Safe Company, New York.



The vault door closed, showing the complicated locking arrangement, and the massive hinges.

lasting quality. Additional daylight is admitted by a leaded glass sky-light which lends a softened glow to this well lighted interior. Marble check desks match the marble of the counter screen.

On the left of the entrance is a well appointed ladies' retiring and rest room, while on the right of the vestibule there is a consultation room equally well appointed, with mahogany furniture and wainscoting, and rubber tile flooring. Conveniently adjoining this room is the officer's space, also wainscotted and furnished in mahogany, with rubber tile flooring. Directly across the lobby from the officers' space is a customers' alcove where the common business of the bank's patrons may be performed.

Separated by a bronze grill from the public lobby, at the rear of the banking room, is the safe deposit and security vault, which was installed by the Herring-Hall-Marvin Safe Company, Hamilton, Ohio. It is constructed of solid reinforced concrete, the entire inside being lined with laminated armored steel, while the entrance is protected by a ten-inch solid steel door. This vault has a capacity for more than 1100 safe deposit boxes. It is guarded still further by the most modern of electric burglar-proof protection, while the bank is equipped with an additional daylight hold-up alarm system. Close to the vault are the coupon booths.

The mezzanine floor is devoted to a directors' room. Casement windows overlook the main banking room.

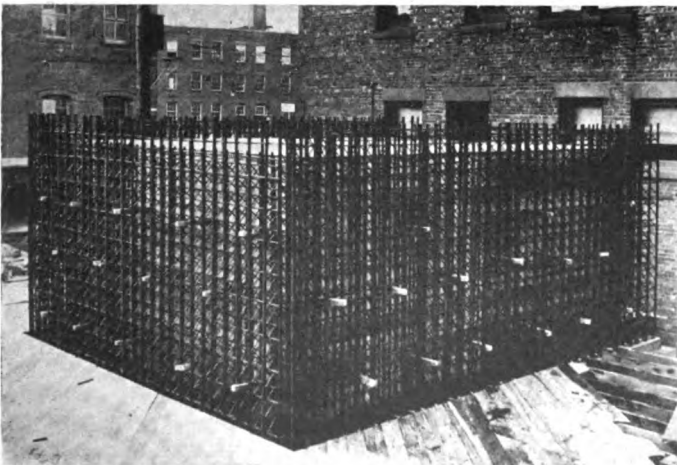
Fireproof construction is used throughout the entire building which was designed, built, and equipped by the Griswold Build-



MONONGAHELA NATIONAL BANK,
BROWNSVILLE, PA.

THIS new bank building was remodeled from a three story brick hotel building. A number of unusual conditions had to be met by the architects, Morgan, French & Co., Inc., of New York, such as to preserve an appearance of an individual bank building and yet retain the upper floor for rental as offices. The bank's quarters are furnished with Tavernelle marble counter screen with bronze wickets. At the rear of the mezzanine floor, over the ample vaults and safe deposit department, is an attractive directors' room

ing Company of New York City, who are specialists in the designing and building of banks.



Vault reinforcement in Kingston Trust Company

RIVET-GRIP steel reinforcement photographed in course of construction in the Kingston Trust Company, Kingston, N. Y. This is called the vertical type of reinforcement. The picture shows the spacing of frames erected complete in the walls of the vault, ready for the outside forms and concrete



City Trust Company, Newark, N. J., constructed and equipped under the supervision of Holmes and Winslow of New York



Interior of the City Trust Company, Newark, showing the specially designed check desks

CITY TRUST COMPANY, NEWARK, N. J.

THE new home of the City Trust Company, Newark, N. J., occupies a 50 foot frontage at the corner of Orange street and Roseville avenue, Newark, N. J., having a depth of 90 feet. It is constructed of Indiana limestone, with a granite base.

The interior is finished in Italian marble with marble and bronze counter screens. The floor is constructed of Terrazzo marble of special design. Special attention was given to the design of the check desks, which are

illustrated in the accompanying photograph.

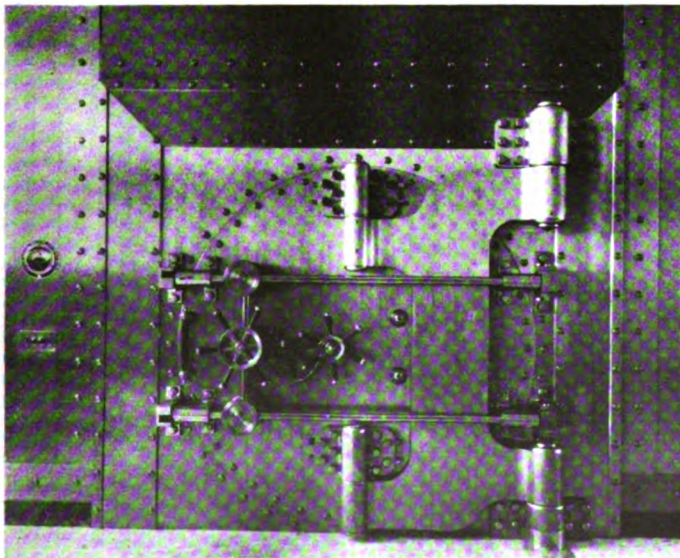
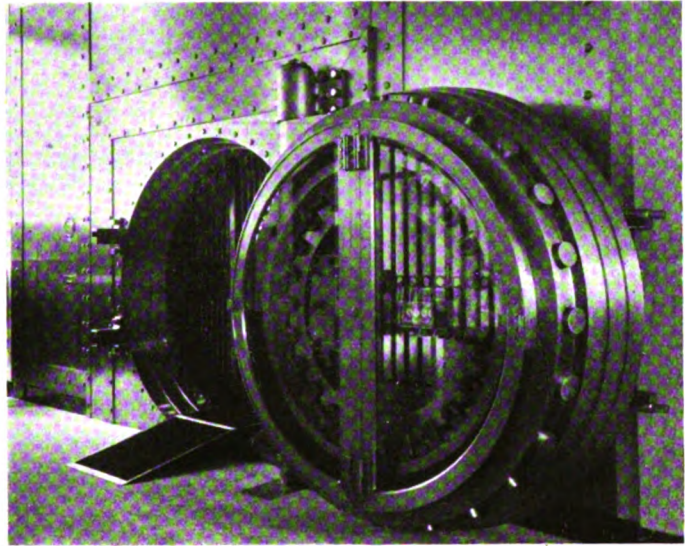
The counter screen is constructed with a wide marble ledge and the bronze deal plates at each wicket are scooped to facilitate the handling of coins and money at the windows.

The directors' room and working space are located on the mezzanine, and storage space is provided in the basement.

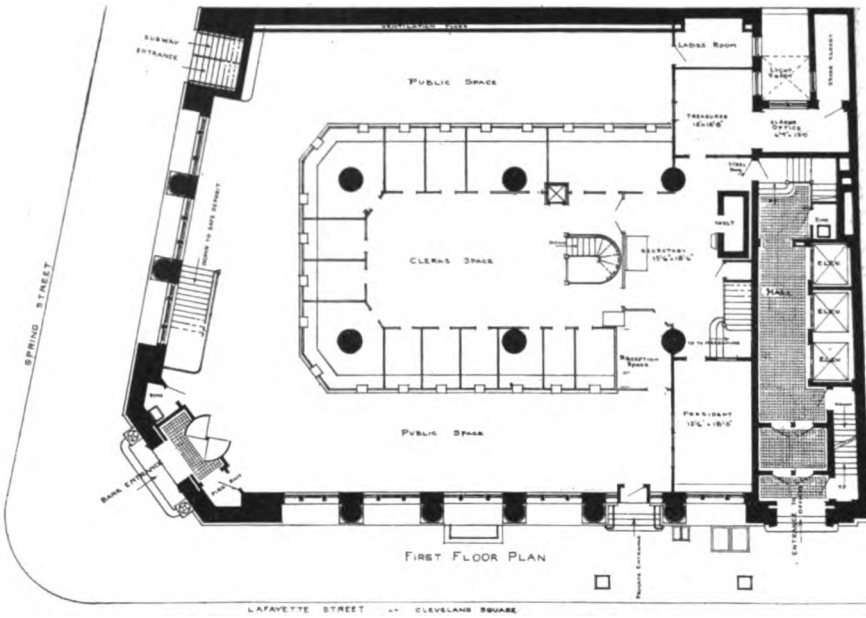
The building was constructed and equipped under the supervision of Messrs. Holmes & Winslow, bank specialists, New York.

SECURITY TRUST COMPANY OF ROCHESTER

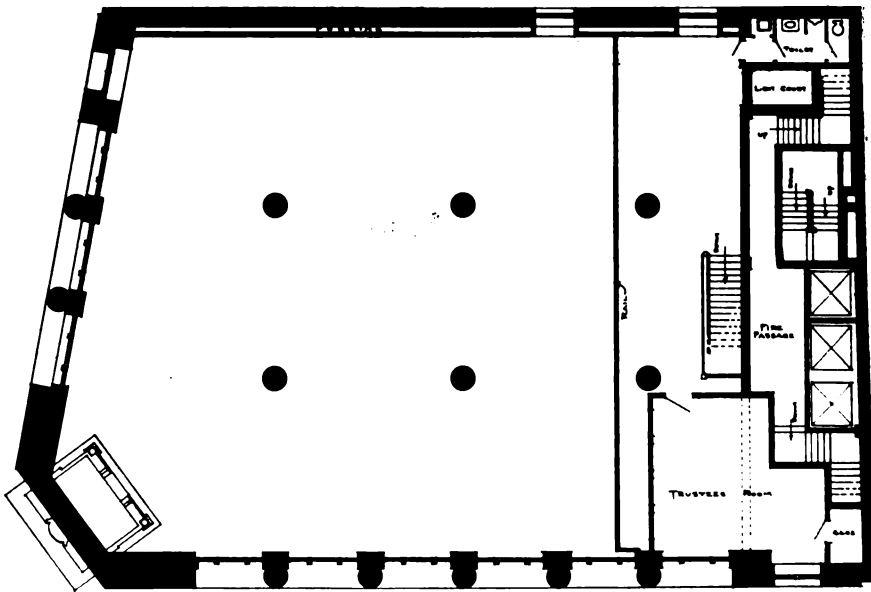
THE fifteen-inch circular door protecting the vault of the Security Trust Company of Rochester, Rochester, N. Y.



This door and vault of the Security Trust Company were built and installed by the York Safe and Lock Company, York, Pa.



The main banking room plan of the Italian Savings Bank, New York, designed by C. P. H. Gilbert, architect of New York. The corner of the building has been cut off to accommodate the wide doorway and windows above the entrance. The spacious public space extends around three sides of the banking room, the executive offices being located at the rear.



MEZZANINE PLAN

On the mezzanine, located at the rear of the banking room, is the trustees' room. This is reached by a broad flight of steps from the executive offices.

AUTOMATIC DOOR DEVICE RIVALS MAGIC OF ALI BABA

RIVALLING the magic of Ali Baba, whose magic words, "Open Sesame," mysteriously opened the door of his secret treasure cave, is an electrically operated device manufactured by the Varnum Door Engine Company of Los Angeles, Calif., which opens and closes heavy doors and gates noiselessly and automatically.

This mechanism is almost as weird in its action as the feat of Ali Baba's except that his door opened by the magic of a spoken word whereas this device responds instantly to the touching of an electric button.

This electrically operated device is intended for use in banking institutions for opening and closing the doors to the safe deposit vaults, and for large residences where the gates to the grounds are ponderous and heavy. It formerly required considerable exertion to move these heavy doors.

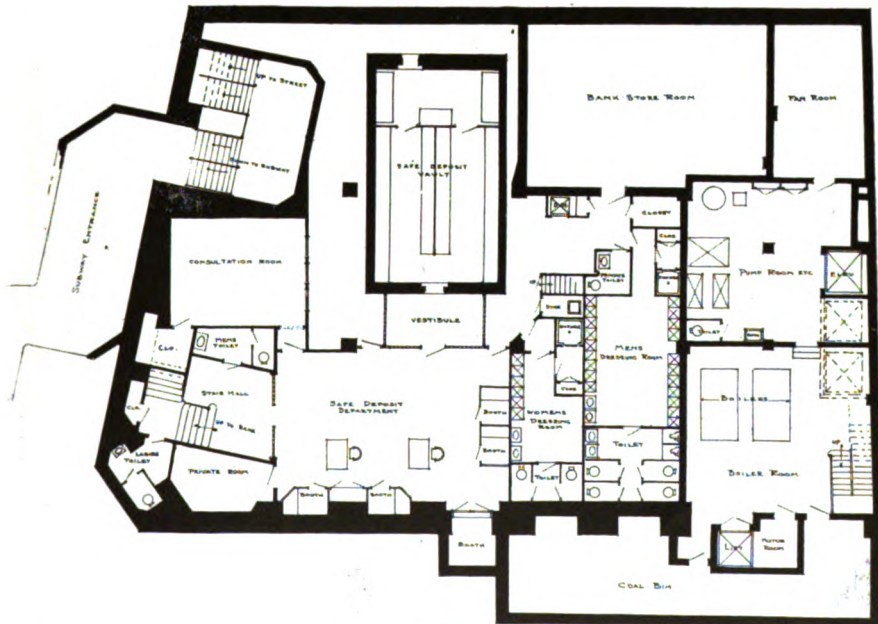
The device, operated by a 1/6 horsepower Westinghouse motor, not only furnishes the driving force but also stops the door at the proper point. Therefore it is impossible for the doors or gates to slam either in opening or closing.

The entire mechanism, with the exception



Automatic door device manufactured by the Varnum Door Engine Company, Los Angeles, Calif.

of a small arm which fastens to a door of the sliding type, is concealed. The motor unit is concealed and protected in an easily accessible cast iron box installed just below the floor level. In the swinging type the crank which accomplishes the opening and closing, fits into the under edge of the door or gate, and is therefore out of sight. Thus direct action is accomplished with an entire absence of mechanical fittings.



BASEMENT PLAN

The safe deposit department of the Italian Savings Bank, New York, is reached by a spacious stairway (shown in lower left corner) leading down from the main banking room. The most modern equipment has been installed, including consultation, committee, toilet and coupon rooms. Bank store rooms, dressing and retiring rooms for employees have also been provided in the basement



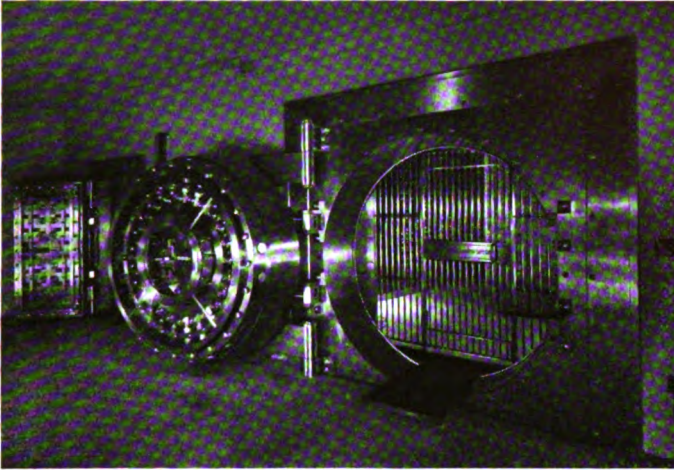
THE FIRST NATIONAL BANK, BLAIRSVILLE, PA.

LIMESTONE has been used for the exterior construction of this new building for The First National Bank of Blairsville. A second floor of offices surrounds a central lighting court over the banking room. This floor is provided with elevator service. The building was designed by Dennison and Hiron, architects of New York



THE ESSEX COUNTY TRUST COMPANY, EAST ORANGE, N. J.

THIS new building of The Essex County Trust Company is built upon a triangular plot with a corner entrance at the intersection of two principal streets. It is built of Tennessee marble, and is of simple and dignified design. The architects were Dennison and Hiron of New York



The two fifteen-inch doors of the vault of the State & City Bank and Trust Company of Richmond, Va., built and installed by the Herring-Hall-Marvin Safe Company of Hamilton, Ohio

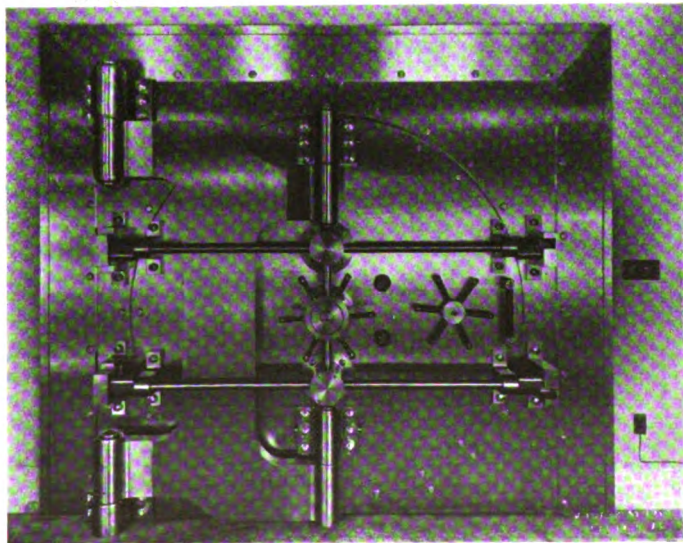
SAFE DEPOSIT VAULTS OF THE STATE & CITY BANK AND TRUST CO., RICHMOND, VA.

SAFE deposit boxes and securities in the new building of the State & City Bank and Trust Company of Richmond, Virginia, are safeguarded behind the steel and concrete walls and doors of a vault that possesses unique and striking features of resistance to possible entry. This vault is furnished with two doors, one of which is circular in form and the other rectangular. Both doors contain over fifteen inches of steel in net thickness, and are locked by means of massive locking bolts four inches in diameter. A notable feature of each door is the fact that imbedded in it are

seven inches of torch resistant metal as a protection against burning, and two layers of drill proof metal. The jambs of doors and vestibules are built straight, being without the flanges that are usually built on doors of this type. Two combination locks and a four-movement 72-hour time lock check the bolt work and govern the opening of each door. In general construction, these doors are of what is known as the laminated type.

Within the strongly reinforced concrete walls a foot and a half in thickness is placed for their further protection, a steel lining three inches thick weighing in all, 237,000 pounds. This lining, which is of unusual

Exterior of circular door entrance to the vault of the State & City Bank and Trust Company of Richmond. This door contains seven inches of torch resistant and two inches of drill proof metal



strength, contains not only the high tensile strength of openhearth steel layers, but also a torch resistant layer and a drill proof layer.

A pleasing effect is produced inside the vault by means of polished steel panels on the exposed surfaces of walls and ceiling. The vault is divided by means of a heavy steel grill into safe deposit and security sections. New equipment in the former consists of approximately 2200 boxes. A full quota of steel lockers has been provided for the security section of the vault.

Over two hundred tons of steel enter into the construction of this vault, exclusive of the reinforcement of the concrete walls.

Additional vaults have been provided in the building for the storage of silver and for books. The entrance to the silver vault is safeguarded by a modern burglar-proof door, rectangular in shape, six inches in net thickness.

The entire vault work is the product of the Herring-Hall-Marvin Safe Company of New York City and Hamilton, Ohio, and compares very favorably in strength and appearance with other new bank vaults in the southeast. In it are embodied those features of modern vault construction that have passed the test of investigation and experience.

CORRECTING AN ERROR

IN the February number of *THE BANKERS MAGAZINE* a photograph of the new building of the London Guarantee and Accident Insurance Company, Chicago, was reproduced, in connection with which it was stated that this building was designed by Dwight P. Robinson & Company, New York. This building was constructed by Dwight P. Robinson & Company as stated, but was designed by A. S. Alschuler of Chicago.



THE FREEPORT BANK, FREEPORT, L. I.

THIS proposed new building for the Freeport Bank, Freeport, Long Island, New York, is rather unusual in shape. The exterior is to be of distinctly classical design, with free standing Ionic columns. Upon entering the building the first impression will be that of spaciousness, heightened by the domed ceiling directly above the public space, supported by eight full-length columns. Directly opposite the entrance, across the public space, will be the safe deposit vault with its massive steel door. Another important feature will be a conveniently located room for women customers of the bank, besides which everything consistent with modern banking practice for the economical and efficient transaction of business will be provided. Purdy and Davis, architects of New York, have prepared the plans for the new building

BOOK TALKS

Special Section of The Bankers Magazine

MARCH 1925

James B. Forgan on Bank Organization

In his "Recollections of a Busy Life" (Bankers Publishing Company, \$6.00) the late James B. Forgan, formerly chairman of the First National Bank, Chicago, quotes from a letter written by him in 1904 to the directors of the First National Bank outlining a form of bank organization which was an innovation at that time although since then it has been adopted by many of the larger banks. Here is what he wrote:

OUR efforts in the past have been too diffuse and have lacked concentration and grasp. This has led to losses that might have been avoided had the watchful care and thought of the individual members of the staff been more directly concentrated on and restricted to such a portion of the business as each could reasonably be expected to master.

In other words, our work has been generalized rather than specialized. Our efforts have not been properly nor economically directed to accomplish the best results from the large volume of business we do, and responsibility has been so divided that it has been impossible to fasten mistakes on anyone in particular. Besides this there has not been sufficient opportunity for the development and training of young men to fill the places of the senior officers when in the ordinary course of events their services will be lost to the bank. All this has been known to me as it has to most of you for some time. Not until now, however, when the facilities of our new office, rapidly approaching completion, afford the opportunity, have I seen my way to so reorganize the work of the officers under me as to get more effective and more satisfactory results from their services.

DIVIDING THE WORK

I now propose to specialize and divide the work by assigning to individual officers the care and management of the accounts of customers in specific lines of business. A senior and junior officer will work together in the management of all the accounts in a

particular line of business. It may be that they will be required to take charge of more than one line, but they will only be held responsible for the accounts in the particular line or lines of business assigned to them, and will be relieved of responsibility for the accounts in other lines, assigned to other officers.

Each senior officer will be responsible for the credits granted in his division. A junior officer will be in constant touch with him and will attend to the details of the accounts under his direction. Both will be expected to use their best endeavor to work up new business in the special lines assigned to them, and will annually prepare a report to the executive committee embracing a statement of the condition of each account, with a report as to whether it is satisfactory or otherwise, also showing how the business of the bank has developed during the year in the special lines of business under their charge. In this way responsibility will be definitely fixed and the management can be judged by results.

PERSONAL SUPERVISION BY THE PRESIDENT

I will personally keep in close touch with the business, consulting with the senior officers, criticising the accounts under their charge and maintaining a careful supervision over them just as I have done in the past. This reorganization of the work should enable me to do my part more efficiently than has heretofore been possible. The reports will be arranged so that two or three lines of business will be reported on each calendar month.

BOOK TALKS

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

MARCH 1925

Shop Talk

WITH this number of BOOK TALKS we print a complete descriptive list of the publications of the Bankers Publishing Company. We would be glad to send any or all of these books on approval to any bank or banker. You can make your own selection and return the books which you do not find suitable for your purpose.



THE other day an out-of-town banker was visiting his New York correspondent—a Wall street bank. Among his other objects in coming to New York was to purchase some books for his banking library. To save time he got in touch with us by telephone and within half an hour our special messenger was at the bank with a selection of books for him to choose from. This is a service that we are glad to extend to all visiting bankers who come to New York. A telephone call to Walker 0526 will receive our prompt attention.



Don't forget that we are always glad to answer inquiries concerning banking books, or any information connected with banking. If we can't give you the information ourselves we can generally tell you where you can get it.

ONE of our customers wrote us the other day that he had just sat up most of the night reading "Recollections of a Busy Life" by Forgan, which he said he found the most absorbing book of any kind that he had read in years. He asked if we had any other like it. The answer is "Yes," "The Romance and Tragedy of Banking" by Kane is equally absorbing, judging from enthusiastic comment that we have received from all over the country.



HERE'S what Bacon wrote many years ago:

I hold every man a debtor to his profession, from the which, as men of course do seek to receive countenance and profit, so ought they of duty to endeavor themselves, by way of amends, to be a help and ornament thereunto.

A banker who is an "ornament to his profession" is one who is well informed and has a sound knowledge of the theory and principles on which banking is based.



IN A recent editorial *Printers' Ink* quotes the sales manager of a hosiery company as saying:

I want my men to do more reading in 1925. They should be able to find time to read at least two good business publications regularly and one good book a month. The books should be the ones which have lasted for a while. There are hundreds of good books that will inspire a man, make his conversation more interesting, develop his personality and give him the finest sort of a background for selling. I believe a habit of regular reading is the most valuable single habit a salesman can form.

If reading is important for the salesman, how much more important it is for the banker.

BOOKS FOR BANKERS

The Bank Agricultural Department

By R. A. Ward, general manager, Pacific Co-operative Woolgrowers; formerly vice-president, First National Bank of Bend, Ore., and member of the agricultural committee, Oregon Bankers Association. 4½ by 6½. Bound in boards. Price, \$1.25.

This book shows the bank serving an agricultural district how to organize a special department to serve the farming interests of the community. It tells why a service of this kind is profitable for the bank and how it can be of help to the bank's customers.

Table of Contents includes: Bank Agricultural Service; Organizing the Department—the Man and the Job; Planning a Program of Work; Using the Agricultural Survey; An Increased Crop Production Campaign; Live Stock Improvement Project; Boys' and Girls' Club Work; Advertising and Publicity; Banker-Farmer Activities; Conclusions.

The Bank Credit Investigator

By Russell F. Prudden. 200 pages. Cloth. Price, \$1.50.

This book was written primarily as a textbook for the beginner—the young man who is just starting in at bank credit investigation work. It is designed to give him an understanding of the importance of this branch of bank work, an appreciation of the necessity for tact and diplomacy, and by concrete example, to explain the various steps in the scientific investigation of a credit risk. Credit managers will find this book of the greatest usefulness in training the members of their staff and in helping them to avoid the errors that come from inexperience. Young bankers that expect to get into credit work should read this book in order to grasp the fundamentals of the work. It should be in every bank library.

The Table of Contents includes: Development of Bank Credit Work; Organization of the Credit Department; Credit Department Filing Systems; Agency Reports; Elements of Accounting; Statement Analysis; Interviewing Commercial Paper Brokers; Interviewing the Banker; Interviewing Trade Houses; Summarizing the Investigation.

Bank Credit Methods and Practice

By Thomas J. Kavanaugh, vice-president, Mississippi Valley Trust Co., St. Louis, and lecturer at St. Louis University. Second edition, 241 pages. Illustrated with forms. 5½ by 8. Cloth, \$2.50.

This book contains an accurate description of the operation of a credit department in a modern bank, showing how credits are passed upon by the bank executive and how essential information is kept on file. It is useful not only to the banker but also to the business executive who is interested in learning the banker's attitude on what is and what is not a good credit risk.

Table of Contents includes: The Theory of Credit; The Essentials of a Credit Risk; For-

eign Credits; Commercial Paper and Trade Acceptances; Bankers' Acceptances; Commercial Lines of Credit; Reciprocal Relations; Federal Reserve System; Theory of Statement Analysis; Importance of Statement Analysis; Analyzing a Financial Statement; Credit Department Methods and Organization; Investigation and Compiling Information.

Commercial Paper

By W. H. Kniffin, Jr., vice-president Bank of Rockville Centre, N. Y. 174 pages, illustrated. 6 by 9. Cloth, \$2.50.

This book fills a long-felt want for a book that will enable the banker and the credit man to properly analyze credit statements and thus be able to pass properly on the credit risk involved. Also shows how to buy commercial paper. A number of actual financial statements covering various lines are given and carefully analyzed to show strong and weak points. The subject of acceptances is also given careful consideration.

Table of Contents includes: Various Types of Commercial Paper; Commercial Paper as a Secondary Reserve; Note Brokers; Pivotal Points in a Credit Statement; Detailed Analysis of a Credit Statement; Purchase of Commercial Paper; The Broker's Statement; Acceptances; 75 pages of statements carefully analyzed.

The Paying Teller's Department

By Glenn G. Munn, lecturer, American Institute of Banking. 144 pages, 4½ by 6½. Bound in boards. Price, \$1.25.

The purpose of this volume is to present in a practical manner the functions of the paying teller and related departments in every phase—whether they occur in a city or country bank, or in the East or West. It is intended as a reference book to which the officers, paying tellers and other clerks may turn for guidance in answering questions which constantly arise with regard to cashing checks, certifications, reserve requirements, supply and disposition of money, tests for counterfeit money and raised bills, shipping currency, etc.

Table of Contents includes: Relative Use of Money and Credit; Qualifications of a Good Paying Teller; The Paying Teller's Duties; Organization Chart of Paying Functions; Cash Reserves and Cash Requirements; The Paying Teller's Cages; The Unit Paying-Receiving System; Methods of Safeguarding Paying Teller's Cash; Cashing Checks; Cash Proof; Risks of the Paying Teller; Stop-Payments; Alterations and Forgeries; Certifications; Sources of Money Supply; Money Departments; What the Teller Should Know About Various Kinds of Money; Chart Showing Various Kinds of U. S. Money; Separating Good Money from Mutilated and Worn; Separating Paper Money by Denominations; Detecting Counterfeit Money and Raised Bills; Verifying the Count; Money Section Proof; Shipping Currency; Settling Clearing-House Balances; The Bank's Payroll; The Petty Cashier; The Paying Teller's Report; Department Proof to General Bookkeeper.

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Elements of Foreign Exchange

By Franklin Escher, special lecturer on Foreign Exchange at New York University. Ninth edition. 160 pages, 5½ by 8. Cloth, \$1.60.

This book is elementary and is designed for the reader who wants to get a clear idea of how foreign exchange works without going too deeply into technicalities. It gives a clear understanding of the causes which affect the movement of foreign exchange, its influence on the money and security market, etc.

Table of Contents includes: What Foreign Exchange Is and What Brings It Into Existence; The Demand for Bills of Exchange; The Rise and Fall of Exchange Rates; Various Kinds of Exchange; The Foreign Exchange Market; How Money Is Made in Foreign Exchange; Operations of the Foreign Department; Gold Exports and Imports; Foreign Exchange in Its Relation to International Security Trading; Financing of Exports and Imports.

The New Business Department

By T. D. MacGregor, vice-president, Edwin Bird Wilson, Inc. 104 pages, 4½ by 6½. Bound in boards. Price, \$1.25.

This book describes the actual operation and organization of the "new business department" of a modern bank and shows how any bank can organize such a department and make it a profitable producer of new business and accounts.

Table of Contents includes: Purpose of a New Business Department; Sources of New Business; Relations with Other Departments of the Bank; Subdivisions of the Department; The Central Card File; Handling the Accounts of Banks; Getting "Leads" from Inquiries; A Follow-Up System; New Business Ideas and Suggestions.

The Women's Department

By Anne Seward, Empire Trust Company, New York—one of the ablest and best known women bankers in the country. 120 pages. 4½ by 6½. Bound in boards. Price, \$1.25.

This book contains, in addition to interesting and helpful personal experience of the author, a fund of hardheaded and valuable information on the problems incident to the profitable operation of the women's department in a suburban, small town or metropolitan bank. An invaluable book for banks operating women's departments or contemplating the organization of such departments. No bank official or bank woman can afford not to be informed on this phase of American banking.

The Table of Contents includes: The History of the Women's Department; The Layout of the Department; The Program and the Woman; Office Equipment and Space; Functions of the Department; Advertising-Publicity; Personal Service Bureau; Investment Service and Advice; Foreign Exchange; Women and the Personal Trust; Thrift Education; Training for Bank Women.

Encyclopedia of Banking and Finance

By Glenn G. Munn, author, "The Paying Teller's Department." Lecturer, American Institute of Banking. 600 pages. 7½ by 10½. Bound in cloth. Price, \$10.00.

This is the first encyclopedia of banking and finance to be published. It describes over 3000 terms relating to money, credit, banking practice and history, law, accounting and organization, foreign exchange, trusts, investments, speculation, markets and brokerage. Under one cover the author has compiled information taken from hundreds of different sources, alphabetically arranged so that the reader can turn to the subject in which he is interested with a minimum of time and effort.

A feature of this work is the inclusion of the text of such important legislation as the Federal Reserve Act, the Federal Farm Loan Act, the Agricultural Credits Act, the Negotiable Instruments Law, the National Bankruptcy Act, the Bill of Lading Act and the Cotton Futures Act.

Another valuable feature is the bibliography given at the end of each important topic, referring the reader to the various sources from which more detailed information can be obtained about the subject in which he is interested.

This book is useful for the bank executive as a handy work of reference, and to the student of banking as a means of acquiring a broad knowledge of banking subjects. Regular study of this book is recommended to those who would be well informed on banking. This book should be made available to employees in every bank in the country.

Recollections of a Busy Life

By the late James B. Forgan, formerly chairman of the First National Bank, Chicago, De Luxe Autographed Edition, personally signed by the author. Only limited number still available. 335 pages. 5¾ by 8¾. Genuine leather. Price, \$6.00.

This is the life story of one of America's best loved bankers—told in a simple, unassuming and yet wholly captivating style. From the day that "Jamie" Forgan's grandfather walked three quarters of the two miles along the Five Seacoast with his youthful grandson before the latter embarked for Canada, to the day when James B. Forgan, banker, was summoned to the White House by Theodore Roosevelt to give the President his views on a national system for the mutual guaranty of bank deposits which Mr. Forgan opposed as inimical to sound banking, is a period of over fifty years, not one of which the author considered too "busy" to enjoy to its fullest.

The lighter details of the author's experiences as well as the more serious side in connection with his chosen profession make the book of interest to all bankers—young and old. The younger bankers will receive inspiration from the author's account of the reasons for his success, and the older generation will enjoy Mr. Forgan's recollections of former days.

The Table of Contents includes: Preface; Five Generations; My School Days; My Apprenticeship and Early Business Training; Leaving

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BOOKS FOR BANKERS

Home; My Experience as a Clerk in the Bank of British North America; My Career in the Bank of Nova Scotia; My Connection with the Northwestern National Bank of Minneapolis; My Career in the First National Bank of 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 the Banking Business; Moral Reflections; Some of Mr. Forgan's Public Addresses.

The Romance and Tragedy of Banking

By the late Thomas P. Kane, former Deputy Comptroller of the Currency. 550 pages, 9¾ by 6¼. Bound in cloth, \$5.00.

This really remarkable book contains within its 550 pages the story of National Banking since the Civil War. It tells how the system was first put in operation and how it has been administered. Many interesting and significant incidents connected with National Bank supervision are here related for the first time.

One of the most interesting features of the book is its graphic description of the events leading up to many of the most famous bank failures under the National Bank Act. The causes of bank failures are always of vital interest to bank executives, and these inside stories of famous disasters should prove particularly valuable.

This volume is not dry and uninteresting. It is written in an easy, readable narrative style with particular emphasis on the human side of banking. The vivid personalities that have held the stage in the banking drama of the past half century are described, particular emphasis being placed on the Comptrollers of the Currency, whose administrations are each described in detail.

Here are a few of the interesting topics covered: Causes of National Bank Failures; Competition Between National and State Banks; The Chicago Fire and Its Effect on the Banks; Real Estate Loans by National Banks; Paying Interest on Deposits; The Chicago Wheat Deal; Limitations on Discount of Commercial Paper; Panics and the National Banks; Assessment of Stockholders; Preferment of Stockholder to Depositor; The Celebrated Cassie A. Chadwick Case; Extending Corporate Existence of National Banks; Conviction of Charles W. Morse; Obligations of Directors; Branches of National Banks; Reserve Requirements; Anti-Usury Campaign; Commercial Value of "First National;" Form for Reporting Statement of Condition; Abolition of the Office of Comptroller.

The Cause and Prevention of Bank Defalcations

By Martin K. Fowler, New Jersey State Bank Examiner. 150 pages. 4¾ by 6¾. Bound in boards. Price, \$1.50.

This book was written primarily as a means of pointing out to bank directors and officers their responsibility for the prevention of criminal defalcations. After many years of experience Mr. Fowler has reached the conclusion that

most defalcations can be prevented by more diligence on the part of directors in removing both the desire and the opportunity for crime. In this book the author sets forth the causes and suggests methods for the prevention of bank defalcations.

The Table of Contents includes: By Whom Is This Loss Borne; Why Not Let the Surety Companies Worry; How Much of this Great Loss Might Be Saved; What Effort Is Being Made to Check These Losses; How Many Cases are Successfully Prosecuted; Would More Severe Penalties Be the Remedy; Prevention vs. Prosecution; What Is a Defaulter; What Is the Cause of Defalcation; How Are We to Prevent Defalcations; The Desire and How to Attack It; Stock Market Operations; Forcing the Desire on Tellers; "Shaving" Notes; Kiting Checks; Gratuities; Salary Advances; The Opportunity and How to Eliminate It; Savings or Interest Department; "The Kitty;" Employees' Accounts; Unclaimed Deposits; Safe-Keeping of Customers' Securities; Cash Items; Don'ts for Directors; When Desire and Opportunity Meet; The Purpose of Official Examinations; The Value of Directors' Examinations; What Kind of a Banker Are You; Collusion Defined; Illustrative Cases Disproving Common Opinions; What to Do in the Event of a Defalcation; Plain Talk in Conclusion.

The Bankers Magazine

Issued monthly. 200 pages per issue. 6¼ by 9¾. Single copies, 50c. Annual subscription, \$5.00; six months, \$2.50; three months, \$1.25, in United States. Foreign annual subscription, in Canada, \$5.50; other foreign countries, \$6.10.

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Each month a special editor answers questions about bank credit problems—a very helpful department for bank executives engaged in credit work.

A section devoted to Banking Publicity is a very valuable feature of each issue. This department contains articles on bank advertising problems and reviews and criticises current advertising material.

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BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

SOCIAL CONSEQUENCES OF BUSINESS CYCLES.

By Maurice B. Hexter, with an introduction by Allyn A. Young. Published for the Pollak Foundation for Economic Research. Boston: Houghton Mifflin Company. Price, \$4.00.

THE author of this book is executive director of the Federated Jewish Charities of Boston and instructor in social ethics in Harvard University. By adopting the statistical processes which the Harvard Committee on Economic Research applies to business statistics he shows that births, deaths, marriages, divorces, and stillbirths possess a definite cyclical character and points out that there is a relationship between these series and fluctuations in employment and in prices. He shows that fluctuations in business are to a measurable degree indicated by fluctuations in births and deaths.

While it would seem undeniable that the author has proved that there is a rather close analogy between business cycles and social cycles, it is not clear whether social phenomena affect business, or whether business phenomena affect the birth-rate, the death-rate, the marriage rate, etc. As the author himself suggests, "does the market place determine life or does life determine the market? In other words, the contest lies between economic determinism and psychological determinism."

+

THE CORPORATION OF THE CITY OF LONDON.

Its Ceremonies and Importance. By A. J. Glasspool. London: Effingham Wilson.

THIS is an English publication, and to those who are interested in the ancient and unique ceremonies of the City of London, it will prove very interesting. It is well illustrated, gives the historical background of the present-day ceremonies, and tells many interesting stories in connection with some of the Lord Mayors of London and their administrations.

+

BANKS AND BANKING. By H. T. Easton.

London: Effingham Wilson.

THIS is an English publication which will be valuable to the American who wishes to understand the English banking system, as it explains fully the history and principles of

banks and banking in England, Scotland and Ireland. The chapter on banking and the Great War is particularly interesting.

+

CENTRAL AMERICAN CURRENCY AND FINANCE.

By John Parke Young. With an introduction by E. W. Kemmerer. 257 pages. Princeton: University Press. Price, \$2.50.

THE author of this book was an expert on the United States Senate Commission of Gold and Silver Inquiry. He has written an account of the currency systems and recent financial developments in Central America. He has not attempted to cover the entire realm of finance, but deals especially with currency matters, foreign trade, exchange rates and the financial relations between the United States and Central America. This book should be useful to students of foreign exchange and to those who are interested in the currency and banking systems of Central America.

+

THE PANIC OF 1837. By Reginald Charles McGrane. Chicago: University of Chicago Press. Price \$2.10.

THE author of this book, who is a professor of history in the University of Cincinnati, has made a comprehensive study of one of the most disastrous financial crises this nation has ever known. It takes up the causes of the panic, its industrial and financial aspects, and its political and industrial results.



New Books

THE FEDERAL FARM LOAN BUREAU. Its history, activities and organization. By W. S. Holt. Johns Hopkins Press. \$1.00.

+

MONEY AND BANKING. By L. B. Moffet. Peirce School of Business Administration. \$1.50.

+

A HISTORY OF THE FOREIGN POLICY OF THE UNITED STATES. By R. G. Adams, Macmillan. \$3.50.

Are These Books In Your Banking Library?

The Bankers Credit Manual

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With the first edition of this book, issued in 1919, it was accepted as one of the most helpful books in its field, indorsed without reservation by leading authorities and used in thousands of American banks.

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He has also worked out in many new

ways and with new precision and detail his ideas of Credit Ratios and Statement-Analysis, which he has made his specialty.

So much new material became available to his hand that Mr. Wall found it worth while to rewrite the original work entirely and on a more extended scale. As now issued, THE BANKER'S CREDIT MANUAL is not merely a revised edition of an old and excellent book. It is, on the contrary, a new, different and more complete study of the whole subject of Bank Credits.

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The **BANKERS**
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Vol. CX

APRIL 1925

No. 4

The American Discount Market
Bank Co-operation in Community
Extension Work

Developing the Savings Business Through
Cultivation of the Existing Customer

The Trust Department in a Small
Community

Bank Filing

Newspaper Advertising as Part of the
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By Jerome Thralls This article tells what the American discount market is, how it operates, how it is developing and how it acts as a stabilizer of trade. The author is a well known authority on acceptances and is vice-president of the Discount Corporation of New York. He points out that the acceptance method of financing foreign and domestic commerce is assuming an ever increasing importance to American bankers, and that in the bankers' acceptance has been supplied a standardized credit instrument around which the discount market as we know it today has been built.	
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By Benjamin M. Anderson, Jr. A very able group of professional economists headed by J. M. Keynes of England are opposing the world's return to the gold standard, which is held to be a relic of barbarism, and hold that a managed irredeemable paper money can be held to a fixed value by manipulations of the quantity of money and bank credit. Mr. Anderson, who is economist of the Chase National Bank of New York, attacks the theories of these exponents of the so-called quantity school as being dangerous as well as false.	
Bank Co-operation in Community Extension Work	627
By E. B. Harshaw Article four of a series on the agricultural department of a bank, written for THE BANKERS MAGAZINE by the cashier of the Grove City National Bank of Grove City, Pa., who is also president of the Pennsylvania Bankers Association. The work of Mr. Harshaw's bank in community agricultural development has made both him and his institution known in banking circles throughout the country. In his article in this number Mr. Harshaw discusses such topics as the development of the extension department; making the work a community project; the banker's part in organizations and meetings; the vital importance of work among boys and girls; getting a boys' and girls' club started; what one year of club work produced; the marketing problem, and what co-operative marketing is teaching the farmer.	
Bankers Back Anti-Robber Campaign	634
Headed by the Illinois Bankers Association, an anti-bank robbery campaign, statewide in its scope, and with the one and definite object of driving bank robbers out of business, was put under way in March of this year. This story describes the plan, which is simplicity itself and has resolved itself into two prime divisions.	

(Contents continued on page vii)

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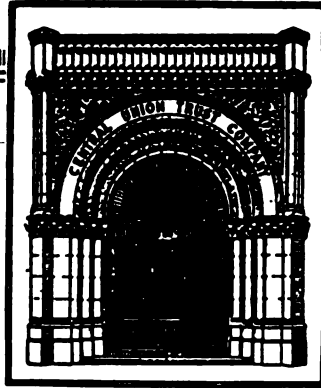
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<p>The banks of America are spending millions of dollars every month, says Mr. Knapp, in attracting people into their savings departments. Many cities have more open savings accounts than inhabitants, and yet not one American in a hundred visits a bank as often as he (or she) visits a barber shop, and not one savings account in a hundred is as useful to its owner or as profitable to its depository as it should be. Mr. Knapp has had many years of experience in bank business development. He suggests some remedies for the existing situation in the savings field. These remedies are not theoretical, but practical. They have been put to the test and they have worked.</p>	
The Trust Department in a Small Community	641
<p>The author describes in this article his experiences as trust officer of a national bank over a period of five years in a community of approximately 80,000. He discusses such matters as counselling beneficiaries; the importance of individuality; what the human touch will do; the problem of records and accounts; the trust department and the lawyer, and, finally, the results that five years have shown in the operation of a trust department by a national bank in a small community.</p>	
Bank Filing	646
<p>The author points out that decided progress has been made by banks in the last few years in solving the problem of the filing of vast numbers of papers and records that accumulate. Correct filing today has been reduced to an exact science and progressive financial institutions have come to realize the value and necessity of a filing system which will produce instantly any desired paper. The advantages of an organized central filing department are outlined by Mr. Davis in this article.</p>	
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<p>Important decisions of current interest handed down by State and Federal Courts upon questions of the law regarding banking and negotiable instruments.—Holder in Due Course of Altered Check May Enforce Payment According to Original Tenor—Liability of Person Introducing Depositor to Bank.</p>	
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<p>Comprehensive Plans for Twelfth National Foreign Trade Convention in Seattle in June—New York Banker Finds America Most Popular of Nations With Germans—Review of Countries—International Banking Notes—"The Bankers' Association for Foreign Trade," by Fred W. Allen, manager foreign department Northern Trust Company of Chicago.</p>	
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<p>By Glenn G. Munn</p>	
Some Bank Credit Problems	723
<p>In addition to the usual questions and answers on credit problems this department contains this month the first of a series of articles by the Credit Editor setting forth some of the basic business and credit principles which every bank credit man should have fixed in his mind.</p>	
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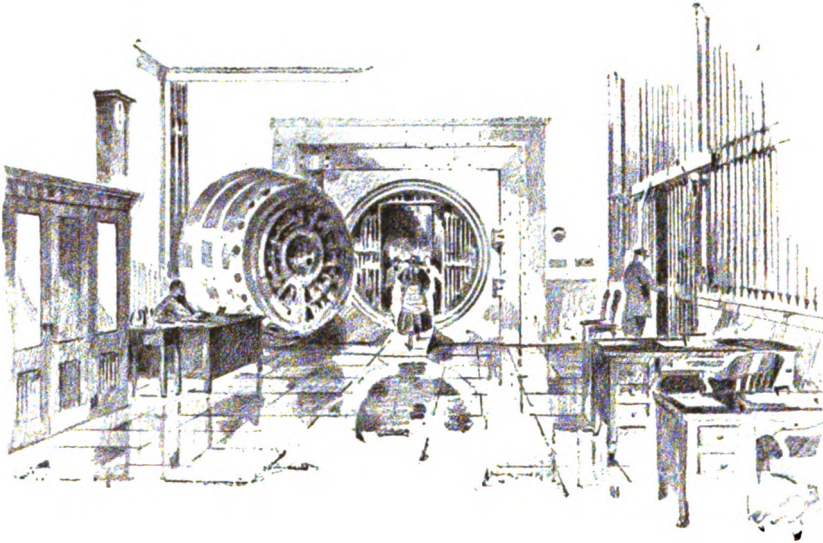
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The Publisher's Page

THE May issue will contain an article "National Banks and Trust Work" by Nicholas H. Dosker, vice-president National Bank of Kentucky, Louisville. Mr. Dosker says: "Let no national bank starting out to exercise trust powers assume that it is an easy business or that the public or even its own customers are going to stampede it with offerings. The development of a trust department is slow, hard work. If a well located national bank goes into trust work with a determination to succeed, a willingness to wait for its efforts to bear fruit, a proper organization and full co-operation of the officers of the banking department, there is no reason why it should not build up a profitable business regardless of the keenness of the competition."



IN the May number will appear the fifth article of E. B. Harshaw's interesting and helpful series on the agricultural department of a bank. In this article Mr. Harshaw will discuss the part that community development plays in an agricultural program. The following articles by Mr. Harshaw on banker-farmer co-operation appeared respectively in the January, February, March and April numbers of THE BANKERS MAGAZINE for 1925: "Community Need of Bankers' Interest in Better Agriculture," "The Community Survey in Bank Agricultural Work," "How the Banker Can Promote Closer Personal Contact With the Farmer," and "Bank Co-operation in Community Extension Work." The author of this series is president of the Pennsylvania Bankers Association, and cashier of the Grove City National Bank of Grove City, Pa.



A CORRESPONDENT from Oklahoma has written to THE BANKERS MAGAZINE asking for material for a

study of the question as to what constitutes the ideal relation between a bank and the community which it serves. Readers will be interested in the following list of articles relating to this subject which have appeared in various issues of the Magazine: "Americanization," by A. E. Leiser, May 1920, page 704; "Bankers; Don't Hide Behind Closed Doors!" by George M. Seward, December 1922, page 997; "Banks as Financial Educators," by T. D. MacGregor, December 1921, page 1066; "Begin Mr. Banker, Begin," by Cole Roland, January 1920, page 26; "Co-operation In and Out of the Bank," by J. W. Bradley, May 1922, page 837; "The Country Banker as Counsellor and Friend," by George Woodruff, April 1922, page 635; "Finding a Bank's Personality," by Carl H. Getz, December 1922, page 1002; "How a Bank Helps Americanize the Foreign Born," by Charles A. Goddard, December 1918, page 757; "Obligation of Depositors to Banks," December 1923, page 995; "How the Grove City National Helps the Farmer," by E. B. Harshaw, February 1924, page 187; and "On the Human Side of Banking," September 1921, page 520.



THE widespread interest aroused in banking circles by the announcement in the March number of another Prize Contest by THE BANKERS MAGAZINE has been evidenced by the number of inquiries that have been coming in to the Contest Editor regarding the contest, which closes July 1, 1925. A number of essays have already been submitted to the Contest Editor in the short time which has elapsed since the contest was announced. Judges of the Prize Contest are Percy H. Johnston, Melvin A. Traylor and J. F. Sartori, presidents respectively of the Chemical National Bank of New York, the First National Bank of Chicago and the Security Trust and Savings Bank of Los Angeles.

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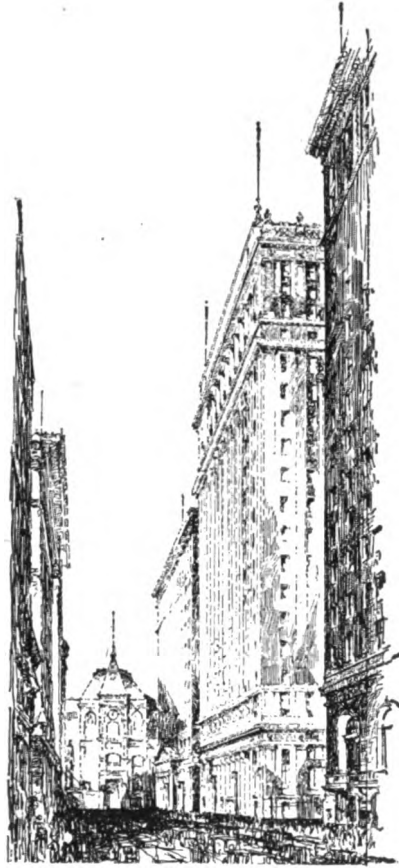
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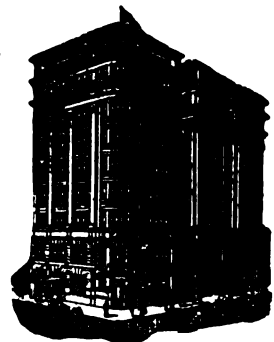
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SWITZERLAND
 Lloyds & National Provincial Foreign
 Bank, Ltd.

Having as its correspondents the largest and strongest banks throughout the world, the Imperial Bank of Canada is in a position to afford the most efficient banking service.

With 212 branches in Canada our facilities for handling business throughout the Dominion are unexcelled.

Bank of Liverpool & Martins Limited.

Head Office: 7, WATER STREET, LIVERPOOL.

London Office: 68, LOMBARD STREET, LONDON, E.C. 3.

Capital Subscribed	\$5=£1 \$93,955,600
Capital Paid Up	11,744,450
Reserve Fund and Surplus Profits.....	9,209,310
Deposits, etc., at 31st Dec., 1924	306,450,100

370 BRANCHES AND SUB-BRANCHES.

All descriptions of Banking, Trustee and Foreign Exchange Business Transacted.

The Bank is prepared to act as Agents for Foreign Banks on usual Terms.

Banca Nazionale di Credito

Capital - - Lit. 300,000,000

HEAD OFFICE: MILAN, ITALY

Over 60 Branches and Agencies Throughout Italy

Correspondents

in all the Principal Cities of the Kingdom

Every Description of Domestic and International
Banking Business Transacted

Special Travelers' Letters of Credit and
Money Order Departments

Inquiries and Correspondence Solicited

AFFILIATED BANKS

BANQUE ITALO-FRANCAISE DE CREDIT
Paris Marseilles Tunis

ITALIAN DISCOUNT & TRUST COMPANY
New York City

BANCO ITALO-EGIZIANO
Alexandria Beni-Mazar Beni-Suef
Cairo Fayum Mansura
Mit-Ghamr Port Said Tantah

BANCA DALMATA DI SCONTO
Zara Sebenico

BANCA COLONIALE DI CREDITO
Asmara Massaw

In Every Important Italian Market

IN EIGHTY commercial and industrial centers of Italy a branch of the Banca Commerciale Italiana performs all the functions of a local bank, with its services closely interwoven with the business affairs of the community it serves.



The New York Agency of this institution, therefore, brings to American bankers and business men an intimate knowledge of Italian commerce and industry obtained by constant and direct relationship with these eighty Italian business centers. Foreign branches and affiliations extend our service to England, France, Switzerland, Poland, Czecho-Slovakia, Austria, Hungary, Roumania, Jugoslavia, Bulgaria, Turkey and throughout South America. Facilities thus provided for American foreign trade are of exceptional breadth and scope.

Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital Lire 500,000,000

Paid in Lire 410,000,000

Surplus Lire 280,000,000

NEW YORK AGENCY, 62-64 WILLIAM STREET

Telephone John 1000

Recently organized

Banca Commerciale Italiana Trust Company

Capital \$1,000,000

Surplus \$500,000

62-64 WILLIAM STREET, NEW YORK

Telephone John 4666

All Banking Facilities

A Native Bank in Peru
for all Banking Operations
BANCO ITALIANO

LIMA, PERU

Established 1889

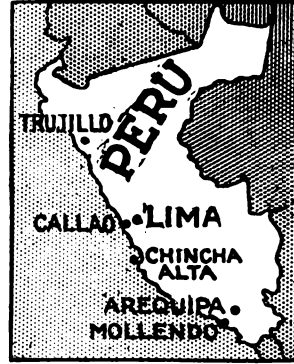
Capital Fully Paid Lp. 400,000 Surplus Lp. 450,831

BRANCHES

Callao—Arequipa—Chincha Alta—Mollendo—Trujillo
Representatives for the U. S. A.

Banca Commerciale Italiana

Agency in New York
 62-64 William Street
 Phone: Jehu 1000



In Rhode Island
—the Industrial Trust

Branch offices in the principal centers throughout the state, and headquarters in Providence, equip the Industrial Trust for prompt and satisfactory service. Your first transaction with us will prove this to you.

INDUSTRIAL TRUST COMPANY

Member of Federal Reserve System

Main Offices: Providence, Rhode Island

Commerz-und Privat-Bank
Aktiengesellschaft
BERLIN — HAMBURG

Statement of Condition as of December 31, 1924

RESOURCES		LIABILITIES	
	RM.		RM.
Cash in vault and due from Reichsbank and Clearing Institutions	18,986,789.56	Capital fully paid	42,000,000.00
Discounts	133,762,333.54	Surplus	21,000,000.00
Due from Banks and Bankers	36,561,576.52	Deposits	
Loans against Stock Exchange Collateral	14,308,179.11	(a) Demand	179,149,576.34
Advances against Merchandise Bonds and Stocks	27,079,384.07	(b) Fixed Terms	132,894,880.81
Participations	7,709,389.94	(c) Balances of German Banks and Bankers	41,997,578.72
Permanent Investments in other Banks and Banking Firms	4,006,852.84	Various Creditors	23,911,268.81
Loans		Acceptances and Checks	
(a) Secured	95,090,380.87	(a) Acceptances	2,730,021.73
(b) Unsecured	74,908,182.11	(b) Outstanding Cashier's Checks	284,115.86
Customers Liability account guarantees	35,717,810.59	Guarantees Outstanding	RM. 35,717,810.59
Bank Buildings	23,500,000.00	Due to Branches	282,333.80
Other Real Estate	2,650,648.00	Net Profit	5,064,463.92
	449,314,239.99		449,314,239.99

The National Bank of New Zealand, Ltd.

Authorized Capital, \$30,000,000
 Subscribed Capital, \$22,500,000
 Paid-up Capital, \$ 7,500,000
 Reserve Fund, \$ 7,350,000

Head Office

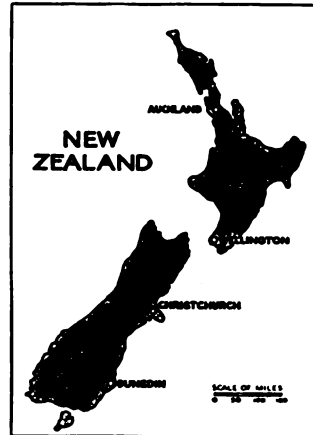
8 Moorgate Street, London, E.C. 2

Manager, ARTHUR WILLIS

Chief Office

In New Zealand at Wellington

General Manager, ALFRED JOLLY



80 Branches and Agencies Throughout New Zealand.

Bills of Exchange Collected. Wool and Produce Credits Arranged.
 All Classes of Banking Business Undertaken.

The Anglo-Egyptian Bank, Limited

(Affiliated with Barclays Bank, Ltd.)

Subscribed Capital	. . .	£1,800,000
CAPITAL PAID-UP	. . .	£ 600,000
Reserve Fund	. . .	£ 720,000

Head Office : 37 to 39 King William Street
 London, E.C. 4

BRANCHES

EGYPT. Alexandria, Cairo, Port-Said, Suez, Tantah,
 Zagazig, Mansourah, Assiut, Beni-Suef, Minieh,
 Musky.

SUDAN. Omdurman, Khartoum, Port Sudan, Makwar,
 Wad Medani.

PALESTINE. Haifa, Jaffa, Jerusalem, Nazareth.

MEDITERRANEAN. Malta, Gibraltar.

The Bank transacts every description of Banking business in Egypt and other Countries where it has branches, grants letters of credit and affords facilities to travellers proceeding to Egypt and elsewhere. Deposits received for one year at rates to be ascertained on application.



THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

Head Office: TAIPEH, JAPAN

Capital Subscribed.....Yen 60,000,000
Capital Paid Up.....Yen 52,500,000
Reserve Funds.....Yen 13,780,000

KOJURO NAKAGAWA, Esq.
 President

HIROZO MORI, Esq.
 Vice-president

Directors

GUNJI KAWASAKI, Esq.
TADASU HISAMUNE, Esq.

MASUMI ESAKI, Esq.
DENKICHI TAKITA, Esq.

MASAKAZU SHUTO, Esq.

Branches :

JAPAN—Tokyo (General Manager's Office), Kobe, Osaka, Yokohama.
TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Mako, Nanto, Shinchiku, Taichu, Tainan, Takao, Tansui, Taito, Toyen.
CHINA—Amoy, Canton, Foochow, Hankow, Shanghai, Swatow.
OTHERS—Hongkong, London, New York, Singapore, Semarang, Soerabaya, Batavia, Bombay, Bangkok, Calcutta, Dairen.

New York Office: 165 Broadway

K. YAMAMOTO, Agent

London Office: 25 Old Broad Street

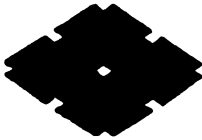
Cable Transfers, Drafts, and Letters of Credit issued; the Negotiation and Collection of Bills of Exchange and other Banking Business transacted through our various Branches as well as correspondents in all parts of the world; offers exceptional facilities for handling transactions in the Far East.

The Sumitomo Bank, Limited

Cable address: "Sumitbank"

ESTABLISHED 1912

(Successors to The Sumitomo Bank)

Capital Subscribed . . .  . . . Yen 70,000,000

Capital paid up " 50,000,000

Head Office : OSAKA, JAPAN

BARON K. SUMITOMO, President

K. YUKAWA, Esq., Managing Director

S. YOSHIDA, Esq., Managing Director

N. YATSUSHIRO, Esq., Managing Director

New York Agency, 149 Broadway, New York

G. HIGASHI, Agent

HOME OFFICES

Osaka (11)	Tokyo (15)	Yokohama	Kobe (2)	Kyoto (2)	Nagoya
Shimonoseki	Moji	Hiroshima (2)	Hakata	Hyogo	Niigama
Kurume	Kure	Wakamatsu	Kokura	Yanai	Onomichi

Foreign Branches—Shanghai, New York, London, Hankow, San Francisco, Los Angeles, Bombay
 Affiliated Banks—The Sumitomo Bank of Hawaii, Ltd., Honolulu, T. H.; The Sumitomo
 Bank of Seattle, Seattle, Wash.

Bankers—National City Bank of New York, New York;
 Lloyds Bank, Ltd. London; Lloyds & National Provincial Foreign Bank, Ltd., Paris.

Correspondents in All Important Places at Home and Abroad

The Bank buys, sells and receives for collection drafts and telegraphic transfers; issues
 Commercial and Travellers Letters of Credit available in all important parts of the
 world, and acts as Trustee for Mortgage Bond, besides doing general Banking Business.

THE MITSUI BANK, LTD.

Capital Subscribed . . .  . . . Yen 100,000,000.00

Capital Paid-Up Yen 60,000,000.00

Reserve Funds (June 1924). Yen 47,100,000.00

Head Office : TOKYO, JAPAN

(No. 1 Suruga-cho, Nihonbashi-ku)

President

G. MITSUI, Esq.

Managing Directors

S. IKEDA, Esq.

N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq.

R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

Home Branches:

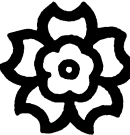
Fukuoka, Hiroshima, Kobe, Kyoto, Marunouchi (Tokyo), Moji,
 Nagasaki, Nagoya, Nihonbashi (Tokyo), Osaka (4), Otaru,
 Shimonoseki, Wakamatsu (Kyushu), Yokohama

Foreign Branches:

Bombay London New York Shanghai

The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 80,000,000
Capital Paid-Up . . .		Yen 50,000,000
Total Resources . . .		Yen 660,000,000

Head Office, Keijo (Seoul), Chosen (Korea)

Governor, K. NONAKA

Deputy Governor, S. SUZUKI

Directors

Y. KATAYAMA

I. IUCHI

M. HASHIMOTO

FOREIGN DEPARTMENT: TOKYO

(All communications relating to the arrangements of correspondents and the Bank's general foreign business to be addressed to the Foreign Department)

Principal Branches:

CHOSŌN: (*Korea*) Chemulpo, Pyengyang, Wonsan, Fusan, Taiku.
MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung.
JAPAN: Tokyo, Osaka, Kobe, Shimonoseki.
CHINA: Shanghai, Tsingtao, Tientsin, Tsinan.
SIBERIA: Vladivostok.

New York Agency, 165 Broadway
H. YAMASHITA, Agent

The Kajima Bank, Limited

Established in 1888

CAPITAL SUBSCRIBED		Yen 30,200,000.00
CAPITAL PAID UP . . .		18,875,000.00
RESERVE FUNDS . . .		5,600,000.00
DEPOSITS (Dec. 31, 1924)		168,531,134.00

Keizo Hirooka, Esq., President
 Chusuke Yoshii, Esq., Managing Director
 Seijiro Gion, Esq., Director
 Tadanosuke Emura, Esq., Director
 Manroku Matsui, Esq., Auditor

Yukinori Hoshino, Esq., Managing Director
 Seishichi Kawakami, Esq., Managing Director
 Hikotaro Ohmura, Esq., Director
 Kyuemon Hirooka, Esq., Auditor
 Kin-ichiro Hoshijima, Esq., Auditor

Head Office, Osaka, Japan

Principal Branches:

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

**General Banking, Foreign Exchange and Trust
 Business Transacted**

New York Correspondents

Yokohama Specie Bank, Ltd.
 Bank of Taiwan, Ltd.
 American Express Co.

London Correspondents

Yokohama Specie Bank, Ltd.
 Bank of Taiwan, Ltd.
 London & Brazilian Bank, Ltd.

SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG STOCKHOLM MALMÖ

Branches
In All Parts of Sweden

PAID-UP CAPITAL AND RESERVES
KR. 182,000,000

Telegraphic Address: Kreditbolaget

Foreign Exchange bought and sold, bills collected, deposit
and current accounts opened and all kinds of banking
business transacted

Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

Head Office: Athens

*Branches: Piraeus, Argos, Pyrgos, Patras, Corfou, Cephalonia, Nauplie,
Vostizza, Calamata, Syra, Chio, Candia, Volo, Salonica, Larissa,
Triccala, Mytilene, Canea, Zante, Plomari and Tripolitza*

ASSOCIATED BANK in LONDON

The Commercial Bank of The Near East, Ltd.

4 London Wall Buildings, E. C. 2

with branch in CONSTANTINOPLE

*Correspondents in the principal towns of Greece and in foreign countries
throughout the world*

GENERAL BANKING BUSINESS TRANSACTED

Collections, Letters of Credit, Cable Transfers, Current
and Term Deposits, Etc.

Capital and Reserves . . . Dr. 58,106,143

of the above Dr. 25,000,000 are represented by assets of £1,000,000 evaluated at Dr. 25

Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

Capital Paid up.....f.80,000,000 Neth. Currency (£6,666,666)
 Statutory Reserve Fund.....f.20,045,032 “ “ (£1,670,419)
 Extraordinary Reserve Fund f.22,660,000 “ “ (£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

Branches in the NETHERLANDS INDIES: BATAVIA, SOURA-BAYA, SAMARANG, MEDAN, and further Principal Ports.

Branches in the STRAITS SETTLEMENTS, BRITISH INDIA, CHINA and JAPAN: SINGAPORE, PENANG, RANGOON, CALCUTTA, BOMBAY, HONGKONG, SHANGHAI and KOBE.

Grant Drafts and Issue Letters of Credit on all their Branches and Correspondents in the East, on the Continent, on Great Britain, Africa, America and Australia, and transact Banking Business of every description.

LONDON CORRESPONDENTS :

The National Provincial Bank, Ltd., LONDON.

DEUTSCHE LAENDERBANK

Aktiengesellschaft

Head Office :

78, Unter den Linden (corner Pariser Platz)

BERLIN N. W. 7

Telephone: Zentrum 10130/39. Trunk Calls: Zentrum 13640/44

Branch Office: 2, Börsenbrücke, HAMBURG

Telephone: Roland 2000/7. Trunk Call: Roland 2008

Telegrams: Länderbank

Codes used: ABC (5th Ed.) Marconi's, Rudolf Mosse, Bentley's, Lieber's (Five Letters)

*Every kind of Banking Business transacted
 Property Administration*

NATIONAL PROVINCIAL BANK

LIMITED
Established 1833

(\$5=£1)

Subscribed Capital - - -	\$218,085,400
Paid-Up Capital - - - -	47,397,080
Reserve Fund - - - - -	47,397,080

Head Office: 15, BISHOPSGATE, LONDON, E. C. 2

UNION BANK OFFICE: 2 Princes Street, London, E. C. 2

OVER 1,100 OFFICES in ENGLAND and WALES

The Bank offers special facilities for the conduct of accounts of
Colonial and Foreign Banks

AFFILIATED BANKS

COUTTS & CO., GRINDLAY & CO., LTD.

AUXILIARY: LLOYDS and NATIONAL PROVINCIAL FOREIGN BANK LIMITED

The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

Capital Authorized and Issued.....	£9,000,000
Capital Paid-Up	£3,000,000
Reserve Fund	£3, 50,000
Reserve Liability of Proprietors	£6,000,000

Head Office—71, CORNHILL, LONDON, E. C. 3

Manager—W. J. ESSAME Assistant Manager—W. A. LAING
Secretary—F. H. McINTYRE

193 Branches throughout Australia and New Zealand, viz.:

*In Victoria, 47; In South Australia, 15; In New South Wales, 43; In Western
Australia, 20; In Queensland, 19; In Tasmania, 3; In New Zealand, 46.*

Agents and Correspondents in all parts of the World

The Bank offers facilities for the transaction of every description of
Banking business in Australia and New Zealand.

Bills negotiated or sent for collection. Commercial and Circular Credits
issued available throughout the World.



Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

HEAD OFFICE, SYDNEY



Head Office
Sydney, N. S. W.

Branches in all the principal towns and cities of Australia, at London (2), and Rabaul.

A Savings Bank Department at all Branches and 3,826 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

Agents and Correspondents throughout the World

Banking and Exchange Business

**of every description transacted within the Australian Commonwealth,
United Kingdom, United States, Canada and Abroad**

June 30th, 1924

General Bank Deposits	-	-	\$159,574,511.84
Other Items	-	-	35,222,469.96
Savings Bank Deposits	-	-	205,355,496.00
Note Issue Department	-	-	284,451,125.00
			<u>\$684,603,602.80</u>

Cable Remittances made to, and drafts drawn on United States, Canada and foreign places direct

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened Interest on Fixed Deposits

Advances made against approved Securities

JAMES KELL, Esq., Acting Governor

EVERY BANKING
FACILITY
AFFORDED
By



CAPITAL & RESERVES EXCEED \$30,000,000.
GROWTH OF THE BANKS ASSETS

1914. \$ 73,059,300
1924. \$ 191,046,130

CORRESPONDENTS IN EVERY IMPORTANT CITY IN THE WORLD
\$5 = £1

English, Scottish & Australian Bank, Limited

Authorized Capital	\$15,000,000
Paid-up Capital	\$7,500,000
Further Liability of Shareholders	\$7,500,000
Reserve Fund	\$9,100,000

**HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3
and 370 Branches and Agencies in Australia**

Chief Office in Australia—Collins Street, Melbourne

BANKING AND EXCHANGE BUSINESS of every description transacted with Australia. **BILLS NEGOTIATED** or sent for **COLLECTION**. **REMITTANCES** made by **TELEGRAPHIC TRANSFER**. **WOOL** and **PRODUCE CREDITS** arranged. **LETTERS of CREDIT** and **DRAFTS** issued on all the Branches of the Bank.

Chief Agents in United States

NEW YORK—Guaranty Trust Company of New York.
CHICAGO—First National Bank.
SAN FRANCISCO—Crocker National Bank.

E. M. JANION, Manager.



THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

Paid-up Capital - - - - - £4,000,000
Reserve Fund - - - - - £3,700,000
Reserve Liability of Proprietors
under the Charter - - - - £4,000,000
£11,700,000

Head Office, 4 Threadneedle Street, London, E. C. 2

EDMUND GODWARD, Manager

West End Branch, 17 Northumberland Avenue, London, W. C. 2

Branches in Australia

VICTORIA

Melbourne: 394 &
 396 Collins St.; 384
 Elizabeth St.; 71
 Collins St. East
 Brunswick
 Burnley
 Coburg
 Collingwood
 Elsternwick
 Malvern
 Middle Brighton
 Fort Melbourne
 Prahran
 St. Kilda
 Williamstown
 Bairnsdale
 Ballarat
 Benalla
 Bendigo
 Bright
 Castlemaine
 Charlton
 Chiltern
 Cobram
 Corryong
 Drouin
 Euroa
 Fish Creek
 Foster
 Geelong
 Katamatite
 Kingston
 Korat
 Korong Vale
 Korumburra
 Leongatha
 Mirboo North
 Mooroopna
 Morwell
 Nathalia
 Numurkah
 Port Fairy (Belcast)
 Rutherglen
 St. James

Victoria, Contd.

Salé
 Shepparton
 Stawell
 Stony Creek
 Strathmerton
 Tallangatta
 Terang
 Traralgon
 Tungamah
 Walwa
 Warragul
 Warrnambool
 Wedderburn
 Welshpool
 Wycheproof
 Yackandandah
 Yarram
 Yarrowonga

NEW SOUTH WALES

Sydney: Martin
 Place; 85 Pitt St.;
 555 George St. So.;
 Wentworth Ave.;
 236 William Street
 Bondi Junction
 Hurstville
 Kogarah
 Leichhardt
 Marrickville
 Newtown
 North Sydney
 (84 Mount St.)
 Petersham
 Albury
 Ballina
 Bathurst
 Bega
 Bellingen
 Berrigan
 Blayney
 Broken Hill
 Cessnock
 Cootamundra

N. S. Wales, Contd.

Corowa
 Crookwell
 Dorrigo
 Dubbo
 Forbes
 Glen Innes
 Goulburn
 Grafton
 Grenfell
 Hamilton
 Howlong
 Jerilderie
 Kempsey
 Kyogle
 Lismore
 Maitland (West)
 Maitland (East)
 Moree
 Murwillumbah
 Muswellbrook
 Narrabri
 Narromine
 Newcastle
 Nowra
 Orange
 Parkes
 Peak Hill
 South Grafton
 Stroud
 Tamworth
 Tullamore
 Wagga-Wagga
 Wee Waa
 Young

Queensland, Contd.

Kingaroy
 Longreach
 Maryborough
 Oakey
 Richmond
 Rockhampton
 Roma
 Toowoomba
 Toowoomba
 Townsville

SOUTH AUSTRALIA

Adelaide
 Kooronga
 Mount Barker
 Port Lincoln
 Port Pirie
 Wirrbara

WESTERN AUSTRALIA

Perth
 Albany
 Beverley
 Bunbury
 Fremantle
 Gnowangerup
 Kalbarrie
 Moora
 Northam
 Wagin
 Wickepin
TASMANIA
 Hobart
 Burnie
 Deloraine
 Devonport
 Fingal
 Latrobe
 Launceston
 Sheffield
 Stanley
 Ulverstone
 Wynyard

Branches in New Zealand

Wellington
 Ashburton
 Auckland
 Christchurch
 Dannevirke
 Dunedin
 Eltham
 Featherston
 Feilding
 Gisborne
 Gore
 Hamilton

Hastings
 Hawera
 Invercargill
 Kaitala
 Levin
 Manala
 Mangonui
 Marton
 Masterton
 Matamata
 Morrinsville
 Napier

New Plymouth
 Otaki
 Palmerston Nth.
 Patea
 Raetihi
 Rotorua
 Stratford
 Taupo
 Taumarunui
 Tauranga
 Te Aroha
 Te Kuiti

Temuka
 Te Puke
 Timaru
 Waipawa
 Waipuku; au
 Waioa
 Wanganni
 Waverley
 Whakatane
 Whangarei

Principal Correspondents in North America

CANADA:

Bank of Montreal
 Canadian Bank of Commerce

UNITED STATES:

Bank of New York & Trust Co., New York
 Hanover National Bank, New York
 National Bank of Commerce, New York

UNITED STATES, Contd.:

National City Bank of New York
 Continental & Commercial Nat. Bk. of Chicago
 Illinois Merchants Trust Co., Chicago
 National Bank of the Republic, Chicago
 Fourth Street National Bank, Philadelphia
 Wells Fargo Bank & Union Trust Co., San Francisco

Offer facilities for the transaction of every description of Banking Business in Australia and New Zealand. Negotiate or Collect Bills. Issue Telegraphic Transfers. Letters of Credit and Drafts, also Circular Notes and Circular Credits, on all parts of the world

THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the
AFRICAN BANKING CORPORATION, LIMITED)

Bankers to the Government of the Union of South Africa
in Cape Province; to the Imperial Government in
South Africa; and to the Administration of Rhodesia.

Authorized Capital -	<u>£10,000,000</u>
Subscribed Capital -	<u>£8,916,660</u>
Paid-Up Capital -	£2,229,165
Reserve Fund -	£2,893,335
Uncalled Capital -	£6,687,495
	<u>£11,809,995</u>

**BANKING BUSINESS TRANSACTED
IN ALL PARTS OF THE WORLD**

HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.

London Wall Branch : 63, London Wall, E. C. 2

West End Branch : 9 Northumberland Avenue, W. C. 2 (Opposite the Royal Colonial Institute)

Rotterdam Branch : 15, Coolingsingel

Hamburg Agency : Bank of British West Africa, Ltd., 49-53, Schauenburgerstrasse

Branches and Agencies Throughout
SOUTH and EAST AFRICA

New York Agency: 67 Wall Street

ROWLAND SMITH and R. GIBSON, Agents

Representing in { Bank of British West Africa, Ltd.
New York { Bank of New South Wales

The New York Agency

offers to Bankers and Merchants throughout the United States and
Canada its unsurpassed service for facilitating trade with
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

BANK OF NEW SOUTH WALES

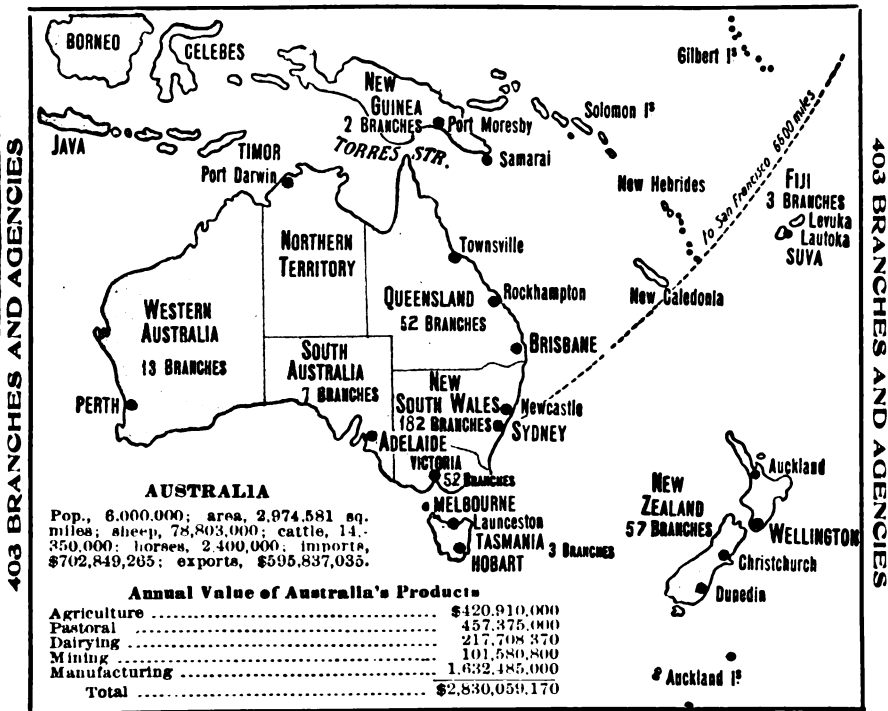
AUSTRALIA

Paid-up Capital . . .		\$30,000,000
Reserve Fund . . .		20,750,000
Reserve Liability of Proprietors . . .		30,000,000
		<u>\$80,750,000</u>



Aggregate Assets, 30th Sept., 1924, \$370,242,890

OSCAR LINES, General Manager



Head Office—George St., Sydney London Office—29 Threadneedle St., E. C.

403 BRANCHES AND AGENCIES

In all the Australian States, New Zealand, Fiji, Papua (New Guinea) and London

Cable remittances made to and drafts drawn on Foreign Places DIRECT

Foreign Bills Negotiated and Collected.

Letters of Credit Issued.

NEGOTIABLE THROUGHOUT THE WORLD

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

Agents in New York: Standard Bank of South Africa, Ltd. National City Bank of New York.

Agents in San Francisco, Bank of California National Association, Crocker National Bank and Anglo and London Paris National Bank

Specialized Service to Banks



Guaranty Trust Company of New York

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Editorial Comment

The Search for Peace

It can hardly be doubted that the purpose and aspiration of human kind are definitely, intelligently and insistently enlisted in the effort to make war an impossibility in this world.
—PRESIDENT COOLIDGE.

EVER since the close of the great tragedy in 1918, philosophers, statesmen and men of business have been diligently employed in an effort to discover some practicable means of preventing the recurrence of a like disaster.

These remedies usually consist of a plan of some sort. They rest upon the assumption that the peoples of the world have already resolved upon putting an end to war, and all that is needed to carry this purpose into effect is some kind of workable plan. With this belief in mind, some very ingenious proposals for ending war have originated from various sources. Authors have written books on the subject, and literally thousands of schemes have been offered in response to prize contests inaugurated by such well-known and philanthropic Americans as Mr. Bok and Mr. Filene.

As no other subject so profoundly concerns the welfare of human society at the present time, it should prove of the greatest interest to analyze these various peace proposals, in the effort to ascertain their practicability and especially to see if they are based upon a rightful conception of existing conditions.

If we take the latter consideration first, the immediate outlook appears discouraging. For the general disposition

of the world today is far from peaceful. Though not actually warlike, several of the leading nations show, in their attitude toward one another, fear, distrust and hatred. They are not only talking war, but they are actively preparing for it. This situation may be less discouraging, however, than it looks. It will be recalled that prior to the outbreak of the Great War, in 1914, there was a rather widespread belief that great conflicts were of the past. It was held that a new era of human brotherhood was about to dawn. Besides, economists proved to us, beyond question, that a general war, or a contest between any two great powers, would be so costly in life and treasure as to render it an impossibility. We all know what happened. May it not be that since war came when the world looked for peace, peace will endure while the world expects war? It would be comforting to believe so.

To say that history affords no basis for the belief that wars shall cease or greatly diminish in severity and frequency, is both trite and true. But that is no reason why the search for peace should not go on. Only a few centuries ago it might have been said with equal truth that history afforded no ground for believing that human slavery would ever disappear. But it has gone, never to return.

The search for peace proceeds along two main paths. One type of effort concerns itself chiefly with an attempt to get at the causes of war, and to remove them. The other bases its efforts upon reliance in a more perfect form of

mechanism through which international relations may function. That each viewpoint contains much of truth is obvious, and probably lasting peace can be had only when the causes of war are ascertained and removed so far as practicable, and when proper machinery is set in motion whereby the complicated relations of mankind may be carried on without the friction which leads to armed conflict.

Those who seek for the cause of war find the field of inquiry much more restricted than it was in earlier ages. Wars on account of religion have practically disappeared; dynastic contests are infrequent; wars for the joy of killing, or merely to chastise a bumptious nation, and for the ambition of despots, are hardly to be expected now, although some of these causes of war still operate with lessened force. National antipathies still play their part. One race or nation simply does not like the other. For this contempt or hatred no valid reason may exist.

I do not like thee, Doctor Fell;
The reason why, I can not tell;
But this I know full well—
I do not like thee, Doctor Fell.

In general it may be said that a nation begins an aggressive war either because it expects to gain some advantage which can not be gained by peaceful methods, or engages in a defensive war because of the belief that its assailed rights can not be adequately protected in any other way. It does not follow from this that the aggressor is always in the wrong, for the actual offense may not be attributable to the nation beginning hostilities, but rather to the nation or group of nations denying to it something to which it is fairly entitled. If its rights could be obtained without resort to war, then it would be censurable for invoking that remedy. This blame would be all the greater if the aggressor sought some wrongful advantage.

In addition to national and racial prejudices war is caused by the hunger for trade and territory. Probably this is the most potent cause of war in our

times, and the one whose removal should be most persistently sought.

In the European Peace Competition of Edward A. Filene of Boston, thousands of manuscripts were offered from Great Britain, France, Italy and Germany, embracing "the best practical proposals for restoring peace and prosperity in each of those countries through international co-operation." While good will, economic solidarity, etc., etc., are offered as remedies in many of these manuscripts, the majority of suggestions favor the League of Nations idea. Education ranks next as a means for reducing international friction.

In the American Peace Award, sponsored by Edward W. Bok, 22,165 plans competed for a prize of \$100,000, which was awarded to a proposal looking to a limited and defined co-operation of the United States with the League of Nations.

Two recent books on this subject are worthy of examination. Professor Nicholas Petrescu, a distinguished Roumanian scholar, in "The Principles of Comparative Sociology" makes a careful study of the origin of racial and national differences. He finds that these are usually but manifestations of human nature as affected by varying times, circumstances and surroundings; in other words, that these differences, instead of being fundamental are actually quite superficial. He tells us that it is not only the most highly civilized and richest nations that are noted for their bumptiousness, but that some of the most impoverished and degraded races have a word in their vocabulary defining themselves as supermen. Incidentally he calls our attention to some differences that are amusing; as, for example, why the Italian drinks wine and the American ice water; why two men in London on meeting in the street, if friends, will stop and shake hands, while on the Continent they would pass and merely raise their hats.

Professor Petrescu has this to say in regard to a better adjustment of international relations:

"Evidently we must begin at the bottom, not at the top. We must inquire into the real motives that give rise to international conflicts. It is not sufficient to show the superficial motives of a war. What is necessary in this case is to find the very causes of such a conflict. These are always lying deeper than the ephemeral antagonism of interests between two or more nations. * * * That the solution of international problems can not be found in provisional expedients, such as political alliances or commercial treaties, is evident to any one who considers the evolution of international relations. It needs no profound reflection to realize that the system of international relationships has been based on an unstable and unreliable organization for the past hundred years. In spite of this general opinion, the statesmen and political thinkers of today are far from abandoning old prejudices. They are still thinking of immediate solutions instead of a solid social organization. * * * The weak point of the actual League of Nations is that it leaves out of question the national sovereignty of the state. It proceeds upon the same old prejudices that gave rise to international conflicts. The same incomplete view of human nature and society lies at the basis of such an institution. And the saddest part of it is that few realize how insecure is the foundation and how artificial is the structure of a league that neglects the important factor of human nature in politics. * * * The political conceptions prevailing among nations are wrong, and that is why a change of mind should precede the change in our international relations."

Before taking leave of Professor Petrescu's book, it may be said that few contributions to this important subject have proved more thought-stimulating. Any one who reads it and understands its implications will come to realize that the adjustment of international relations on anything like a basis of permanent peace is something far more complex

than the mere drawing up of some sort of plan.

"The Road to World Peace," by Oscar Newfang, continues the search. On the "jacket" of this book it is said: "The civilized peoples of the world have determined that there must be no more war." It is understood that the publishers, not the author, are responsible for this statement. If it could be accepted as true, it would constitute one of the greatest landmarks in human history. There is not sufficient evidence, however, to raise it above a pious hope.

Mr. Newfang's book is specially valuable for its thorough discussion of the League of Nations. This organization he thinks lacks effectiveness because of inadequate powers for enforcing its decrees. He proposes a Federation of Nations, whose scope and character he fully sets forth.

Mr. Newfang displays familiarity with his subject, and an earnestness that must command respect.

Peace plans and machinery, treaties and documents of various kinds may be more productive than many think. They are valuable to the extent that they represent an earnest desire for peace. Take the World Court of Justice, for an example. Should it be found in practice that serious difficulties, such as have heretofore led to war, could be satisfactorily adjusted by reference to this tribunal, the submission of international disputes to the court might become a fixed habit, to be followed in all cases as a matter of course.

In the main, international peace must come by the growth of understanding and good will. As President Coolidge declared in his inaugural address, "Peace will come when there is a realization that only under a reign of law, based on righteousness and supported by the religious convictions of the brotherhood of man, can there be any hope of a complete and satisfying life. Parchments will fail, the sword will fail. It is only the spiritual nature of man that can be triumphant."

Congressmen Increase Their Pay

ALTHOUGH so greatly afflicted with the desire to talk that they could not find time to pass some much-needed legislation, members of the 68th Congress were yet able to vote themselves an increase of salary from \$7500 to \$10,000 a year. In the matter of increasing their salary the members of the House and Senate have an advantage over the average mortal, who must wrest from a close-fisted individual or corporation such shekels as he feels to be a proper reward for his services. Congressmen are more fortunate. All they have to do to get more money is to vote it to themselves out of the people's pockets. The only drawback to this simple process is the fear that those voting for the increase may lose their jobs when next they come up for election. To avoid this difficulty, the recent Congress, in voting an increase of pay to its members, attempted to do so without a record vote. Had this attempt succeeded, constituents would have had no way of telling whether their particular member voted for the increased pay or not. The attempt thus surreptitiously to add to their income was frustrated by Senator Borah, who managed to get a record vote on the matter.

The merits of this matter may be dispassionately considered. There are some members of the House and Senate whose services are cheap at \$10,000, and others to whom \$7500 is a princely return for their services. Each class must be paid alike. If full value is to be had for the salaries paid, abler men must supplant those of mediocre abilities. The remedy lies in the hands of the voters.

Members of the House and Senate are not overworked. From March 4 until December 7 of the present year their presence at Washington will not be required unless there should be an extra session. Members are therefore free to devote these intervening months to their private business affairs. While

next year—during the long session—the vacation will be shorter, it will still afford ample time exempt from public duties.

Taking this fact into consideration, the increase of pay can hardly be justified. On the contrary, most of the members of the House and Senate are grossly overpaid. It may be asked, what impartial business man would have voted them an increase of pay based upon the record of the closing session of the 68th Congress? Increased cost of living at Washington will be used as an excuse for this boost in salaries; but the cost of living there will not be brought down in this way.

In connection with this increase of pay for members of Congress at a time when taxes are steadily mounting, it must be pointed out that while President Coolidge in his inaugural address waxed eloquent in favor of economy and reduced taxes, he did not withhold his approval from the bill to increase the pay of members of the House and Senate. This he could not have done without vetoing the appropriation bill to which the salary raise was affixed as a rider, and without creating an antagonistic attitude toward the Administration which it was desirable to avoid. But legislating in this way is vicious in practice, and ought to be stopped. Furthermore, the President lost a valuable opportunity of showing members of Congress how they might uphold the policy of economy to which he is so steadfastly devoted.



The Banker-Vice-President

IT was not surprising, from what was known of Mr. Dawes, the new Vice-President of the United States, that he should take advantage of the first opportunity of showing his dislike of the dilatory tactics of the United States Senate. This he did, in plain language, in his inaugural address. He told the Senate in effect that there ought to be

less talk and more work, and that a minority, perhaps even a single Senator, ought not to be permitted to obstruct and defeat measures which the majority favored.

A banker and one experienced in military affairs, accustomed to having things done with a minimum of discussion, must find the practically endless talk of Senators very trying. He can not understand why there should be so much talk. It is therefore perfectly natural that Vice-President Dawes should have lectured the Senate about its rules, which virtually permit unlimited debate.

A great deal of the discussion that goes on in the Senate receives but little attention either within the chamber or outside of it. Except for possible home consumption it has little use. Much of it is purely for the purpose of killing time, and it was the latter kind of discussion that Vice-President Dawes had in mind when he advised the Senate to change its rule.

It must not be forgotten that there is much discussion in the Senate of another kind, showing intimate knowledge of the subjects under consideration, great learning and occasionally real statesmanship. The purpose of this sort of debate is to clarify matters under consideration, to inform the country, and to help in reaching a just decision. It was not debate of this character which the Vice-President had in mind, but that which was manifestly obstructive in character.

No doubt the general sentiment of the country will sustain the Vice-President in his position. But there is something to be said on the other side.

The Senate is preeminently a forum of free speech. Its members, for what they say there, can not be called in question elsewhere. They can be restrained only by the rules of the Senate itself. These rules heretofore—at least until quite recently—have allowed practically unlimited privileges of speaking. Lately, a modified form of closure can be invoked on demand of two-thirds of the members. But even after

this rule goes into effect, each Senator may speak for at least one hour. This still makes it possible for a few Senators, in the closing hours of the session, to hold up legislation. And it is against this situation that the Vice-President protests.

Notwithstanding the freedom of speech in the Senate, the defeat of really meritorious measures by talking them to death is not easy. Not infrequently bad measures have been beaten by the use of this expedient.

It is rather obvious that if the privilege of unlimited debate comes to be abused by the Senate, and if legislation really desirable or necessary is prevented by the loquacity of certain Senators, this will surely lead to a modification of the rules in accordance with the Vice-President's suggestion.

There is one phase of the matter worth thinking about. If talk in the Senate is cut down it will mean more laws. The talk is harmless. Would more laws be equally innocuous?



Branch Banking Legislation Delayed

AMONG the bills which failed to receive the approval of the 68th Congress was the McFadden Bill, which provided, among other things, for the establishment of branches of national banks, under certain limitations. The failure of this measure to become law is attributed less to general opposition to it than to the fact that it was brought forward at the short session of Congress during which general legislation is always beset with difficulties. At the next session of Congress, beginning in December, the bill will stand a better chance; and unless greater opposition develops than has yet appeared, it will become a law.

Meanwhile an opportunity will be given the bankers of the country to study the measure, as it has been thus

far amended, with a view to disclosing any features still susceptible of improvement. As the meeting of the American Bankers Association will be held before Congress again assembles, this will give the bankers an opportunity of considering the matter further should this be deemed advisable.

While the failure to secure this legislation will be a disappointment to many bankers who strongly favored it, probably no serious harm will be done by its postponement. This will be true if the time intervening between now and the next session of Congress shall be employed in making the details of the measure better known, and making any improvements that may be necessary.

Not only with respect to its branch banking provisions but otherwise the McFadden Bill is a measure of great importance to the banks of the country, and deserves the careful study of those interested. We have had much banking legislation in recent years, no small part of it hastily devised and enacted under the pressure of real or supposed emergencies. A little more deliberation before enacting new banking laws should do no harm.



A Disguised Form of Socialism

MANY worthy citizens who deplore the spread of socialistic ideas fail to realize how far we have gone in this country toward putting these ideas into practice. The income tax itself, which came upon us before the Great War, owes its introduction to the championship of William J. Bryan and others of like political and economic philosophy. It was their view that great wealth was an evil whose growth must be checked by the Government. This view prevailed, and was chiefly instrumental for the tax upon incomes. Prior to the war a tax of this character was not necessary. Federal expenditures were large and mounting,

but so great was the prosperity of the country that the taxes necessary to provide for these outlays were not seriously felt.

The income tax was a development of the Bryan philosophy which looked to the restriction of the accumulation of large fortunes. In effect, when a part of one's income is taken from an individual or corporation by the Government, a diminution of capital generally results. For if the income is large it will not all be consumed, but will be added to present capital. In fact, the income from investments and the gains of industry constitute the chief source from which capital is accumulated. A tax on this income therefore operates to check such accumulation.

A swifter method of reaching the same result was considered necessary, and this was found in the inheritance and gift taxes. By such means a large part of capital already accumulated was immediately taken from its owners and passed over to the coffers of the state and Federal governments, to be used in many cases for experiments of a more or less socialistic character.

The facility with which money could thus be obtained naturally incited to extravagance in ordinary expenditures, and fostered on the part of governments an excursion into realms of socialistic experimentation. As most of the people benefited by these schemes seemed to escape the higher taxes they made necessary, this broadening of governmental activities proved popular. Furthermore, the average man—in which class most of the citizenry are included—viewed with considerable composure devices for breaking up big fortunes or preventing their accumulation, since he himself was outside the reach of such taxation.

President Coolidge, in a recent address before the National Tax Association Conference at Washington, had the following to say regarding this disguised form of socialism:

“I do not believe that the Government should seek social legislation in the guise of taxation. We should approach

the questions directly where the arguments for and against the proposed legislation may be clearly presented and universally understood. If we are to adopt socialism, it should be presented to the people of this country as socialism, and not under the guise of a law to collect revenue. The people are quite able to determine for themselves the desirability of a particular public policy, and do not ask to have such policies forced upon them by indirection. Personally, I do not feel that large fortunes properly managed are necessarily a menace to our institutions and therefore ought to be destroyed. On the contrary, they have been and can be of great value for our development."

No doubt, if presented as a direct issue, socialism would be overwhelmingly rejected by the people of the United States. Disguised under the form of taxation, it has already made serious inroads in many directions. There is, furthermore, an insistent demand for the further extension of activities by government. These present themselves usually under some form of promoting the public welfare requiring great courage to resist.

The war has been held responsible for much of our tax burden, and with justice. But we are emerging from the war epoch, and can already look forward to a time when normal conditions will prevail. Taxes found necessary during and following the war should be abolished with the least possible delay. State income taxes and the multiple inheritance taxes should be among the first to go.



Getting Taxes Down

JUST how rapidly our tax burden is growing was very clearly pointed out in an article by William P. Helm, Jr., published in the March number of THE BANKERS MAGAZINE. With our aggregate tax bill running up to some \$10,000,000,000 a year, equaling in fifteen leading cities the per

capita food cost, and the total tax exceeding the value of all our leading grain crops, and with these taxes mounting ever higher and higher, it is time for the bankers and business men of the country to pay prompt and earnest heed to the situation.

In addressing the convention of the American Bankers Association at Chicago, President Head declared the growing burden of taxes "a menace," and this menace is fast becoming an actual danger. It constitutes today a serious hindrance to our continued prosperity, and is all the more dangerous because its destructive influence is concealed from the public eye. High taxation, in its influence upon industry, works with the persistence and fatality of an internal disease gnawing at the human vitals. Its operations are hidden, but its results are seen. Withered enterprise, business stagnation, failure and bankruptcy are some of the evils it engenders or accelerates.

As President Coolidge has repeatedly said, the way to reduce taxes is by economy. This means something more than saving by purely administrative expedients, and implies the shutting down completely of many forms of public expenditure that should never have been begun. It further calls for a moderation in the efforts of the zealous reformers who want the Government to plunge yet more deeply into the sea of socialism.

The facts presented in Mr. Helm's article should afford much food for thought among the bankers of the country. It is to be hoped that the effect may not end here, but that this thought may be followed by action looking to a speedy reduction of taxes.



Changes in Our Economic Situation

THAT the economic situation in the United States is undergoing great changes was clearly shown in an article by Dr. O. P. Austin, the dis-

tinguished statistician of the National City Bank of New York, and former Chief of the Bureau of Statistics of the United States Treasury Department, published in the March number of THE BANKERS MAGAZINE. Two striking facts stand out in Dr. Austin's interesting paper: first, the fact that the capital of manufacturing establishments rose from \$10,000,000,000 in 1900 to \$44,000,000,000 in 1919 and that the output of the factories has increased from \$13,000,000,000 in 1900 to perhaps \$65,000,000,000 in 1923; second, that while from 1910 to 1920 there was a reduction of 18 per cent. in the number of persons engaged in agriculture, forestry and animal industries, and an increase of 20 per cent. of the number engaged in manufacturing, nevertheless the production of the six great farm crops—wheat, rye, rice, corn, oats and potatoes—advanced from 5,181,000,000 bushels in 1910 to 6,053,000,000 in 1920. In

fact, from 1880, when those engaged in employments classed as "rural" embraced 65 per cent. of the population, to 1920, when the number so employed declined to only 49 per cent., the output of the food crops mentioned has shown a steady increase, as have the numbers of cattle, swine and sheep on the farms.

This would seem to indicate that American farming is functioning more efficiently than its critics and bewailers imagine, and that the farmer is quite able to maintain and to increase production. Enlarged production has been due chiefly to the employment of labor-saving machinery, which has brought larger areas under cultivation. Although this resource is now greatly diminished, there are still great possibilities of enlarged production by a more extensive use of fertilizers. That this is the case is shown by the fact that Europe, with soils under cultivation for a much longer period, still largely exceeds the per acre yield of the United States.



How Banking is Made Safer

THE Clearing house examiner system was recently described as one of the "greatest safeguards ever thrown around banking in any city," by Don A. Mullen, secretary Clearing House Section, American Bankers Association, who told a meeting of group two, New York State Bankers Association at Rochester about the spread of the clearing system in the United States.

"Since the inception of this system of examination in Chicago sixteen years ago, no depositor has ever lost a penny through the failure of a clearing house bank in any one of the thirty-four cities in which it has been put in operation." Mr. Mullen declared. "It has won the commendation of every banker where it has been installed.

"The chief duty of the clearing house examiner is to visit all members of the clearing house association he represents

as often as necessary, in order to know that each member is in an absolutely solvent condition. The primary object is to place banking upon a higher plane and a safer basis, eliminating the possibilities of insolvency and strengthening the financial structure of this country. There is no system of examination that has such a valuable influence in keeping the member banks in good condition. Through the advice and guidance of the clearing house examiner, many bad situations which would have developed into failures, have been successfully worked out.

"Banks are protected from customers over-extending themselves through duplicate borrowing because the clearing house examiner, through the bureau of credits which he operates in connection with his department, has a record of every sizeable loan."

The American Discount Market

By Jerome Thralls

THE acceptance method of financing foreign and domestic trade and commerce is assuming an ever increasing importance to American bankers. In the bankers' acceptance has been supplied a standardized instrument of credit around which the discount market as we know it today has been built. This article was in substance delivered as an address before the New York Chapter of the Robert Morris Associates. It tells what the discount market is, how it operates, how it is developing, and how it acts as a stabilizer of trade. The author, Mr. Thralls, is vice-president of the Discount Corporation of New York. He is a well known authority on acceptances.—THE EDITOR.

SUBSTANTIAL progress has been made during the ten years in which American bankers have enjoyed the valuable privilege of utilizing their own credit in the direct financing of foreign trade and commerce. Dollar credits have become favorably known the world over. Valuable lessons have been learned, one of which is that the elements of supply and demand enter into and govern the acceptance method of financing just as they do in other business. Bankers credits can properly and effectively be used only to the extent that the discount market is prepared to absorb the resulting bills. In other words, the use of bankers acceptances like any sort of production or manufacture can broaden and increase only as the market for the product is developed.

In order to provide complete and satisfactory acceptance credit facilities especially for the financing of foreign trade and commerce, we should take extreme care to the end: First, that the business shall be confined to sound, well managed, widely and favorably known banks, banking firms and acceptance houses—for these, and only these, have actual credit to lend. Second, that the lending of such credit shall be to high grade reputable merchants, manufacturers, importers and exporters whose business is of a self-liquidating character, and third, that a discount market shall be maintained in this country of such proportions as will give assurance to all holders of American bankers ac-

ceptances that they can discount them in the market here readily at all times and at stable and favorable rates.

According to a report just made public by the American Acceptance Council, our principal banks and bankers, as of December 31, 1924, had \$821,000,000 of acceptances executed, in the aggregate. Of these credits, \$292,000,000 were for imports, \$305,000,000 for exports, \$38,000,000 for domestic shipments, \$162,000,000 for warehoused goods, and \$24,000,000 for dollar exchange. The corresponding figures for April 1, 1924, were \$617,000,000, and for April 1, 1923 \$523,000,000. It will thus be seen that the demand for our bankers acceptance credits is increasing. This demand should continue to increase as European countries get on a more stable footing and resume trade relations with the other countries of the world.

With the resumption of world-wide shipping, we may find our acceptance facilities inadequate. We may then be called upon to finance a large volume of trade in its movement from one foreign country to another without ever touching our shores. It is gratifying, therefore, to observe that some of the larger American banks are making substantial increases in their capital, thus preparing themselves to meet this growing demand for acceptance credits.

What is the Discount Market?

What of the discount market? What is the market? Is the market developing, and how does it operate? The discount market as it is referred to in a general way is simply the combined facilities and services that are maintained and offered by a group of well organized and highly specialized discount houses and dealers whose principal business is that of discounting, carrying and distributing bankers accept-

ances and approved bank endorsed trade bills. Some of these houses also specialize in United States Treasury Certificates and Treasury Notes. They deal actively as buyers and sellers of the various issues of these short term United States Government obligations. The ability and willingness of these houses to buy and sell bankers acceptances make a ready and dependable market for such bills. These houses have substantial capital and buy and sell many millions of dollars of acceptances daily. Their capital although substantial is not adequate to finance all of their operations. They, accordingly, are always in the market for funds with which to carry their holdings. They borrow from banks, firms and corporations, usually on demand or sharp call. They are occasionally favored with slow call or short time money at favorable rates. Acceptances or Government securities are given by the discount houses as collateral for these loans. The rates on such loans average about one half per cent. below the call loan renewal rate, and are generally slightly less than the bid rate for thirty day bankers bills. As an evidence of the growth and development of the discount market, may I again refer to the recent report of the American Acceptance Council, in which it is stated that "The ease with which \$800,000,000 in bankers acceptances are handled by the discount houses and dealers who constitute the 'Exchange' in the acceptance market, shows conclusively that we now have a real discount market with sufficient capacity to absorb and distribute prime bankers acceptances to a still further increased volume."

The discount houses have representatives who make calls daily at the important downtown banks as well as at the offices of other corporations and firms that may be in the market to buy or sell substantial blocks of bankers acceptances. Calls also are made by telephone and much business is negotiated in that way as well as by cable, telegraph and letter. The discount

houses necessarily must be backed up by lenders and investors in such numbers as will assure them adequate means with which to carry their portfolios during normal times. At present not more than \$60,000,000, to \$75,000,000, is required for this purpose. The discount houses should be privileged to call upon the Federal Reserve Banks for temporary accommodation when funds are not available to them from other sources. From the very beginning of the discount market here, the Federal Reserve Banks have given the market valuable support in times of such emergencies. This has been accomplished through outright purchases of bills of short maturities, and through purchases of bills with an agreement on the part of the discount houses or dealers to repurchase them within fifteen days. The rate applied in such cases is usually very close to the selling rate for thirty day bills. The support and co-operation on the part of the Federal Reserve Bank has been of untold value to the discount market.

In London where the discount market has been developed more nearly to the maximum of perfection than in any other center, recourse is had by the discount houses to the Bank of England. In every center where the development of a substantial discount market has been undertaken, the market has, as in the case of London, had recourse to the central or reserve banking institution.

Supplying the Standardized Credit Instrument

Until the passage of the Federal Reserve Act and the inauguration of the Federal Reserve System, we did not have a standardized credit instrument around which to build a discount market. With the advent and development of the bankers acceptance we now do have such an instrument and substantial progress is being made with it.

When a bank lends its credit, only one step has been taken. The customer will eventually want to realize the ac-

tual cash against such credit. In connection with import credits the relative drafts drawn are negotiated in foreign markets; hence, there is the necessity of having stable and positive rates of discount for American bankers acceptances quoted in the principal markets throughout the world. Then when the drawers of drafts against American dollar bankers' credits are presented abroad at the offices of foreign banks for discount, they will, because of such positive and stable rates, be readily discounted, whereas, if this facility were not afforded, demand would be made for sterling or other credits.

The discount houses send by mail each day a quotation sheet on which is given the buying and selling rates for bankers acceptances of various maturities. These quotations go to the important banks, trust companies and other clients of the discount market in the principal centers throughout this country. They also are sent at stated periods and on occasions of changes in rates to the important banks in the principal centers abroad. Upon application rates are quoted months ahead. These forward rates are always made on specific transactions.

Remittances of drafts negotiated abroad are constantly coming into the New York market through the local branches of foreign banks and through our local American commercial banks who receive them from correspondents and other clients abroad. After these bills have been presented for acceptance they are then usually endorsed by the agency or correspondent bank here and offered to the discount houses and dealers in the open market where they are discounted readily. A substantial part of the proceeds goes toward building up deposits here, so that the lending of American bankers' credits in connection with imports not only results in a substantial revenue being derived in the way of the acceptance commission, but also results in our acquiring deposits; it increases our exchange operations, and aids in the development and expan-



JEROME THRALLS
Vice-president Discount Corporation of
New York

sion of both our import and export trade.

In connection with export credits, the bills usually come into the market bearing two names only—the drawer and acceptor. In theory and in the best practice when drafts are presented for acceptance, whether they be presented by the drawer or some other holder, they should be accepted and returned by the bank to the drawer or other holder for negotiation. This does not mean that banks should not, in certain cases, act as agents for their customers in disposing of acceptances, but every first-class accepting institution can return the accepted drafts to the drawers or other holders with the assurance that if they are offered in the open discount market to the discount houses or dealers, they will be readily discounted at the best rates. The practice by banks of offering their own bills to the market is becoming less and less. This practice will be minimized as the discount market develops in importance.

Where banks discount their own acceptances and retain them in their own

portfolios, the transaction resolves itself into a straight loan. It would, accordingly, seem desirable to allow such bills to come into the market and be distributed to investors through the regular channels.

While substantial progress has been made in the discount market we still have bridges to cross. Some of our most prominent banking institutions are not realizing the maximum of benefits that can be had from the use of the facilities of the discount market.

The Acceptance as a Secondary Reserve

Owing to their absolute safety, soundness and immediate convertibility into cash, bankers acceptances are the best secondary reserve available to American banks. Banks can now with safety and profit to themselves invest in such bills and depend upon them as a means for the adjustment of their cash positions. If they are long in reserves they can adjust their position by purchase of bills, or if they are short in reserves and have a portfolio of bills well arranged as to maturities, they can adjust their position by selling the bills in the open market or to the Federal Reserve Bank. Bills are available for small as well as for large investors. They are an ideal means for the employment of funds that are temporarily available, funds that are set aside for taxes, dividends and other special purposes. The denominations range from \$5000 upward, and maturities from ten to one hundred and eighty days. Recognizing the value of bankers acceptances as a reserve investment the laws of various states have been amended so as to enable savings banks and trustees to invest in such bills.

The old established custom of regarding stock exchange call loans as a secondary reserve has been somewhat of a hindrance to the development of the discount market. While the discount market recognizes the desirability of having the stock exchange, i. e., the stock market, supplied at all times with ample funds for the conduct of that im-

portant business, it is not amiss to draw attention to the fact that a large proportion of stock exchange call loans are not in reality callable but are only shiftable. They can be called by one bank provided another stands ready to take over the loans. Furthermore, many such loans represent week-to-week or month-to-month requirements instead of day-to-day requirements. For this reason, they might well be regarded as business loans and be made to carry the business loan rate. On occasion it happens that money offered to be loaned at call against stock exchange collateral when the stock exchange market requirements have already been filled, causes a severe break in rates. As little as \$20,000,000, offered in this way may cause a change of one-half per cent., so that on the next day the rate will be reduced on as much as \$1,000,000,000. whereas, had the \$20,000,000 excess funds been offered to the discount market they could have been absorbed there without disturbing the rate on this large volume of loans. On the occasions of these sharp fluctuations, money is withdrawn from New York, loans are accordingly called, a tremendous amount of confusion results, and much extra work is entailed. All of this is repeated in the reverse direction when the rate rebounds, and the money flows back to New York. It might be far better for the stock exchange and likely more profitable to the bankers, as well as the brokers, to have this situation stabilized. It is hoped that the important banks not only in New York but in the other principal centers will, as time goes by, arrange their investments so as to include substantial holdings of purchased bankers acceptances; these to be used in the adjustment of their cash and investment positions either through the facilities of the open discount market, through maturities or through the sale of the short dated bills to the Federal Reserve Bank, and further that when they have reserve or temporary funds to offer that they consider the facilities of the discount market.

For the year 1924 the average rate on ninety day bankers acceptances was 2.98 per cent.; the average rate on call loans was 3.08 per cent. Some banks that were regular investors in bankers acceptances and used them as a means of adjusting their cash positions made considerable profit on their purchases and sales owing to the fact that they bought ninety day bills and arranged their maturities so as to be able to sell short dated bills at favorable rates on occasions when they needed cash. Such profits plus the average discount made the returns on the money invested by the banks in bankers acceptances slightly more than that received from stock exchange call loans.

How Acceptance Operates as Stabilizer

While approximately 70 per cent. of American bankers acceptances are issued by institutions located in New York City and the activities of the discount market are largely centered here, yet it is well to know that bankers acceptances accepted payable in any of the Federal Reserve Bank or Federal Reserve Branch Bank cities may be collected through the Federal Reserve Clearing and Collection System and settled for through the Gold Settlement Fund. In this way bankers acceptances payable in any of these cities can be

converted into actual reserve funds on the day of maturity by the New York holder. It will, therefore, readily be seen that through the use and distribution of bankers acceptances to investors, funds may be attracted from the sections of the United States where they are most plentiful to other sections where they are most needed; exchange may be equalized; interest rates may be levelled and the shipment of actual cash to and from different sections of the country may be obviated. In the same way, through investment and resale of acceptances, funds may be attracted from foreign countries to America, or from America to foreign countries as money conditions may warrant; exchange and discount rates may thus be equalized, and the shipment of gold in normal times may be greatly reduced or obviated.

The discount market and the acceptance method of financing is a matter of interest to every banker and every business man in America and should be given close study by all so that as this country grows we may be enabled to provide adequate facilities for the financing of our trade and commerce, and at the same time, give valuable assistance in the direction of financing trade and commerce in other parts of the world.

THE people of this nation have been not only patient under the heavy burden of war taxation; they have been heroic. . . . I want to see the sacrifices of those who are charged with the expenditure of the money of the Government somewhat commensurate with the sacrifices that have to be made in the home by the taxpayers who furnish the money for the Government.—*Calvin Coolidge.*

The Gold Standard Versus "A Managed Currency"

By Benjamin M. Anderson, Jr., Ph.D.

Economist of the Chase National Bank of the City of New York

THE world's return to the gold standard is opposed by an exceedingly able group of professional economists headed by the brilliant J. M. Keynes of England. This school rests its position upon the quantity theory of money. It denounces the gold standard as a relic of barbarism and proclaims that a managed irredeemable paper money can be held to a fixed value by manipulations of the quantity of money and bank credit. It proposes to manipulate the quantity of money and bank credit by various devices, chief among them being variations in the discount rates in the central banks of issue, open market operations on the part of these banks, and co-ordinated policy on the part of the public treasury in borrowing and repaying. With these methods it is proposed not merely to regulate prices, but also to regulate the whole business and industrial situation, eliminating the ups and downs of business which are regarded as due to variations in the average of prices.

These theories are dangerous as well as false. They represent a refined and subtle form of Greenbackism or fiat money doctrine. They are hard to confute if the quantity theory on which they rest is true. Those adherents of the quantity theory school who oppose them do so, not on the ground that the project is impossible if properly carried out, but rather on the ground that it is politically difficult to carry the project out accurately, and that it is safer to trust gold than it is to trust politicians—a view which does not always carry weight in political circles!

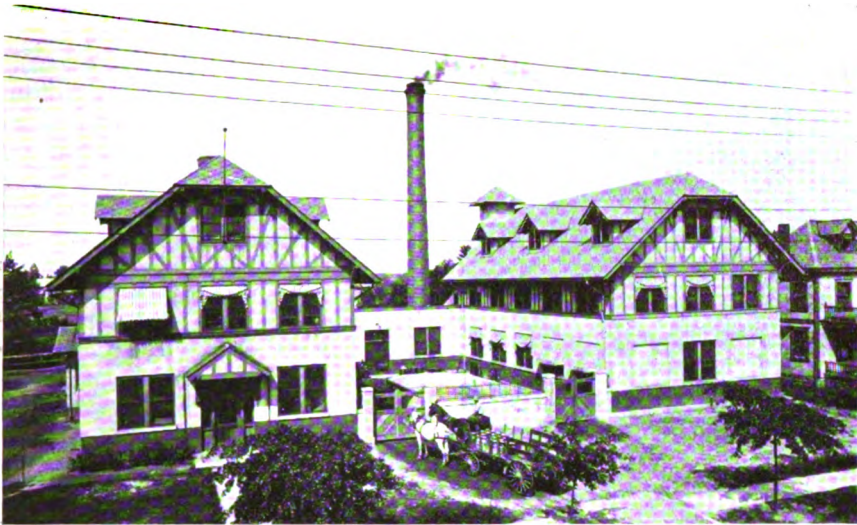
Historically there have been two main theories as to the nature of paper money and the causes governing its value: (1)

the credit theory or the bankers' theory and (2) the quantity theory. The bankers' theory is that real money is a highly saleable commodity, a piece of precious metal, chiefly gold in the modern world. The government's stamp upon it is nothing more than a certification of weight and fineness.

The quantity theory of paper money is that its value is determined by the quantity outstanding taken in conjunction with the independently determined velocity of circulation of money and volume of trade. Redemption or lack of redemption has nothing to do with it.

Neither of these two rival theories describes the facts exactly, but the bankers' theory comes immeasurably closer to the facts than does the quantity theory. The history of the American greenbacks gives a classical test on this point, and very largely vindicates the bankers' theory.

Not even the most powerful government can make something out of nothing. Why should paper which is never to be redeemed circulate at all? Who would want it? The quantity theorists usually content themselves by begging this question, by merely *assuming* that the paper money would circulate. But what assurance is there that paper which everyone knew would never be redeemed would have a steady value or would have any value at all? A large part of the present strength of the pound sterling rests on the world's conviction that gold payments are soon to be resumed. If the British Government should forthwith announce that the paper pound would never be redeemed, an immediate drop in its value would be certain regardless of discount policy, quantity of bank credit or quantity of paper money in circulation.



Grove City Co-operative Creamery, operated under direction of United States Federal Department of Agriculture

Bank Co-operation in Community Extension Work

Article IV of a Series on the Agricultural Department of a Bank

By E. B. Harshaw

HAVING demonstrated by actual instances that it is possible for a bank to work out successfully an agricultural development program, the next step is to know how the bank can be helped and through what means this help may be secured.

Many may have wondered whether or not the Federal and State Departments of Agriculture have been justified in expending the large sums of money necessary to maintain the organization necessary for extension and research work.

In manufacturing and business it is an easy matter for persons or partnerships to organize into corporations, or if advisable, to combine smaller corporations into larger ones, dividing their units and providing for research and experimental work, and through this means both bettering their products and lessening costs of production.

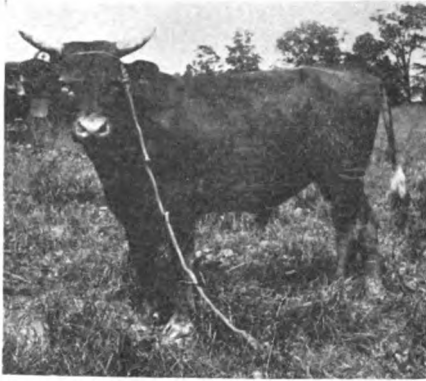
The farmer's problem, on the other hand, has always been and will necessarily be an individual one, as he lacks

the capital required to do any extensive experimental and research work unaided. But he is entitled to, and should have the opportunity to improve his methods. This opportunity will enable him to better his condition and to furnish the town and city dwellers with products of a better quality and at a reduced price. Both the Federal and State Departments of Agriculture have given the farmer this opportunity.

A few years ago the farmer tilled and fertilized his land and planted his seed exactly as did his forefathers. There was no testing of seed or analyzing of the soil. Now he is told by trained scientists what, when and where to plant and how to cultivate, and how to get rid of any insect pests with which he may be troubled.

Development of the Extension Department

Every state now has its extension department and almost every county its



Scrub bull—a common type found on farms near Grove City before advent of creamery

county agent, who enables the banker to keep in closer touch at all times with methods and policies which have been found most effective, helping him in turn to understand his farmer customers' problems and to assist in solving them.

Both national and state agricultural departments have gone ahead because they have met a real need. Their future development can be greatly aided by the assistance of the banker.

A service which can well be handled by the extension department is an up-to-date survey of the various crops either in cases where there is an over-production or the demand exceeds the supply. The results of the survey should be placed in the hands of all of the various growers at once and they should be governed accordingly. A system of valuable statistical information is thus provided, but the real problem is in the proper interpretation of the figures by the grower and in getting information to him in time to be of service. By the co-operation of the local banker the problem is well started on the way to its solution.

No banker should attempt an agricultural development program without first calling into consultation his county agent and going over in detail his whole proposition. A conference of this kind will save the banker much money and many mistakes. A capable county agent

is worth more to the banker than an agricultural agent employed exclusively by the bank. The writer does not mean that the agent can become an active solicitor for any particular bank, but from a community standpoint he will produce broader results and have more of the confidence of the farmers, than a bank agent. And indirectly the bank will gain from the good-fellowship established and the increased wealth and prosperity of the community.

It is becoming more and more the custom for a particular bank in a community to employ its own agricultural fieldman. This is sometimes successful, but if one bank in a town does it, the competing banks feel that they must do it also, and the field is apt to become overcrowded. Furthermore, it may well happen that with improperly trained men with opposite ideas and plans, and with two or more agricultural agents advocating opposite methods, the whole program will fall into disrepute, while the county agent working with all of the banks, getting his directions and instructions from a specially trained head under the advice of experts in the different lines will co-ordinate the whole proposition.

Making the Work a Community Project

When the work to be done is too much for the county agent to handle unaided an ideal plan is to make of it a community project, with each bank in the community and the farmers and business men themselves all contributing their respective shares, and all working with the county agent.

The Mercer County Bankers' Association in Pennsylvania subscribed \$2000 to a community extension plan, each bank in the county contributing its share. They are now paying the expense of an assistant county agent and have representation on the farm bureau.

In the Grove City community, instead of a single bank employing an agricultural agent, the entire community is supporting a fieldman whose salary and office expenses, totaling \$6000 per

year, are paid by the farmers and townspeople. This agent, assisted by a stenographer, devotes all of his time to the agricultural development of the community.

In 1924 \$60,000 worth of cattle were sold through this association and thirty well-attended meetings were held, in addition to hundreds of individual conferences on the farms and in the town.

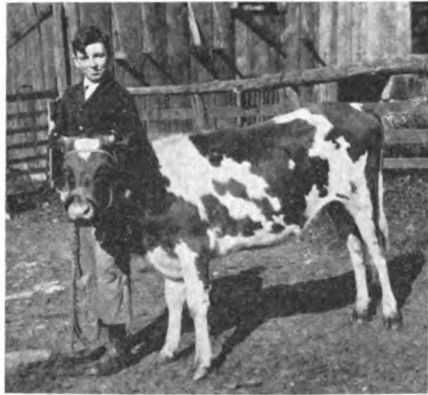
The Banker's Part in Organizations and Meetings for the Farmer

One of the most successful methods of contact for the banker with the farmer is the establishment of farmer organizations.

To be successful, the farmers growing the same crops, raising the same breed of cattle or developing a strain of poultry or hogs must have their separate organizations, and must meet frequently for discussion. The time has come when the farmer can no longer live unto himself, produce and market his own product and make a profit. He must either organize or be left out. As one writer puts it, "What the farmer needs today is a big dose of organization. The farmer should not be a competitor of every other farmer. They should all be co-workers."

These farmer organization meetings give the banker an opportunity, as there is seldom one at which the banker is not a welcome guest, thus giving him an opportunity to get closer to his rural patrons and to make new friends. He is very often asked to address the meetings and thus given an opportunity to talk along progressive business lines. A message is often more readily accepted if delivered in this manner than if directed to certain individuals. All of these things tend to tie the banker and farmer closer together. The farmer now feels certain that he has the confidence of his banker, and that his banker after all is a friend to him.

This contact also increases the banker's credit information. It warns him if he should curtail his credit in any



Calf that won first prize at the Stoneboro fair, and her owner

instance, and shows him where he can extend credit safely.

As these farmer organizations increase—and they are increasing—it will mean that as time goes on farmers will act more as a unit and with more authority, and the bankers' closer contact with him will help him to see problems from a business standpoint and counteract perhaps, any socialistic tendencies.

In my own community I feel that one of the greatest factors in our success has been the establishment of farmer organizations which are still functioning for the farmer. We have two especially important organizations. The one is the organization for the tuberculin-testing, exhibition and sale of cattle, and the other is the organization which employs the fieldman. The two organizations work together. Of course any farmer in the community may have the advice of the fieldman, but those belonging to the association have first right and privilege. The sale of cattle in the community is done largely through the fieldman, and members of the association have first chance in the sale of their cattle, and are able to get a better price than where the cattle are sold individually.

No one can belong to this association whose cattle have not been tested for tuberculosis. Each year this association

holds a cattle exhibit. Anyone can exhibit, but their cattle must first have been tested for tuberculosis.

The newest organization in Grove City is that established in connection with a community hatchery. This hatchery is operated on a co-operative and community basis. Each farmer brings in his own eggs and takes away his own hatch. The cost to him is actual. There is no profit made from the hatchery. It is operated in connection with the Government creamery which is also operated co-operatively.

The Vital Importance of Work Among Boys and Girls

In studying the agricultural development of communities which the writer knows have been successful in their programs, I find that the work done among the boys and girls, through their various clubs, has been an important factor.

This work among the boys and girls is certainly going to mean a great deal for the future of agriculture in America.

It is estimated that there are over 6,400,000 farmers in the United States, and the average tenure on the farm is sixteen years, so that about 400,000 farms are vacated and become available to new managers every year. As there are about 2500 agricultural counties, about 160 new farmers are needed in every agricultural county each year.

Just where are we going to get these new farmers, and what will they bring with them to the farm in the way of training for this most important industry?

There are on our farms approximately 11,000,000 boys and girls of club age which is ten to twenty years, and 90 per cent. of the farmers come from the ranks of the sons and daughters of farmers.

Statistics show that a large percentage of them leave school at an early age and enter the ranks, first, of the farm laborers, and later in life may become farm managers, that is renters and

owners, without special or adequate training for their life work.

There are now several thousand agricultural agents in the United States, and the most of them agree that the boys' and girls' work is the most important phase of the extension work for the following reasons:

1. A boy or girl adopting modern practice has from forty to fifty years to use it as against twenty years for the average man.

2. Boys and girls are more easily influenced to take up the new methods advocated by agricultural colleges than are adults.

3. More boys and girls can be reached per agent than can adults because demands are not quite so great upon their time and they can more readily be formed into clubs.

4. By reaching the boys and girls, the adults are reached at the same time, so that the results obtained in changing the agricultural practices of communities are very great.

5. A dollar expended for boys' and girls' work will produce two or three times the results for the same amount expended in adult work for the reasons above mentioned.

6. Boys' and girls' club work reaches the masses and is a feeder for the agricultural high schools and colleges.

In the writer's own community he has found that the work among the boys and girls on the farm was the beginning of purebred cattle industry on many of the farms in this section. When a farmer was approached on the subject of joining the development work and invited to go along on the program he would often hold back, a little afraid of the new project, and not able to see the reason for investing so much money in a purebred animal. But when letters were sent out to the boys and girls inviting them to join the calf club and calling them together for a meeting, they persuaded their parents to consent to their joining. In many cases it was



Grove City National Bank, Grove City, Pa., distribution of calves to Calf Club, by lot, June 1917

not until after the parent saw, through the club calf on his farm, the benefits to be derived from purebred stock as opposed to the kind he had been keeping, that he decided to go into the business himself. This same thing has held true in many other communities.

Getting a Boys' and Girls' Club Started

Many banks would like to take up the club work but hardly know how to go about it. The work is so well organized that it is a relatively simple matter to get started. The banker can be the local leader, and in turn, work with the county agent. Every state has an organization with a state club leader, and above this there is a national organization of which every state is a part, so that there is really no limit to the aid and suggestions to be received from such a complete organization.

The first thing is to get the local leader or local organizations interested and then to enlist the aid of the county agent, the school authorities, the state club leader and others interested. With a committee of all these agencies, a simple plan concerning all details of the project should be worked out.

At this stage no doubt the survey will

have been made and the selection made as to the kind of work to be undertaken, based upon the needs and desires of the community.

Of course practically every community which organizes boys' and girls' clubs does it with the idea of bettering the agricultural industry of these communities, but after all I feel that the primary purpose is for the good of the boys and girls directly.

There are many methods of carrying on the club work, each community or leader choosing the methods best suited to his particular field.

Thus far the benefits to be derived from club work among the boys and girls are plainly seen, but the real dollars and cents benefit has not been mentioned. While it is impossible to place a real money value on these benefits, we do know that the bank accounts of the club members are swelling tremendously.

What One Year of Club Work Produced

It has been estimated that the value of the products produced by the boys and girls throughout the country, through their club work in 1920, was

\$8,885,092, while the cost of producing this was \$4,529,126. The amount invested by the Federal Department of Agriculture in this work in 1920 was \$1,087,991, while the banks of the country financed the boys and girls to the extent of \$1,633,721 and the amount contributed by business and other organizations was \$335,000.

This is a good showing for the boys and girls considering the fact that of the 11,000,000 boys and girls on farms of club age only about 600,000 of them are doing club work. The writer has not been able to obtain figures later than 1920. In that year, however, there were only 331,000 doing club work.

Progressive Farmer says, "It is the fortunate young man who stayed on the farm, learned from his agricultural high school, his agricultural college, his county agent and other sources all he could about farming, who has combined his interests with those of his father and expects to live and love the life of the farmer. With the progress agriculture is making in better crop yields, better marketing organizations, and better social conditions, the farmer of the coming generation will be the peer of any man."

"Club work" says the Wisconsin Bankers Association, "provides a training for community leadership and gives young people a real motive for their work. It makes farm and home work (usually considered drudgery) interesting and profitable. It dignifies common labor. It teaches boys and girls to work together, play together, study together and live together."

Every bank should encourage boys' and girls' club work because:

1. It is the best investment.
2. It keeps them on the farm.
3. It encourages industry.
4. It promotes thrift.
5. It develops purpose in life.
6. It teaches business methods.
7. It gives sense of responsibility.
8. It builds community spirit.

The Marketing Problem

The marketing problem is one of vital interest to the banker interested in the better agricultural movement. His position in the community makes him more or less an advisor along all lines to his customers. And one of the essential things to his farmer customers' success is the proper understanding of the marketing and markets as to price, quantity of production and kind.

In too many instances the local demand is entirely overlooked and the producers of the community are growing products which must be shipped out of the community, while supplies for the local demand are shipped in from long distances.

Only 17 per cent. of the potatoes used in Pittsburgh are Pennsylvania grown while most of Pittsburgh's supply comes from Maine and Michigan in spite of the fact that within 100 miles of Pittsburgh are to be found as good potato producing farms as any place in the United States.

A real study of the local needs will frequently develop new and profitable lines of agriculture. The added freight charges on supplies shipped long distances often represent a good profit.

Conditions regarding marketing have changed so much during the past thirty years that an entirely new system is being built up. Thirty years ago it was possible—and in rural communities it was universally the custom—for the farmers to bring in their country produce and exchange it in the stores for such supplies as they might need, with no exchange of money; but by the centralization of the control of industry and commerce, the articles the farmer needs are now made in great plants, and the control is centralized in the hands of a few organizations who have established selling organizations for their wares and have put them on a cash basis.

While this consolidation has been going on in other industries, inasmuch as the farmer must necessarily produce

singly, he has lagged behind in his marketing program, marketing as he has produced, in single units. But the farmers are now, by co-operative marketing, beginning to market collectively.

The real object of marketing in this way is to so place farm products that their price will be determined on a nation-wide basis, and in some instances by world-wide conditions instead of conditions where produced, and where there is so often a surplus.

As the farmers are reaching a better understanding of what is necessary to the success of co-operative marketing, the plan itself is becoming more successful, and as the plan succeeds and progresses it is making the farmer a better bank customer and a better risk.

What Co-operative Marketing is Teaching the Farmer

The directors of the successful co-operatives are business men who are instilling into their members the necessity of business principles in farming, and as soon as the farmer realizes this necessity he will so run his business as to be able to give a statement of his affairs and submit to his banker a basis for credit with a reason for his demands.

The very fact that he is getting his business on a business basis and is able to determine definitely the cost of production, is making it easier for the farmer to establish a satisfactory selling price both to himself and the consumer.

The study given to co-operative marketing by our representatives in the Federal and State Governments, and the conclusions being reached by them, are evidences of its possibilities.

The bill recently passed by the House and Senate is a start on a constructive system. Its policy is well

stated in these words—"It is declared to be in the public interest to foster and encourage the intelligent and orderly marketing of agricultural products through co-operation of the producers of such products, to eliminate speculation and waste, to make distribution between producer and consumer as direct as can be efficiently effected, to stabilize marketing and to provide for the organization of co-operative marketing associations of producers of agricultural products for the purposes mentioned."

The bill provides for the appointment of an advisory council composed of representatives of co-operative marketing associations. The duties of this board would be to promote, encourage and aid in the formation of local associations, making surveys for the purpose of advising and assisting associations through recommendation as to efficient methods of auditing and accounting, form of contracts for use with producers and methods of financing and wherever and whenever necessary the council might send experts to assist in any local marketing program as to methods, accounting or financing.

The bill also provides for the distribution of crop and market information and formation of programs for the orderly adjustment of supply and demand. Associations may also pool and store their products and the proceeds of the sales of same upon such terms and conditions as may be agreed upon by the members of the associations.

This bill would greatly improve the marketing conditions of the country, afford the consumer a better product for his money and the producer a better price for what he raises, with a more orderly and economical distribution of all farm products.



Bankers Back Anti-Robber Campaign

HEADED by the Illinois Bankers Association, an anti-bank robbery campaign, statewide in its scope, and with the one and definite object of driving bank robbers out of business, was put under way on March 16.

The plan, simplicity in itself, has resolved itself into two prime divisions:

1. Armed town-guards.
2. Revised legislation.

Here, in a nutshell, is the story of the first organized, unified, co-operative attempt of Illinois bankers to cope with a crime situation that has become at once a menace and a terror to every section of the state, particularly in the comparatively unprotected rural towns.

The armed town-guards are under the direct supervision of the county sheriffs and are deputized by them to serve as peace officers. Actually and theoretically the campaign against banditry will not end in Illinois until the various county units in the state are completed and functioning.

It is not the intent of the campaign officials to tell the sheriff in any county his job. They will work with him and advise with him. Guns, bullets and handpicked men, those of his own choosing, will be furnished him. The sheriff will be the kingpin of the offensive, the focal as well as the pivotal point in the crusade against bank crime.

That, briefly, is the protective phase of the campaign. Supplementary, but just as important, is the legislative feature. Laws with teeth in them, that will increase penal servitude of bank bandits upon their arrest and conviction, will be sought at this session of the legislature by special petitioners from the Illinois Bankers Association. Revision of the statutes to make the punishment more severe for this class of criminals is the aim of this part of the program.

A letter appealing for moral support and financial aid in carrying the cam-

paign against bank banditry to a successful issue has been sent to 2000 member and non-member bankers of the Association by M. A. Graettinger, the secretary.

Couched in the strongest possible terms, the letter to state bankers points to the rapidly growing number of attacks and emphasizes the fact that bank robbery insurance rates in Illinois are rapidly nearing a prohibitive figure.

"With your aid," says the communication enlisting forces for the fight, "we are going to begin an immediate relentless campaign to drive the bank robber out of the state. The administrative and advisory committees have decided that bank robberies must be eliminated, and we want to put this campaign over in short order.

"To take charge we have secured R. C. Saunders of Des Moines, who conducted a highly successful similar campaign for the Iowa Bankers Association in that state within the last three years. Conditions there were almost as bad in 1920 as they are in our own state at the present time, as fifty-six attacks were made on Iowa banks, with a loss of \$210,000.

"In 1923-4, following the Iowa campaign, there were only three successful attacks, with a negligible loss of \$2600. Compare this with last year's record in Illinois—seventy-three attacks and a loss of \$325,000.

"As a result of the Iowa campaign, robbery insurance rates have been cut to \$1 per \$1000. This campaign in Illinois is for the purpose of bringing about a similar reduction of insurance rates if it is at all possible. You know we are paying \$4 per \$1000 here.

"Bank robbers are giving Iowa a wide berth for the simple reason that Iowa bankers and deputized vigilance committees are ready for them with guns and legislation that means something. We are after the same results in Illinois.

Developing the Savings Business Through Cultivation of the Existing Customer

By G. Prather Knapp

The author of this article has had many years of practical experience in the development of savings business and in other phases of bank business development. He was a pioneer in the modern financial advertising field and one of the original founders of the Financial Advertisers' Association. He is first vice-president of the Bankers Service Corporation, New York. The accompanying article is based on an address delivered by Mr. Knapp before the Southern Regional Conference on Savings in March.—THE EDITOR.

I HAVE heard the subject of savings discussed from many different angles, and have listened to many varying shades of opinion on every one of those angles. I have long since lost any infallible judgments as to the savings business, long since given up the search for a patented or patentable plan that can be guaranteed to increase the profits of any savings department.

However, as they say in the Declaration of Independence, this truth I hold to be self-evident—that when we have induced a new savings depositor to avail himself of our banking facilities we have not closed a sale, but only opened a relation.

That relation may be permanent and progressive, or it may be as ephemeral as "snow upon the desert's dusty face." It may be profitable to customer and bank alike, or it may be useless to the one and financially detrimental to the other.

The cost of obtaining a given thousand new accounts may seem low in the year they are opened, and wastefully extravagant three years later. Thus, a very good new business plan and a very bad one may flourish side by side in the same city or even in the same bank and a fair comparison between them may never be established.

Because the final test of a savings department's value to the bank, customer and community, is not how many accounts it produces, but how many growing balances it has and holds.

What Makes Savings Departments Prosperous?

We tell our prospective savings depositors that it isn't what they earn that makes them prosperous, but what they save, and I don't see how we can get away from admitting that what is sauce for the goose is sauce for the gander. It isn't the number of new customers we *get* that will make our savings departments prosperous. It isn't even the number of customers we *hold* that will do it. It's the number of real savers we *develop*.

So I believe it is safe to say that a prime factor in developing the savings business is efficient and economical cultivation of the existing customer.

But how much easier it is to announce a situation than to solve it. And how many inefficient solutions get themselves tried simply because their advocates are eloquent in stressing the urgency of the situation.

When you show a banker—as you nearly always can—that he has to open five new savings accounts on a yearly average to gain one—

When you show him—as you nearly always can—that anywhere from 20 to 60 per cent. of his savings customers have never made a second deposit with him—

When you show him—as you nearly always can—that anywhere from 60 to 85 per cent. of his savings accounts have cost more to get and carry than they have ever earned or ever seem likely to earn—

When you show him—as you nearly always can—that not over one in ten of his so-called savings depositors are visiting his receiving tellers as often as every sixty days—

When you show him a situation like this, and impress him with its serious-

ness, you may be able to "get away with murder" in prescribing remedies.

A whole dictionary of medical terms has grown up for use in discussing the subject.

Some people talk about "treating" our customers—as if a savings account were a skin disease. Some people analyze our "dormants" for us as if a savings department were a bunk-house. Some people urge this or that plan of "stimulation" as if customers expected the same service from a banker that they do from a boot-legger.

What's Wrong With This Picture?

As a matter of fact, the situation is anything but amusing. The banks of America are spending millions of dollars every month in attracting people into their savings departments—many cities have more open savings accounts than inhabitants, and yet not one American in a hundred visits a bank as often as he (or she) visits a barber shop and not one savings account in a hundred is as useful to its owner or as profitable to its depository as it should be and, in my firm conviction, as it *could* be, if banks took the position that in gaining a new savings depositor they have only half closed a sale.

This is not a medical problem or a social problem or an advertising problem. It is a banking problem: It has three phases—the phase of analysis, the phase of communication and the phase of education.

Let us take analysis first.

What is the true condition of your savings department as a servant of its customers?

Merely dividing the total amount on deposit by the number of open accounts will not answer this question. I surveyed a Western bank recently where the average on this basis was \$300 and where a classification by balances showed 20,000 accounts under \$5, 30,000 under \$50, 4,500 under \$500, and less than 5,000 above \$1500. Average deposit, \$300, meant next to nothing

since nine out of ten depositors had less than \$300 each and four out of five of these had less than \$50 each.

Analysis by date of last deposit will be even more deceptive. It will class as "dormant" many old accounts which are really dead. It will class as "active" many new accounts which are dying and might be resuscitated at a profit and many more new accounts which are very much alive and might be kept so at an even greater profit.

The "A. B. C. Audit" of Savings Customers

Let me suggest what I like to call the "A. B. C. audit" of savings customers.

Have a clerk go over the ledger cards and put a pencil letter in the corner of each, tallying as he goes along on a pad marked in three columns "A," "B," and "C." A glance at each card will classify it. Any account which has made six deposits or more in the past year is "Active;" mark it "A." Any account holding \$500 or more is a "Big Balance;" mark it "B," whether active or not. Any customer who does not class as "A" or "B" should be cultivated—mark his card "C"—and cultivate him.

The "C" group will take in all new customers who have deposited less than \$500, and will extend back into old accounts with no transactions on them for an increasing length of time. The shorter the time since the last deposit entry the greater will be the possibility of profit from proper cultivation.

At some point—not shorter than three years nor longer than five—these "C" accounts will cease to contain a sufficient number of revival prospects to make effort on them profitable. Some of them will be worth while undoubtedly, but the ore gets lower and lower in grade to a point where the mining costs more than the mineral.

The Communication Phase

Now as to the communication phase of the problem. How reach our customers in the "C" class?

First of all, we must endeavor to reach them before they get into this class by face to face communication inside the bank. We must treat them so cordially, relate ourselves to them so intimately, and *really serve* them so attractively each time they come to us, that they will want to come again. This personal relation with the customer is to my thinking one of the best developments in modern popular banking. It starts at the moment the new customer enters the door and is welcomed by a pleasing interior and a cordial floor man. It develops when the new account is opened, not standing at a window but seated at the desk of a man or woman with the time and the ability to win the new customers' confidence.

It develops still further in simplified regulations for savings accounts and in simplified systems of identification, deposit and withdrawal. It grows out like the fingers of a strong and helpful hand in information services, foreign exchange departments, investment services, Christmas clubs, pig clubs, home budget bureaus, ladies' rooms, farmers' offices, and so on. Free service do I hear some one say? The banks who are giving these services are not cutting dividends or reducing undivided profits in very many cases.

Where any particular customer cultivation plan fails to stand up under a close audit as a profitable investment, I think it should be dropped but I deny that banks which have adopted proper plans are dropping them or could be induced to drop them. They are good business. They pay.

Of course, when the customer stops coming near us as often as once every sixty days, those inside communication systems become inoperative and we must seek another form of communication that will bring him back within their sphere of influence.

What communication system is the cheapest and at the same time the most effective — personal calls, telephone calls, direct mailings, newspapers, street cars, bill boards?

Effectiveness per contact is at a maximum in personal calls, cost per contact is at a minimum in bill boards. The two extremes meet at use of the mails.

How to Meet Difficulties

But there are difficulties—

Q. How shall we get correct addresses of depositors?

A. The same way you get correct addresses of borrowers. Ask for them. Hunt for them. And when it becomes unprofitable to hunt for them further forget about them. As a matter of fact the address problem is only acute in banks which have neglected depositors for a long time. Your newest depositors are your best prospects for cultivation anyhow. One mailing will show what addresses you do not know. One directory reference will show those you cannot find profitably. After that it is best to forget the unreachable customer and concentrate on the ones that the postman can get to.

Q. How prepare a mailing list?

A. The ABC audit will make you one automatically if you carry addresses on your ledger cards. Otherwise the "A," "B," and "C" can be quickly transferred to your signature cards.

Q. How manage the clerical work of addressing and mailing?

A. Don't try to do it all on any one day. Divide it into twenty parts and mail every day of the month except Saturdays and Sundays.

Q. Two-cent stamps or one-cent stamps?

A. Two cent stamps are better, but I do not find that results prove them twice as good. A corner line on the envelope reading "Return postage guaranteed" will bring back the pieces that carry wrong addresses just as well as a pink stamp. Let me add that depositors do not seem to react as well to mailing permits or mailing stamps as they do to Government stamped envelopes.

Frequency of Mailing

Q. How often ought mail to go to any one depositor?

A. How often do you want him to come to the bank and how often can you reasonably expect him to come? The ideal savings depositor is the monthly depositor. Saving is or ought to be, a monthly urge. It goes with the fixed overhead of life and the overwhelming majority of people handle their fixed overhead on a monthly basis. Rent, gas, electric light, installment payments—all happen twelve times a year. Twelve times a year the man and woman whose names are on our savings pass books say to themselves or to each other, "Why can't we get ahead faster?" And twelve times a year we should remind them that those same pass books are the best answer to the question.

Final question on the communication phase—Shall we use printed communications or facsimiles of typewritten letters?

Answer (as far as I have been able to work out an answer):

Either method is good provided it be well carried out.

Facsimile letters are effective if each one is a faultless copy—perfectly duplicated, perfectly filled in with the recipient's name and address and title, perfectly signed with a genuine pen.

High grade printed matter, illustrated in colors from high-grade art work, and well printed on good paper is effective also.

The letters cost more, unless carelessly produced, and on large lists the proper care in production is difficult at any price.

The Union Trust Company of Cleveland tried four different periods and vehicles on four exactly similar lists of inactive depositors with the following results:

Twelve printed messages mailed monthly increased balances 128 per cent.

Twelve printed messages mailed twice a month increased balances 101 per cent.

Twelve letters mailed monthly increased balances 101 per cent.

Twelve letters mailed twice a month increased balances 105 per cent.

So you see there was really very little difference in effectiveness between the four systems, though effectiveness per dollar of cost was probably highest for the first group.

The Educational Phase

As a matter of fact, what we say is bound to be more important than how we say it. Which brings me to the last phase of the subject—the educational phase.

Messages to savings depositors have erred, I think, in being 90 per cent. inspirational, 9 per cent. factual and only 1 per cent. educational in bank use.

To my mind this proportion should be reversed. Such messages should be 9 per cent. inspirational, 1 per cent. factual and 90 per cent. educational in the real use and purposes of a bank account.

If we were selling straw hats we would not waste time on proving that a covering for the head prevents colds and avoids ridicule. Nor would we waste much time in proving that all well dressed men wear straw hats in summer.

Why should we urge thrift as an abstract virtue and why should we reiterate examples of wealthy men who practiced it in their days of poverty?

Better far show the depositor that his bank account can be "an ever present help" in his daily existence. Better far relate that bank account to his human desires for a happier wife, a brighter home, a better educated brood of children, a hundred lasting comforts that can be his if he uses his bank account to turn useless little spendings into bigger and more powerful sums of ready cash.

Does it pay? It certainly does. I could give hundreds of examples, but here is the most careful analysis of a customer cultivation I have found so far. It is based on just two communications sent to an inactive list of 984 depositors by F. M. Kulp of the National Exchange Bank of Roanoke, Virginia.

Note that within two months he had gotten nearly \$2 in deposits for every

cent of cost and that 25 per cent. of the depositors appealed to had already begun to respond. Note also that the reductions in balances which cut his net gain were reductions that would, in his opinion, have happened anyhow, owing to removals, illnesses, debts due and the like.

Here is a summary of his figures:

THE RESULTS TABULATED BY CLASSES

\$1 to \$50	
Number of accounts reached	382
Number of accounts depositing	45
Number of accounts closed	34
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Total number of accounts responding....	79
Percentage of accounts responding.....	21
New balance on accounts showing positive response	\$ 2,657.25
Original balance on above.....	842.73
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Gain in deposits	1,814.52
Less amount of closed accounts	656.71
<hr/>	
Net gain in deposits	\$ 1,157.81
Average balance after mailing on accounts showing positive action.....	\$ 59.05
Average balance before mailing on accounts showing positive action	18.72
<hr/>	
Gain per increasing account.....	\$ 40.33
Loss per decreasing account	19.31
Net gain per cultivated account.....	3.03
<hr/>	
\$51 to \$100	
Number of accounts reached	115
Number of accounts depositing	26
Number of accounts closed	15
<hr/>	
Total number of accounts responding....	41
Percentage of accounts responding	36
New balance on accounts showing positive response	\$ 6,190.15
Original balance on above	1,916.82
<hr/>	
Gain in deposits	4,273.33
Less amount of closed accounts.....	1,131.94
<hr/>	
Net gain in deposits	3,141.39
Average balance after mailing on accounts showing positive action	\$ 238.08
Average balance before mailing on accounts showing positive action	73.72
<hr/>	
Gain per increasing account	\$ 164.36
Loss per decreasing account.....	74.46
Net gain per cultivated account.....	27.31
<hr/>	
\$101 to \$200	
Number of accounts reached	204
Number of accounts depositing	36
Number of accounts closed	11
<hr/>	
Total number of accounts responding....	47
Percentage of accounts responding.....	23
New balance on accounts showing positive response	\$ 8,838.94
Original balance on above	5,125.51
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Gain in deposits	\$ 3,713.43
Less amount of closed accounts	1,542.12
Net gain in deposits	\$ 2,171.31
Average balance after mailing on accounts showing positive action	\$ 245.53
Average balance before mailing on accounts showing positive action	142.37
<hr/>	
Gain per increasing account.....	\$ 103.16
Loss per decreasing account.....	140.19
Net gain per cultivated account.....	10.64

\$201 to \$300	
Number of accounts reached.....	110
Number of accounts depositing	26
Number of accounts closed	8
<hr/>	
Total number of accounts responding....	34
Percentage of accounts responding.....	31
New balance on accounts showing positive response	\$11,146.26
Original balance on above	6,213.51
<hr/>	
Gain in deposits	\$ 4,933.75
Less amount of closed accounts	2,023.77
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Net gain in deposits	\$ 2,909.98
Average balance after mailing on accounts showing positive action.....	\$ 428.70
Average balance before mailing on accounts showing positive action	238.94
Gain per increasing account	\$ 189.76
Loss per decreasing account	252.97
Net gain per cultivated account.....	26.45

\$301 to \$400	
Number of accounts reached	69
Number of accounts depositing	11
Number of accounts closed	5
<hr/>	
Total number of accounts responding....	16
Percentage of accounts responding.....	23
New balance on accounts showing positive response	\$ 4,351.05
Original balance on above	3,795.73
<hr/>	
Gain in deposits	\$ 555.32
Less amount of closed accounts	1,637.07
Net loss in deposits	\$ 1,081.75
Average balance after mailing on accounts showing positive action	\$ 395.55
Average balance before mailing on accounts showing positive action	\$ 345.07
Gain per increasing account.....	\$ 50.48
Loss per decreasing account	\$ 327.41
Net loss per cultivated account.....	\$ 15.69

\$401 to \$500	
Number of accounts reached	54
Number of accounts depositing	12
Number of accounts closed	3
<hr/>	
Total number of accounts responding....	15
Percentage of accounts responding	28
New balance on accounts showing positive response	\$11,231.58
Original balance on above.....	4,976.63
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Gain in deposits	\$ 6,254.95
Less amount of closed accounts	469.75
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Net gain in deposits	\$ 5,785.20
Average balance after mailing on accounts showing positive action	\$ 935.96
Average balance before mailing on accounts showing positive action	\$ 414.71
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Gain per increasing account	\$ 521.25
Loss per decreasing account	\$ 156.56
Net gain per cultivated account.....	\$ 107.32

Summary	
Number of accounts reached	934
Number of accounts depositing	156
Number of accounts closed	76
Number of accounts responding	232
Percentage of accounts responding	25
<hr/>	
New balance on accounts showing positive response	\$44,415.23
Original balance on above	23,049.95
<hr/>	
Gain in deposits	\$21,365.28
Less amount of closed accounts.....	7,461.36
<hr/>	
Net gain in deposits	\$13,903.92

Average balance after mailing on accounts showing positive action	\$ 284.71
Average balance before mailing on accounts showing positive action	\$ 147.75
Gain per increasing account	\$ 136.96
Loss per decreasing account	\$ 98.17
Net gain per cultivated account	\$ 14.78
Cost per cultivated account	\$.08736

Of the accounts responding favorably:

65 per cent. had been dormant 6 months-1 year.
15 per cent. had been dormant 1 year-2 years.
10 per cent. had been dormant 2 years-3 years.
5 per cent. had been dormant 3 years-4 years.
1 per cent. had been dormant 4 years-5 years.
1 per cent. had been dormant over 5 years.

Frequency of Deposits Most Important Factor

Summarizing the whole discussion, we must realize that the value of a savings department to the depositor and

bank-stockholder alike depends ultimately on *frequency of deposits per average customer.*

Only the one man in a thousand ever gets a windfall of cash and it only happens to that one man once in a lifetime.

If we want to justify the plans in which we invest our money for securing new depositors, if we want to justify our claim that a savings account will really benefit its owner, if we want to justify the savings bank as a genuine servant of the whole community, we cannot avoid the duty of making each depositor a steady user of his bank.



Encouraging Thrift Among Railway Workers

THE extent to which the Provident and Loan Association of Pennsylvania Railroad Employees has encouraged thrift and saving among the working forces of the railroad is revealed in the figures now being assembled for the association's annual report for 1924. This was the first full calendar year of the association's operation.

The association's membership at the close of the year had risen to 39,663, a gain in twelve months of 24,394. At the beginning of 1925 approximately one employee in every five on the company's pay-rolls was participating in the stock purchasing, savings, increased pension, home-buying, or loan features of the association.

Up to December 31, 1924, a total of 44,528 shares of Pennsylvania Railroad Company's stock had been bought for employees through the association, a gain during the year of 31,587 shares. Altogether 11,165 employees were enrolled as purchasers of Pennsylvania Railroad stock and other securities of the system, through the association.

The deposits in the savings fund de-

partment of the association, at the close of 1924, totaled \$5,071,821, a gain during the year of \$868,319. The number of members holding savings fund accounts in the association was 27,730.

Opportunity to obtain increased pensions upon retirement, through the systematic setting aside of small monthly deposits, was being taken advantage of by 768 members.

There were 420 members purchasing their homes through the association, and the amount of building loans authorized for this purpose amounted to \$1,822,594.

The Pennsylvania Railroad Employees' Provident and Loan Association was organized in July, 1923, as a co-operative activity of the officers and employees who constitute the members. It has the sanction and approval of the company's management, but the responsibility for its success is in the hands of its members and the company does not guarantee its results financially. Participation is entirely voluntary on the part of every employee.

The Trust Department in a Small Community

By John Allen

This article confines its attention to Mr. Allen's experiences as trust officer of a national bank over a period of five years in a community of approximately 80,000. The article comprises extracts from an address delivered by Mr. Allen before the recent trust departments' conference held in Chicago.—THE EDITOR.

THE month of July, 1920, found The Citizens National Bank of Decatur with a duly organized and regularly qualified trust department having all the powers of a separate trust company but with no experience and no work in process, nor any in prospect. No generally accepted system of records or procedure seemed available. No customers had presented themselves. No wills, trust instruments, decrees or other instruments of authority naming the bank as fiduciary, were in operation, nor had any been drawn calling for the ultimate service of our department. For weeks and months there seemed to be little need of our services. We began a campaign of personal contact, trying to interest those who might at some time have need of such efforts as we had in contemplation. Every casual inquiry and expression of friendship was made the basis of as elaborate an explanation as our listeners were willing to receive. We found men who contemplated leaving trust estates in the hands of a corporate trustee, eager for further explanation. Here we found our best method of advertising to be in the manner in which we handled estates already entrusted to our care. They were watching us, intently watching our method of handling estates, and the manner in which we were achieving success with the individual estate. We came to know that a man might speculate *himself* in the making of money, but yet not believe that by speculation could his estate be conserved.

Finally through the courtesy of our county court we were made the guardian

of a little colored lad who was to receive from the Government war risk insurance which had been carried by his father and which was payable to him in small monthly installments. This was our first business, and never did a guardianship receive closer attention.

We then conceived the notion that an opportunity existed within our own institution. The bank was the owner of an office building in which its banking house was located. Surely if our own bank should not trust us with the custody and operation of its own property, outsiders would hesitate. The building had been run, after a fashion, by one of the tenants, who had not been particularly successful in its management. With the consent of the directors we took over the management of the building and by improving the service, guarding against waste and raising the rents, we have tripled the net earnings and guarded the profit so that a large portion of it has gone to reduce the mortgage indebtedness, thus reducing expenses of future operation. This bit of business brought us in direct personal contact with the tenants, and attracted the attention of owners of other buildings, who have watched our methods and results and have occasionally acted upon their conclusions.

It had been the practice of the bank to provide some of its customers with real estate mortgage securities, but this matter had been conducted in a dilatory fashion. The possibilities of this situation seemed to offer further outlet for our otherwise little occupied energies. We began to make quite a number of conservative loans and, aided by a temporary lack of other first class investments, we were able to dispose of all of the mortgages we could make. This operation has netted quite a substantial

amount in the way of commissions. Beyond the commissions charged we have profited largely by the contact thus formed with investors of funds who have learned to lean upon our judgment and some of whom have prepared wills or left estates subject to our supervision.

Our experience proves conclusively that formal advertising is of little avail compared with the publicity gained through work honestly and diligently done and successful results attained.

Counselling Beneficiaries

We make every effort to keep in close touch with the beneficiaries after the estate has been closed, having a twofold reason. First, they generally prove an asset to the bank. Second, we feel a moral responsibility. Take as an instance a woman left with considerable money. She lacks experience in the matter of investments and is untrained in practical business. There are many unscrupulous bond and stock dealers who promise greater returns than can be realized from sound investments. In such a case we very seldom recommend anything except real estate mortgages or Government bonds. Occasionally we approve of the purchase of a home. We are able to list a few of that character of persons who rely absolutely upon the advice given. An official of the American Bankers Association has very properly said "To accept trust work and be unable to handle it satisfactorily, is far worse than to avoid it entirely." Our work must be based upon conservative judgment. If we, in the handling of other folks' business, speculate with grain on hand or with the securities markets, we will quickly lose the confidence and interest of even those persons who in the management of their own affairs do not practice conservatism. If we implant in the minds of prospective customers and the public a conviction that we are sound in our work and in our judgment, they will come to us for our advice and to a large extent follow our

suggestions. The more they lean on us the more likely we are to receive their business.

The corporate fiduciary, instead of minimizing or eliminating the personal element, has concentrated the critical attention of all those in need of someone to carry-on when they themselves falter. Confidence in the financial institution leads the prospective customer to the trust officer's desk, but only personality can induce a second visit. Knowledge that administration technicalities will not be seriously blocked by death of any one person is comforting to the customer, but the incidents of corporate existence fall off like shells in the heat of individual contact. The mass of business lends experience to the man in charge and tempers by exposing him to the exactions of many different dispositions and necessities.

Importance of Individuality

Character and capacity outrank the more remote elements of form and durability. Confidence in the institution must be supported by trust in the man. The importance of individuality increases in direct proportion to the smallness of the community. A slight mistake or error in judgment filters far in local gossip. Direct attention and action must suffice in the village, where special experts may be delegated to do particular tasks in the city. To manage a farm, operate a drug store, invest funds, advise a widow, act as landlord, keep innumerable accounts, satisfy courts; these and a multitude of other duties call for the maximum of capacity, patience and courage.

A trust business can be nurtured gradually to its maturity, but it may be dissipated in a day. In a small locality the leader of the trust department must be brought up slowly and painstakingly to his task. He must have learned to partake of the joys and successes of his fellows and to share with genuine uncommercialized sympathy their fears and sorrows. He must be one of the

family whose responsibilities he is called to assume. He must be near enough to understand and be understood, yet far enough to guide and advise. To serve properly he must be interested in his task as well as able to accomplish it. A harsh indifference on the part of the administrator may easily break up a family or precipitate serious litigation. Yet, the guardian must have the foresight to say "No" to his wayward ward; the executor must in turn restrain a grasping child or an indulgent mother. No work is too difficult, no test of character is too severe to fall within the qualifications of a successful personality of the trust department.

What the Human Touch Will Do

An old man presents himself at the desk and passes the time of day. You have known him since you were a child and you recall some success or failure on his part that has been imprinted with disproportionate clearness upon your memory of childhood. You notice the deepening lines in his face and a slight stoop in his carriage and you are struck with the thought that the strong man of your memory is a little crumpled from the passing years. Ordinarily in the rush of your work you would nod and forget, but today you have a moment of leisure; you shake his hand and recall a fragment of his yesterdays. He passes on and others take his place. A year passes and he comes back; illness has temporarily prevented him from collecting rents from his three or four little properties; he asks you to help him out while he seeks relief in less variable climate. On his return he writes a will naming your bank as executor. Mere courtesy and interest have welded another customer to your department.

Early in my experience a local man, whose accumulations had been quiet and gradual but more ample than I then suspected, came to induce me to invest in some graphite stock. I told him bluntly that I could not invest in such

securities. I feared I had lost a customer for the bank, and expected to have him avoid me, but much to my surprise, he began to buy mortgages I had taken, and on his death the bank as his executor found a big estate made up largely of securities he had purchased from our department.

Sturdy character and proper business methods often simplify the solution of the most complicated estates. I recall an estate in which all conceivable complexities seemed to harass our department: dangerously encumbered, though abundant assets; desire by beneficiaries for the glories and publicity of litigation; extravagant habits of the heirs, and other difficulties, including religious issues, converged to jeopardize the estate. A maze of law-suits showered. Delay would destroy the substantial equities, but all contestants made each issue an affair of personal honor. Preservation of the trust seemed impossible. However, we slowly began to build up our defense. We converted the form of the most hazardous properties, removing much of the ravenous overhead. We made friends with the more peaceful heirs and operated the properties in such a manner that, aided by good weather and rising price, we poured into the estate an income past all expectations. Prosperity mellowed the fighting spirits, and within a safe time we procured an amicable settlement. For the attraction of business, therefore, the trust department must do some broadcast advertising, but must rely almost entirely upon personal contacts and services, and upon the results that follow with slow certainty the creation of confidence in the bank and trust in the integrity, capacity and advice of the trust officer and those acting with him.

The Problem of Records and Accounts

Having attracted more or less trust business, the first problem presented to the organizer of a trust department is that of records and accounts. If there is any plan that I would seriously urge

upon your attention it is that of adequate and uniform systems of records and accounts on the part of all trust companies and trust departments operated at least within the particular state and preferably generally throughout the country. Interest must be collected promptly and dividends must be obtained. Conversion of one class of securities into another is often ordered and must be promptly executed. Disposition of the securities in kind or for cash is constantly required, necessitating formal assignments and transfers which sometimes involve considerable formalities in obtaining waivers of inheritance taxes and the like in the various states in which the transfers must be made. It is necessary from time to time to obtain first class securities for the investment of the funds on hand in any given estate, so that the trust officer must be in constant contact with the market for such securities. It is expected by every beneficiary that all funds, held by the department, shall earn a fair amount of interest at all times. Idle funds held for any considerable period always invoke criticism.

Any person connected with a substantial trust business is convinced of the absolute need for methods and records providing for the constant insuring of buildings, grain and the like against loss by fire or other casualty as well as for the protection of the particular pieces of property from penalties or sales for taxes and other liens and obligations. It is easy for a trust officer having in charge innumerable pieces of real estate and the operation of the same, to overlook the payment of taxes upon any particular tract unless his records automatically protect him against such neglect. In recent years inheritance taxes and income taxes comprise a large portion of the troubles of the manager of an estate, fair appraisements must be insisted upon, proper claims for abatement or refund must be made and followed up for the protection of the estate, intricate analysis of the operation of business under one's supervision

is necessary as a basis for income tax returns. In these cases the trust officer must often serve as lawyer, expert accountant and litigant at the same time.

Estates, like individuals, often become land poor, or otherwise embarrassed. The judicious support of such estates must be secured by the trust officer from those in charge of the commercial department of the bank. This is one great advantage of the operation of a trust department in connection with the other services of a bank, for in such case the bank knows, or is easily able to obtain full and accurate information as to the assets and liabilities of the estate and its qualifications for credit. On the other hand, this close connection has the disadvantage to the bank in that its desire to support the trust department may cause it to loan or advance amounts which may ultimately inconvenience the bank and its other customers.

The Trust Department and the Lawyer

The relationship of the trust department to the lawyer is of supreme importance. Lawyers generally are convinced that trust companies and departments are practicing law and depriving them of their livelihood. This, no doubt, is true to the extent that it deprives the lawyer of the privilege formerly exercised of really being executor as well as attorney for the estate. Yet, if the trust department acts constantly with a careful regard for the lawyer's real function, it will relieve the lawyer of a great deal of the detailed burden of an estate and leave to him all the legal details and relationships involved. The bank should not make a general practice of drawing wills, preparing deeds and other instruments which by their nature are considered by the lawyer to be within his particular province. In this manner through the careful observance of the line between the fields of action of the lawyer and of the trust department a different feeling may ultimately develop on the part of the attorney. It is certainly the case at the

present time that the lawyer diverts from trust companies whatever business is within his power to allot. Our practice has always been to employ the attorney who brings the particular business to us. At times it is necessary for us to check their advice by referring particular questions to our own attorneys, but we endeavor to follow the line of action worked out by the particular lawyer originally connected with the matter. The objection of lawyers to this custom is that it does not go far enough, that is to say, the business is not distributed among the lawyers except in cases where the attorney actually brings the business to the bank. This criticism seems unanswerable but yet without remedy, for it is not human nature to employ strangers whose ability and methods are more or less unknown or unfamiliar, when the trusted attorney of the department is available and ready to receive all business not otherwise appropriated.

The attitude of the courts toward trust departments at the present time is not as favorable as might be desired. There is a tendency on the part of judges to feel that all the trust department does is to receive and pay out funds and that it derives considerable benefit from the possession of the funds in the meanwhile. No credit is ordinarily given for the many problems and labors involved in the management of the estate. The result, of course, is that the courts are inclined to cut the fees charged by the bank and to avoid voluntary appointments of banks to fiduciary capacities. We believe that continued experience will reverse the attitude of the courts to the very great advantage of the trust departments.

What Five Years of Operation Have Shown

We take no particular pride in our past record in the administration of our

department, and sincerely hope that the business, earnings and efficiency will increase greatly in the future. We present the amount of earnings merely that comparative figures may be available. In the first year we earned practically nothing. At the end of the first four years, our total net earnings amounted to \$15,800. In the fifth year, 1924, our net earnings were \$10,041. We find the value of the assets of estates now on hand amounts to nearly \$1,000,000. There are thirty-nine estates as well as a large volume of minor business. Much of this business yields but small returns, but with the use of only a trust officer and one clerk, we are able to render services to the customers of the bank greatly in excess of that shown by the actual earnings of our department. In our city there are three trust companies and two national banks operating trust departments. Each is inclined to charge minimum fees in order to build up and organize its own business in the competitive field.

The trust department of the small community, organized, as it is, primarily to assist the active commercial life and activity of the bank, rendering service gratuitously and otherwise to the customers of the bank, maintaining the best possible relationship with courts, lawyers, co-trustees, beneficiaries and general customers, keeping accurate records and accounts, carefully and systematically handling securities and properties committed to its charge, operating its trust business conservatively and attempting to attract business and build up its functions in a capable, honest, painstaking way, creating confidence in the department and in the bank, primarily by the results apparent from work well done, seems in the short period of its existence to have earned for itself a permanent and important place in the regular operation of the bank and indicates that it will render substantial profit to the institution.



Bank Filing

By L. L. Davis

Manager Bank Service Department, Library Bureau

DECIDED progress has been made by banks during the past few years in solving the problem of filing the vast number of papers and records that accumulate. Correct filing today has been reduced to an exact science and no longer are wise bankers content to have the newest office boy or an untrained girl file important records. Progressive financial institutions have come to realize the value and necessity of a filing system which will produce instantly any desired paper.

Such a system is best obtained by the organization of a central filing department. This simply means that all papers and records are filed in one central place under the responsibility of an operator trained for the work. Bankers today, appreciating the economy and importance of it, are providing in their plans for new buildings for the organization of a central filing department, setting aside an entire floor, or part of it, for that purpose. Even the smallest banks find it to their advantage to assign space for centralized filing, where the part time services of a clerk may be utilized to file all of the papers for one year in a four drawer file.

Officials are discovering more and more that no single department, or lack of it, can cause such a great loss of valuable time on the part of clerks and themselves too. It is difficult to conceive of a modern banker losing precious minutes each day waiting for his secretary or the file clerk to locate a much needed paper. Many officials never appreciate the handicaps under which they are endeavoring to do their work, due to the fact that they have grown up in the bank without the real help and service of a properly organized central filing department. They have been too busy to take up the question of an adequate

filing system and are wasting hours of time while they wait for someone to hunt up letters, papers, documents, reports and information. Many times the paper wanted is on the desk of another official or in some departmental file.

Many Banks Slow to Adopt Newer Ideas

It is a far cry from the former crude, inadequate, hopeless methods of filing papers to the up-to-date, properly organized central filing department, with a trained operator as chief file executive, responsible for the entire work of filing and unfiled. Yet many banks have been slow to adopt the newer ideas which have proved to be valuable. Until recently the largest bank in a certain state used for their filing cases, wooden boxes with slots cut in the ends. They were arranged on shelves, and an elderly man poked the papers through the slots. It was contended that by this method they were securing adequate filing at a minimum cost; but they did not realize that while the elderly file clerk could file all the papers easily, frequently as many as fifteen clerks and junior officers were busy trying to unfile them in their effort to find a particular letter or record.

The filing system in one bank until recently consisted of a wire on which all papers were strung. When the wire was filled it was taken to the basement and one end bent around a nail in the wall. All papers had been saved since the bank was founded, nearly 100 years ago. The appearance of that basement did not compare unfavorably with an Italian peasant's hut, filled with strings of garlic hanging from the rafters.

Other banks, having filled all available filing space, have been known to pile bundles of paper on the floor in the attic or basement, where vermin soon

found a home. Others have filled large packing cases with bundles of papers, making it necessary for clerks often to spend weeks searching through the bundles for a particular paper that has suddenly acquired real importance.

Time Wasted in Folding Papers

Too long have banks practiced false economy by folding papers and securities into document sizes. Few have realized the great amount of time wasted, first in folding them, then in unfolding them each time a reference is made. Auditors and examiners appreciate the advantages of keeping papers and securities in vertical files, unfolded. Usually the contents of thirty-six document size files can be opened out and filed in four legal or correspondence size drawers. The convenience of filing, auditing and referring to vertically filed papers cannot be compared with the burden of handling papers folded document size. Many banks and financial institutions have spent thousands of dollars to enlarge their vaults and buildings in order that they may provide additional space for document files, when by the adoption of vertical filing they could have doubled the capacity of the old vault.

What are the requisites of a properly organized central filing department? Proper study should be given to its location. Good lighting and communication systems are essential. A particularly important factor is the personnel, for here is the neck of the bottle, especially in a large bank where several file operators are required. Even centralized filing cannot give satisfaction unless a competent file executive is in complete charge. This fixes responsibility. The smallest bank needs and can have centralized filing, just as can the largest, by having all papers filed by one person in one file.

Then to make the department serve the purpose for which it was organized, and not to defeat that very purpose, the proper filing systems for the various

records must be installed. Very few bankers can qualify as filing experts; therefore the services of an expert should be secured.

After the department is operating with the right systems, equipment, and personnel, the next essential is the co-operation of the officials and employees. No filing department can properly serve if it does not receive it.

Delay in Sending Papers to File

The efficiency of many filing departments has been destroyed because some official intentionally or unintentionally fails to send papers to the file, persisting in keeping them in his desk. Meanwhile the same papers may be wanted by other officials, and when they cannot be located, or a record of them found, the filing department is condemned. Had the papers ever been in the file, a record would have been made, charging them to the person removing them from the file room.

Efficient filing systems have been discarded in some banks because officials sometimes insist on personally trying to locate papers in the files. Perhaps the guiding arrangement is different from some inefficient, antiquated vowel system with which they have been familiar; they cannot locate the papers they want, and the system is condemned.

Proper protection from fire, theft, and unauthorized reference is a problem which requires careful thought. Which papers demand vault protection and which can be destroyed, or filed in cheap transfer cases in the storage room? Banks too often give unwarranted protection to some papers and no protection at all to valuable records. Such a condition parallels the case of the banker who insists on a bound book system for recording loans and then permits the notes to be kept in a canvas wallet or other inadequate housing. Where this condition exists the banker has never realized that all of the records could be destroyed; yet if the notes were protected, a complete new record of open

accounts could be made up from the notes.

It is not unusual to see a bank vault filled with records that are many years old, such as journal sheets, scratchers, postal card acknowledgments, advices, etc. In the same banks you may frequently find very valuable records filed in pasteboard boxes on wood shelves along an open passage next to the boiler room.

Advantages of an Organized Central Filing Department

Much has been said of the pitfalls which lie in the path of the unwary banker who has been unable to see the problem of bank filing from all angles. What of the advantages of an organized central filing department? Centralized filing gives the best service, and actually at a lower cost than departmental filing. Papers in the central filing department, instead of each individual department of the bank, are available for all officials as the occasion may arise. Endless delay, needless expense, and great waste of time are eliminated.

Fixed responsibility in the person of a chief file executive makes for greater efficiency in the bank. The responsibilities of all officials are definitely fixed.

Why shouldn't the same principle be applied to the filing of the bank's important papers?

One bank in a large city has just twice as many file clerks for each 10,000 papers filed as another bank in the same city. Yet the second bank gets better service from its filing department than the first bank. The reason? The first bank has a system requiring the transcription of subject information from the letter or paper to a card index. The system in the second bank codes the papers to prevent misfiling, after which they are filed quickly and accurately in a special alphabetic arrangement.

Officials of banks which have a modern central filing department find it difficult to believe that they ever got along without it. The president of a very large bank has found his new central filing department operating so efficiently that he now considers it the model department of the bank and with great pride shows it to visitors. As a result, many of them have immediately taken steps to organize a similar department in their own bank.

Bank officials can well afford to investigate the problem of filing in their bank and then plan for the adoption of an efficient, well equipped central filing department. It will pay big dividends.

I have never had time, not even five minutes, to be tempted to do anything against the moral law, the civil law, or any law whatever. If I were to hazard a guess as to what young people should do to avoid temptation, it would be to get a job and work at it so hard that temptation would not exist for them.—*Thomas A. Edison.*



He had been startled out of his reverie by the unexpected sound of a voice—nor was it an ordinary voice

Change

The Strange Experience of G. Hatfield, Publicity Manager

By Osborn Fort Hevener

Illustrations by Burris Jenkins, Jr.

Here lies a frigid man whom men deplore,
A presence concentrated in a frame,
A full length portrait of the flesh of yore—
—*Kreymborg.*

G. HATFIELD stirred. Then his feet slid off the flat-top desk with a jerk. Dust arose from the thick Persian carpet of the board-room. Hatfield, publicity director of the Metropolitan National Bank, had been startled out of his reverie by the

unexpected sound of a voice. Nor was it an ordinary voice that G. Hatfield heard as he sat in his temporary office somewhat past the usual home-going hour on a certain night not long ago. It had the timbre of age; the falter of a person uncertain of himself. Yet the quality of the sound did not startle him as much as the fact that he had heard it at all, for the last clerk had bid him good night a half hour ago; moreover,

it was 6.30 o'clock and past the time he might expect an errant solicitor to bother him with his call.

Hatfield tried in vain to convince himself that he had been dozing and chided himself for his foolishness. He walked the length of the spacious director's room, stepped for a moment into the outer office, glanced carefully around, and, having satisfied his perturbed self that he was alone, returned to his swivel chair. Where could the voice have come from? He had had an exceedingly busy day and possibly his nerves had given away for a moment. Late to bed the night before, preparation that day of extensive newspaper publicity about the new building and a formal meeting of the advertising committee of the bank had fatigued him, causing an overpowering drowsiness. Yet of the sound of a voice he was certain.

* * * *

Hatfield fell to musing as to the color of his thoughts when he had first heard the sounds. His painstaking survey of the conservative furnishings of the historic board room yielded nothing above, or moving, that might have caused the slightest disturbance. Only the heavy plush draperies which snugly fitted the high dormer windows fluttered ever so slightly as occasional wisps of air caught them, lazily. Then his eyes flitted upon the row of oil paintings which hung just above the moulding rack that a century ago had served as a fixture to support the cumbersome kerosene lamps. Such was the illumination provided for meetings of the Metropolitan National Bank at that hoary date.

There was a canvas for every deceased president, accounting for six frames. Nathan Holder, the first president of the bank, gazed benignly down at the young advertising man, as if to importune the three graces in his behalf. In the opposite corner, Zachariah Robotham, his head held high over the then fashionable stock collar, and with chest front hidden by the flowing white

tie stylish in the days of the witch and whipping block, centered his limpid blue eyes upon the nervous figure crouching over the advertising desk. For Hatfield now had cause to be unstrung. He had heard the uncanny voice again. It was coming from the lips of Jay Bradford, second president of the venerable institution, and the Napoleonic hauteur of the countenance which hung suspended in the frame exactly in front of G. Hatfield's desk, seemed to flash fire with every word.

* * * *

Scarcely could the publicity director believe his ears as the financial captain of 1825 spat invective upon his frightened senses.

"I am the spokesman of the olden-time banker, young man, and you, who must listen to me carefully, are to hear me mercilessly describe the innumerable sins of the new generation of financial men; men whom I do not understand, nor moreover, whom I do not care to understand, with their undignified methods of approaching the client and their prattle about the banking service which, in my time, God bless it, was within the province of every moderate, reputable man who had need of such service and came after it. Then we waited in a circumspect fashion for our merchants to find us; if they came it was because they really wanted us—if they stayed away from the banking house, our cashiers felt that it was because it was to be so. Never a suggestion was there of business under duress, of embarrassing solicitation to give us more trade, of the cudgel which publicists of your age hold over the head of every man, woman and child likely ever to have a goodly sum. I speak out of an age that recognized the high calling of the counting house, realized the importance of the profession, that never stooped to pick up the silver piece of the fallen victim of clever advertising—out of an age that looks with scorn upon methods of promotion which, everywhere, I seem now to find. Even my old



Napoleon used Nineteenth Century methods and got Nineteenth Century results. You old bankers are Napoleons—but this is the Twentieth Century

bank, alas, has succumbed to the siren of aggressiveness. Look, my fellows also mourn!"

Spattering drops lightly striking the hardwood floor caused the excited Hatfield to divert his riveted stare for a brief moment. Incredulously he watched large salty tears slowly drip from the soft hued eyes of the other faces painted on the canvases. The first president, Nathan Holder, and all of Bradford's four successors were silently crying.

Never before had G. Hatfield felt the weight of oppressive woe as at this minute. He berated the turn of fate that had kept him here in the board room until this late hour. And if he hadn't been put out of his own office, due to the advent of the new building, he wouldn't have been within the purview of these talking oil paintings. There! Jay Bradford, age-old banker, was again adjuring him for his digression.

"My tears are for the bank which

once I headed and for the brother institutions that have fallen into such vulgar ways. What has brought this change about? Tell me, my dear young man, what office you hold in this institution; is it the books which concern you, is it the keeping of the safe and valuables or do you assist the cashier in his tedious daily toil?"

G. Hatfield found words, but they sounded strangely in his own ears as if the passage over his dry throat prevented their outlet. "I am the advertising director of this institution."

For a moment there was stillness and then the voice of Jay Bradford. "Have I been transplanted onto the wall of some public institution, that you sit there before men and tell of such a capacity? What means an advertising director in a bank?"

* * * *

Just then a whisp of draughty air caused several papers of a magazine lying upon the director's table to turn. Significantly there blazed before them a center spread two page ad of the Metropolitan National Bank. The old banker's gaze was instantly drawn to it.

"Ah!" exclaimed Jay Bradford tearfully. "I see Exhibit A of testimony to prove that what was formerly good for circuses alone is now basely employed by once dignified organizations. Alas that my bank should have become a puppet of the public!"

Now G. Hatfield had risen. While Jay Bradford lapsed into a reflective silence, the advertising director strode the length of the long room several times. Six pairs of critical eyes kept pace with the march of G. Hatfield. They seemed to sense that Hatfield would speak.

"Gentlemen," said G. Hatfield, "I know how truly out of place I would have been 100 years ago—yea, but twenty-five years ago. If I had offered my services then in the capacity in which I now serve, I would have been jailed. Advertising was a vehicle for a meretricious merchant, the town crier

who knew the value of attention but had not yet learned the need of integrity to back the publicity which he gained. To go back even further—shortly after New York was sold for \$24 to a hard-headed syndicate by bead loving Indians; when the lower part of New York consisted of wood-crowned hills and grassy valleys; when 'Stadt Huys' was the City Hall and Broadway was known as Sheera street—there, you have a picture of a period when a banker's life was all ease and no worry.—There were no banks! And, in 1784, when the first bank was organized under Alexander Hamilton's leadership, the troubles of the financier were still personal hardships only. Business came easily. The single bank may not have been efficient, a quality which we take for granted as existing in the successful institutions of today, but the monopoly was complete. And so the proprietors were serene and undisturbed until there came the day when another bank was formed." G. Hatfield said this last with a certain significant emphasis, and paused for a moment to note the effect on the talking oils suspended from the board room moulding.

"And what happened?" he continued. "The depositors, the loan seekers, the all important gold hoarders, the interest on whose money meant financial support to the banker, no longer came *en masse* to Institution No. 1. Bank Number 1 was facing and realizing competition for the first time. The sinecure was a thing of the past. Bear in mind this little tableau; the single bank, the lack of competition, the blissful monopoly. Know you, sirs, that competition is the mother of advertising, and that the seed had been planted before even your respective times, although it has just begun to flower."

* * * *

G. Hatfield paused for a moment to note any impressions that might have been made upon his strange audience. Old Zachariah Robotham cleared his

throat and, as he did so, Hatfield imagined a crackling of paint.

"You say, young man, that competition is the mother of advertising. Pray tell me, what competition there can be in this small community, Manhattan. How many banks are there?"

"Four hundred and seventy-five," replied G. Hatfield. He was hardly prepared for the startled expression which leapt into his listeners' colorful eyes. "The deposits are \$10,000,000,000.

"You see, sirs, that amid the resultant confusion that follows the organization of so many financial institutions, there emerged a new semi-public institution. No bank in this time can stand by itself and term its organization self-sufficient. Its life depends upon the public. Banks today are practically public institutions. Officials must be trained in the intricacies of finance, be taught the meaning and vital importance of a trust, and realize the value to the public of the bankers' counsel. Then there are the lecherous promoters who parade their spurious stocks before the people. It is an act of guidance that banks have opened their doors to protect the moneys of the people."

G. Hatfield stood rooted in one spot

as the six frames trembled upon the wall. He felt his blows had been telling ones, and his glances toward the painted bankers confirmed his thoughts.

But he was not through. He must bring his argument to a crescendo. His fist came down upon the table.

"Napoleon waged his 19th century brand of warfare with great success. He used 19th century methods upon 19th century people, and got results. This is the 20th century and if even Napoleon, with all his tactical genius, should try his hand today, he would have to make his tactics conform to vastly changed conditions. You old time bankers with your century-old viewpoint are in the same position that Napoleon would be in if he tried to pit his Imperial Guards of 1812 against the machine gun, tank and airplane of today."

* * * *

"Hi, there, get out of this room!" A janitor can be very nasty to people who fall asleep in chairs and impede his cleansing progress, thought G. Hatfield.

Then the room received its nightly sweeping and the owl-like faces of Jay Bradford, Zachariah Robotham and the four original bankers their dusting.



Sam Jones Tries to Borrow \$500—Is Turned Down

THE following dialogue was written for the Committee of Public Education of the American Institute of Banking by George L. Kingdon, assistant cashier, First National Bank, Los Angeles, and P. R. Williams, cashier, Commercial National Bank, Los Angeles. The situation involves the attempt of one Sam Jones to borrow \$500 from a bank without success, and is intended to give information relative to the extension of credit by banks.

Good morning, Mr. Brown.

Good morning, Sam. How's the grocery business?

Business is good but collections are a little slow. In fact, Mr. Brown, that's why

I came this morning. Lending any money today?

Yes, we're making loans. But you say collections are slow. I thought you were running a cash business.

Well, I try to run a cash business but I found I had to give some credit.

How much do you want, Sam?

I'd like \$1000, but I guess I can get along with \$500, which I must have to make a payment on some real estate I bought.

What collateral have you?

I have no collateral, Mr. Brown, but the teller thought that if I showed you a financial statement I would not need collateral, and here's the statement. I've had an account in your bank for several years and I

have put in thousands of dollars as you can see by this pass book. Besides, I have net worth of over \$8000. I surely am good for \$500.

Now, wait a minute, Sam—let's see what our records show. By the way, Sam, you've been in business about two years, haven't you?

Yes, two years last October. You may remember that my uncle left me \$10,000 and I bought this grocery business with it.

Yes, I remember that very well, Sam. What you say about depositing thousands of dollars is true, but our records show that your average daily balance has been less than \$100, and your own figures on your statement show a balance of only \$25 in your account today. You probably don't realize that the collection of thousands of dollars worth of checks drawn on other banks and deposited by you has actually cost us considerable money. In fact, Sam, you have drawn checks against these deposits before we have had time to collect them.

Do you mean to say, Mr. Brown, that my account has not been profitable to you?

Well, Sam, we'll let you be the judge of that. The large number of items which you deposit each day entails a great deal of clerical work. The expense of printing and supplying you with check-books and deposit tickets and the cost of accounting because of the many checks you issue is also considerable.

You understand, Sam, that the bank's chief source of income is derived from the interest received on loans. Now suppose that your account with us had averaged exactly \$100 daily for the past year and we had loaned all of it at six per cent. without withholding the necessary reserve, the income for a year would be six dollars. Now, the actual cost to us of carrying your account has far exceeded that amount.

Well, supposing you're right about my account; since you're in the business of making loans and I have a good statement, I presume I shall have no trouble in getting this loan.

Well, Sam, let's examine this statement. According to your own figures, your net worth is now roughly \$8000 while at the time you bought this business two years ago, you were worth \$10,000, which indicates that either the business is not profitable or you are taking more out of the business than it justifies. Apparently, instead of progress-

ing you are losing ground. It would seem that possibly you are taking capital out of your business for speculative purposes as your statement shows that you own stock in the Bunkem Promotion Syndicate, the present value of which you believe to be \$1800, and which is \$2000 less than it actually cost you; that you also own stock in the Hokum Mining Company which you list at \$1200, but which actually cost you \$4000. This means that you have actually lost \$4800 in highly speculative stocks. As a matter of fact, Sam, I know something about those two concerns and I don't consider the stock worth anything.

We must therefore ignore this item in your statement, which reduces your net worth to about \$5700.

Your statement also shows an equity of \$2000 in vacant real estate which you have purchased on contract and which you may lose if you should be unable to meet the remaining payments.

You have also endorsed a \$2500 note as an accommodation for a friend, which you may have to pay if he does not.

Your current liabilities or debts that are coming due soon, are greater than the accounts due to be paid you in the future.

You have no insurance on your stock of groceries or on your household furniture and a fire might clean you out. You carry no life insurance which might be used in the event of your death, in paying what you owe.

All in all, you are in pretty bad shape financially and worse still, you do not seem to realize it.

Have you ever heard of the three C's of Credit, Sam?

No, sir. What are they?

They are CHARACTER, CAPITAL, and CAPACITY, Sam. You have the first, which is very important. You have a good character—one which would entitle you to credit if the other two C's were satisfactory; but your capital has been taken out of the business and used for speculation, which throws some doubt on your capacity for running a grocery business successfully.

I have never had it explained to me in this way before, Mr. Brown. I'll try to get this money from a private source and also build up my statement as you suggest, so that the next time I need money I can put it up to you as a banking proposition.

I hope you may, Sam. Let me know how you get along. Goodbye.

Goodbye, Mr. Brown.

“Money Talks”

By Richard W. Saunders

HOW many a promotion bubble has been pricked by the magic words “Money Talks!” How many a shoe-string capitalist has realized that the end of the game was in sight when he listened to their utterance. After all the dreams have been explained, after all the hopes have been aroused, after everything else seemingly has been discussed, suddenly in quiet tones, money asks “How about me?” and proves always to be the final test.

While we use the words chiefly to mean that the time has come to put an end to preliminary discussion and to “get down to hard pan,” there was a time in the ancient world when they might have had a different signification. Among the Romans, coins were employed as a means of promulgating religious doctrine and official information. A new figure on the coin started the people talking—a new face acquainted them with a new emperor.

Says Del Mar, “In the absence of felt paper and printing ink it was the only means the ancients had of printing and disseminating the most important intelligence and opinions. Addison correctly regarded the Roman coinage as “a sort of ‘State gazette’ in which all the great events of the empire were periodically published.” The striking of memorial coins in our day is without doubt a survival of this custom.

There is yet a further method in which money might talk, but a purely

imaginary one. Many of us have wondered what a coin would say if it had the power of speech. What astonishing stories many of them might be able to relate of the various hands through which they passed.

At least two books of literary value have been written on the theme. “Chrysal, or The Adventures of a Guinea” was published in 1760. Chrysal (pronounced Kris’al) is an elementary spirit whose abode is in a piece of gold converted into a guinea. This work has been recently republished by Dutton in the Library of Early Novelists. The age was a very free one and the book is a good mirror of the time in which it was written.

“One of the Thirty” by the eminent Hargrave Jennings is in a totally different vein, telling the story of the subsequent adventures of one of the thirty pieces of silver received by Judas for betraying his Master. As might be expected, it carries tragedy in its wake. It has been an outstanding belief that ill-gotten gains do the owner no good. And certainly the lives of men who make their living through fraud or misrepresentation are not happy enough to justify taking them as an example. Yet in this tale are given incidents where the weak and helpless are protected against the violator. Money can be a bulwark against oppression as well as a terrible instrument for wrong and usury.





The Bank of Bay Biscayne, Miami, Florida

SIGNIFICANT of the commercial and financial progress of Miami and vicinity is the completion and occupancy during the past month of the first unit of the above building, with all offices rented. Contracts have been awarded for the second unit which will be ready for occupancy in the fall.

Architectural and Engineering Services

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

Holder in Due Course of Altered Check May Enforce Payment According to Original Tenor

Wade Bros. v. Bybee, Supreme Court of
Idaho, 229 Pac. Rep. 662.

THE defendant drew a check for \$60, payable to cash, and delivered it to Kelly Hargrove, who gave to the defendant the sum of \$60. Later, the defendant returned the money to Hargrove, and the latter pretended to destroy the check. The defendant, suspecting that Hargrove had not really destroyed the check, notified the drawee bank not to pay it. Consequently when the check was presented payment was refused and the words "payment stopped" were written across the face of the check. Subsequently Hargrove negotiated the check to the plaintiff, who paid value for it. Before the plaintiff received the check, the words "payment stopped" had been in some way entirely removed from the check, so that the plaintiff noticed no indication of alteration or erasure. He had no notice that the check had been dishonored or of any infirmity in the instrument, or of any defect in Hargrove's title. Both the bank and the defendant refused to pay the check, so the plaintiff brought this action to recover the amount thereof.

It was held that the plaintiff, being a holder in due course, was entitled to enforce payment of the check, according to its original tenor under the provision of the Negotiable Instruments Law that, where an instrument has been materially altered and is in the hands of a holder in due course, not a party to the alteration, he may enforce payment thereof according to its original tenor. A judgment in favor of the plaintiff was affirmed.

Action by Wade Brothers against Charles E. Bybee. From judgment for plaintiff, defendant appeals. Affirmed.

O. A. Johannesen, of Idaho Falls, for appellant.

James S. Byers, of Idaho Falls, for respondent.

OPINION

WM. E. LEE, J.—On November 6, 1921, appellant drew his check on the American

National Bank of Idaho Falls, payable to cash, in the sum of \$60, and delivered the same to Kelly Hargrove. By mistake the check was dated "10—5, 1921." On the next day Hargrove presented the check to the bank on which it was drawn. Payment was refused and there was written on the face of the check the words "payment stopped," appellant having notified the bank not to pay the check. The bank returned the check to Hargrove, who, on the same day, went to the store of respondent and purchased an overcoat. He gave the check in payment and received the difference between the face of the check and price of the coat in cash. Prior to negotiating the check to respondent, the words "payment stopped" had been, in some manner, entirely removed from the check, so that when respondent received the check he noticed no indication of alteration or erasure. On the following day respondent presented the check to the bank on which it was drawn and payment was refused. Appellant thereafter refused to pay the check, and this action was instituted to recover the amount of the check.

As a defense to the action appellant alleged that he had delivered the check to Hargrove and received from him the sum of \$60; but that a difficulty arose between them with respect to the check, and that he gave back to Hargrove the sum of \$60, and Hargrove, instead of returning the check to him, pretended to tear it up, but that he tore up another check of the same bank; that later in the day somebody told him that Hargrove had not destroyed the check; that he looked up Hargrove, who assured him that he had destroyed it; that, being suspicious of Hargrove, he notified the bank not to pay the check if presented. The case was tried to the court and a jury, and a verdict was returned in favor of respondent. The appeal is from the judgment.

At the time the instrument was taken by respondent, it was complete and regular on its face; respondent had no notice that the instrument had been dishonored; it was taken in good faith and for full value; and respondent had no notice of any infirmity in the instrument or of any defect in Hargrove's title. The words "payment stopped" had been so completely removed as to leave no marks upon the instrument indicating

that an erasure had been made. Respondent was a holder in due course. C. S. § 5919. It is not necessary to a decision of this question to determine whether the erasure constituted a material alteration of the instrument. The Negotiable Instruments Law provides that when an instrument has been materially altered and is in the hands of a holder in due course, not a party to the alteration, he may enforce payment thereof according to its original tenor. C. S. § 5991. No suggestion is made that respondent, in any manner, was a party to the alteration. Being a holder in due course, therefore, respondent was entitled to enforce payment of the check according to its original tenor.

There was nothing unusual in the transaction by which respondent acquired the instrument. Both the maker and the payee lived in Idaho Falls, and the employee, who took the check, knew both Hargrove and appellant. However innocent appellant may be, it was his fault that the check remained in the possession of Hargrove both before and after the erasure. It was his negligence in not requiring the return of his check, after he had returned the consideration for which it was issued, that resulted in the negotiation of the check to respondent. As between appellant and respondent, under the facts, the loss should fall upon appellant for it was he who caused the loss.

We have carefully considered all the assignments of error set forth by appellant, and find no error prejudicial to him.

The judgment is affirmed. Costs to respondent.



Liability of Person Introducing Depositor to Bank

Faulkner v. Bank of Italy, California District Court of Appeal, 281 Pac. Rep. 380.

A person who, in good faith, introduces a prospective customer to a bank will not be held responsible to the bank for a fraud committed upon it by the new customer. In this case, the fraud consisted in depositing a check against insufficient funds and immediately drawing against it. The court pointed out that the person who introduced the depositor did not indorse the check which he deposited. By securing such an indorsement, the bank could have protected itself.

The plaintiffs, Faulkner and his wife, had

a joint savings account in the defendant bank. E. C. Reilly, a fellow employee of Faulkner's, whom Faulkner had known but a short time, told Faulkner that he had a check for \$872.90 which he wished to have cashed. Faulkner took Reilly to the defendant bank and introduced him to the cashier. Reilly stated that he was leaving on a vacation, needed cash and might wish Faulkner to make deposits for him while he was away. So an account was opened in the joint names of Faulkner and Reilly. Reilly indorsed and deposited his check in the new account and drew a check against it for \$650. The bank cashed the check and Reilly disappeared with the proceeds. The check which Reilly deposited was returned to the defendant because of insufficient funds and the defendant thereupon charged the amount against the account standing in the joint names of the plaintiffs. The plaintiffs brought suit against the bank and it was held that they were entitled to recover.

The court decided that one who, acting entirely in good faith, introduces a customer to a bank, is not responsible to the bank for the losses which it sustains through the fraud of the person introduced.

Action by W. J. Faulkner and wife against the Bank of Italy. Judgment for plaintiffs, and defendant appeals. **Affirmed.**

OPINION

PLUMMER, J.—Action by plaintiffs for money had and received by the defendant in its savings department and credited to the account of the plaintiffs in the sum of \$624.25. The plaintiffs had judgment, and from this judgment and also from the order of the court denying defendant's motion to vacate and set aside the same, the defendant appeals.

Before signing and filing findings in the above-entitled cause the learned trial court summarized the questions involved in a very clear and succinct statement, from which we quote the following:

Plaintiffs are husband and wife. November 9, 1920, they opened a joint savings account with defendant bank. From time to time they deposited their earnings in this account until it aggregated the total sum of \$624.25, including interest due. Faulkner for some time was an employee at the Sonoma State Home. In May, 1922, one E. C. Reilly also became an employee of that institution. Faulkner barely knew Reilly. About May 22, 1922, Reilly ap-

proached Faulkner, saying he had a check he wished to cash at Santa Rosa, and asked Faulkner to take him to Santa Rosa and introduce him to the bank. Faulkner arranged to bring him to Santa Rosa and presented him to the Bank of Italy, where Faulkner was well known as a customer. On the way driving from Eldridge, Reilly told Faulkner that his check was for 800-odd dollars, signed by Wm. B. Boiatano; that he, Reilly, was not acquainted at any bank in this vicinity; that he intended to open up an account in the bank; that he was going away on a vacation trip; that he might be going about from place to place; that he might have other checks to deposit to his account in the joint names of Reilly and Faulkner, so that Faulkner could accommodate him by depositing any future checks which might be sent him.

Faulkner appeared to be entirely innocent of any fraud upon the bank. There is no evidence that he ever knew Reilly, or his reputation, except as he had known him to be an employee at Eldridge. They went together to the bank. They were waited on by the cashier, Mr. Reeves. Faulkner merely introduced his associate to the bank in the customary way as Mr. Reilly. Reilly did most of the talking. Then Reilly indorsed his check for \$872.90 and presented it to the bank, requesting them to open an account for that amount in the joint names of Faulkner and Reilly. This the bank did, presenting the passbook to Reilly. The identification card was signed by both Reilly and Faulkner. Then Reilly filled out a check for \$650 and presented it to the bank. The check was not taken in the formal way "for collection only," but was cashed and charged against the joint account. Faulkner did not indorse the check with which the account was opened, nor did he have anything to do with drawing or cashing the \$650 check. He obtained no cash whatever from this joint account, or from the \$650 check cashed. The \$872.90 check, with which the account was opened, was forwarded to the Anglo California Trust Company at San Francisco, upon which it was drawn, for collection, and payment was refused for lack of funds. The check was undoubtedly fictitious. Reilly pocketed his \$650 and disappeared.

The defendant bank thereupon applied the \$624.25 standing on its books to the credit of the plaintiffs to payment of the overdraft on the open account of E. C. Reilly and W. J. Faulkner, and plaintiffs prosecuted this action to recover that amount of money from the bank as having been wrongfully and unlawfully applied to recoup the bank for its losses incurred in cashing Reilly's

check for \$650. The card referred to by the learned trial court in its opinion above quoted is in words and figures as follows:

Faulkner, W. J. or Reilly, E. C. Date May 31, 1922. 1-48. All deposits now or hereafter to be made by us or either of us, with the Bank of Italy to the credit of the above account, are and shall be deposited by us and received by said bank upon the agreement that the same be paid to either, or the survivor of us, and that such deposits and any additions thereto made by either of us, after the making thereof shall become our property as joint tenants, and that the same, together with all dividends thereon, shall be held for the exclusive use of us, and may be paid to either of us during the lifetime of both or to the survivor after the death of one of us, and such payment, and the receipt or acquittance of the one of us to whom such payment is made shall be a valid and sufficient release and discharge of said bank.

W. J. Faulkner.
Signature.
E. C. Reilly.
Signature.
References, same.

Eldridge, Cal.,
References.

The theory upon which the bank acted in transferring the savings deposit of the Faulkners to the Reilly account appears to have been on the assumption that the relationship of debtor and creditor existed between W. J. Faulkner and the bank; that Faulkner was responsible for Reilly's actions and, in some manner, was guilty of fraud and misrepresentation in introducing Reilly to the bank and accepting the position of a joint tenant in and to the Reilly-Faulkner account.

It will be noted that the agreement signed by Faulkner and Reilly, and left with the bank, authorized either one of the parties named to withdraw from the bank the entire sum represented by the account as completely and fully as though the other party had no interest therein. Nor is there anything in the agreement which authorized either one of the parties to draw any sum of money other than as the same was or should be deposited to the credit of said account. There is nothing in the agreement which authorizes either party to overdraw the account represented by the deposit or which authorized the bank to permit either party to overdraw the account and charge such overdraft to the other party. There is nothing in the agreement by which either party guaranteed to pay any overdraft to

the bank or to repay the bank any sum of money whatsoever on account of moneys withdrawn therefrom not represented by deposits previously made. Thus the principle of law applicable to joint tenancy, as stated in 33 C. J. 913 would seem to apply:

As a general rule, an act or contract by one joint tenant respecting the joint property without the authority or consent of his co-tenants cannot bind or prejudicially affect the latter.

The appellant in this case relies for reversal upon two sentences appearing in the case of Popp v. Exchange Bank, 189 Cal. 296, at page 300, 208 P. 113, 115, where the court appears to have been considering an overdraft in connection with an account opened in the names of Lenora S. Popp and J. Popp, her husband:

The account was in the names of the plaintiff, Lenora S. Popp and J. Popp, and was opened with money belonging to plaintiff, by the deposit of checks payable to her. She thinks she never drew any checks against the account, and, in any event, not more than one or two; nevertheless, the overdraft was in law as much her indebtedness as that of her husband.

The overdraft was occasioned by checks drawn by the husband. No authorities are cited in support of this statement, and no reasons are given or circumstances pertaining to the deposit upon which the conclusion is based. Whether there was any course of dealing from which the bank was authorized to allow overdrafts on the part of the husband, or whether there were any directions which amounted to an authorization on the part of the wife to the husband to create an overdraft, or whether the above language is intended as an abstract statement of the law irrespective of its application to the particular case, we cannot ascertain from the language of the opinion. We do not think it controlling in the instant case, however, from the fact that the writing signed and delivered by Faulkner to the bank limited the authority of the bank in making payments to the amount of the deposit, and such sums as might be added thereto, and also, in effect, provided that the bank might deal with Reilly as though he, Faulkner, had no interest therein. The writing is at once an authorization and a limitation.

The right of a bank to charge the amount of a dishonored check back against the ac-

count of a customer is fully settled in this state. *Plumas County Bank v. Smith & Co.*, 165 Cal. 133, 131 P. 360, 47 L. R. A. (N.S.) 552. It is also clearly established that where a bank accepts a check without protecting itself by taking the check merely for collection, the title to the check passes absolutely to the bank. *Plumas County Bank v. Smith & Co.*, supra; *Newmark G. Co. v. Merchants' Nat. Bk.*, 166 Cal. 208, 135 P. 958; *Gonyer v. Williams*, 168 Cal. 454, 143 P. 736, and 4 Cal. Jur. 194. It seems to be well settled law that an overdraft is in legal effect a loan of that much money by the bank to the drawer of the check. *Hennessey Bros. & Co. v. Memphis Nat. Bk.*, 129 F. 557, 64 C. C. A. 125; 7 C. J. 541 and 682; 4 Cal. Jur. 279; *Prowinsky v. Sec. Nat. Bk.*, 49 App. D. C. 363, 265 F. 1003, 12 A. L. R. 358, and annotations thereto. It also seems to be uniformly held that the liability of an individual presenting a check to a bank for cashing depends upon the relationship of indorser and indorsee. *Burton v. U. S.*, 196 U. S. 283, 25 S. Ct. 243, 49 L. Ed. 482; *Aebi v. Bank of Evansville*, 124 Wis. 783, 102 N. W. 329, 68 L. R. A. 964, 109 Am. St. Rep. 925; *Ayres v. Farmers' & Merchants' Bk.*, 79 Mo. 421, 49 Am. Rep. 235; and *Noble v. Doughten*, 72 Kan. 336, 83 P. 1048, 8 L. R. A. (N. S.) 1167. The liability so created is thus referred to in *Morse on Banks and Banking* (5th Ed.) § 357:

It is not an uncommon thing for a depositor to undertake to overdraw his balance, and if he be a depositor in good standing and repute and a good customer of the bank his overdraft may be very probably overlooked by it. Of course, such payment is made by the bank wholly upon its own risk and in sole reliance upon the ability of the drawer to make remuneration. In fact it is nothing else but a loan, and a loan of a very dangerous and irregular description, wherein the bank has no security whatsoever beyond the right of action against the drawer.

The liability of the Faulkners cannot be predicated upon the theory of the relationship of principal and agent existing. Where a principal authorizes an agent to collect money and draw and indorse checks, the law is that such authorization does not empower the agent to create an overdraft. *Union Bk. v. Mott*, 39 Barb. 180. Nor do we think there is anything in the case upon which the principle of estoppel may be invoked. The court has held that Faulkner was entirely

innocent and had no knowledge of any fraud or intended fraud by Reilly; that he made no representations in regard to the check, and, in fact, it appears that Faulkner had no knowledge whatever of the check save and except that Reilly told him of its existence, and of his desire to deposit the same and to make the arrangement which appears in the opinion which we have quoted from the learned trial court. At the time of the presentation of the check to the cashier of the defendant bank Faulkner appears to have taken no part other than to introduce Mr. Reilly. It appears that the man that Faulkner introduced was in fact the man Reilly. He had theretofore worked on the state farm at Eldridge and that Faulkner was not representing to the bank any person other than Mr. Reilly himself. We have been cited to no authorities which hold that the mere introduction of a prospective depositor to the officials of a bank renders the one performing that function liable on account of any checks presented to the bank by the person so introduced or liable for any overdrafts or illegal withdrawal of the funds of the bank made by such person. Faulkner did not indorse the check. It does not appear that he ever saw the check, and there is nothing in the testimony showing any representations whatever by him in relation thereto.

In *Wood v. Blaney*, 107 Cal. 291, 40 P. 428, the Supreme Court approved five propositions essential to an estoppel: (1) There must have been a false representation or a concealment of material facts; (2) the representation must have been made with knowledge, actual or constructive of the facts; (3) the party to whom it was made must have been ignorant, actually and permissibly, of the truth of the matter; (4) it must have been made with the intention, actual or constructive, that the other party should act upon it; (5) the other party must have been induced to act upon it. The cashier of the defendant bank testified that he relied upon the introduction, and the fact that Faulkner was a customer of the bank and had a deposit therein, thus expressly negating the assumption that he acted upon any representation of Faulkner whatever. Faulkner introduced Reilly and Reilly was actually the man whom Faulkner introduced. Hence, there was no misrepresentation in that particular. That the cashier thought that Faulkner or any other person

was liable for the actions or transactions had by the person introduced to the bank with the bank was simply the mistake or error of the bank cashier.

The respondents urge with considerable force that the cashing of the \$650 check drawn by Reilly did not create an overdraft, but whether it did or did not, we do not very well see how the legal relations of the parties are in anywise altered in this case. The bank, under and by virtue of the writing signed by Faulkner, was authorized, so far as Faulkner was concerned, to pay out certain moneys and nothing more. These moneys were represented by a check in this instance with which he had nothing to do, and of which he was simply an innocent victim used as a foil for the purpose of illegally extracting funds from the bank. In this behalf he was no whit more negligent, and in fact not of the same degree negligent, if negligent at all in anything he did, as was the defendant bank in not taking the precaution of receiving and accepting the check for purposes of collection only, and in such a manner as to enable it to ascertain its value or valuelessness before it paid out money on account thereof. In so doing the bank took the chances of, in law, becoming the owner of a worthless piece of paper when it might have fully safeguarded itself in this instance by taking the simple precaution before mentioned, and there are no circumstances in this action upon which it can claim to have been defrauded by reason of any actions or representations on the part of the plaintiffs in this cause. If the theory of the appellant is correct that the overdraft was created by Reilly, we are still of the opinion that the circumstances attending the deposit herein did not give the bank any authority whatsoever to allow an overdraft, or to loan money to either one of the parties in whose names the account was opened. The whole case resolves itself into this statement: It was a fraud, pure and simple, practiced by Reilly, without any knowledge, connivance, or assistance on the part of Faulkner, and the defendant was in a position where it might have protected itself, as herein stated, but did not do so, and we do not think it is now in a position to recoup its losses from the plaintiffs in this case.

The judgment and the order of the trial court are affirmed.

The **FIRST**
NATIONAL BANK of
BOSTON

1784 :: :: 1925

Ten Boston Offices

Foreign Branches

BUENOS AIRES, ARGENTINA HAVANA, CUBA

European Representative

24, OLD BROAD ST., LONDON

WHEN you have Boston or New England business, send it to us. With ten offices covering the city and direct collection facilities throughout this section, we afford quickest and best service. Correspondence invited.

CAPITAL \$20,000,000

SURPLUS \$20,000,000

Resources over \$370,000,000

Banking Publicity

Special Section of The Bankers Magazine

APRIL 1925

Newspaper Advertising as Part of the Trust Selling Campaign

Article II of a Series on a Complete Campaign for New Trust Business

By THEODORE TEFFT WELDON
Advertising Manager Northern Trust Company of Chicago

THE statement has frequently been made that there is the disadvantage in trust advertising that few people have an inherent interest in or desire for trust company service, while for most other things which are advertised, the interest and the desire already exist. However, if interest and desire were to be taken apart, reduced to their fundamentals and analyzed, it is doubtful if

any article under the sun would in itself intrigue them. The whole human struggle is in reality for an inanimate something or other which may be called peace of mind, satisfaction, contentment, pleasure, relief. The material things and services which have the greatest appeal must ever be those which express or exemplify the satisfaction of these mental cravings.

Whether the want takes the form of an automobile, a fur coat or a theater ticket, the urge behind it is finally but a mental elation. And the value of the thing purchased is, in the last analysis, the extent and duration of the elation. The most successful advertisers of these wares appreciate that there is little indeed in the things themselves to stimulate desire, and they therefore steer wide of portraying their physical elements except to show how well they will serve the inborn whims and emotions, vanities and comforts.

Trust company service, to be sure, caters to these same whims. It brings relief from worry and uncongenial work;



In the Hands of a Responsible Trust Company

IF THE AVERAGE business man realized what happens to a widow left with property and no competent adviser, he would not fail to name a trust company Executor and Trustee under his Will.

She would then enjoy more than financial security. She would be relieved of much care and worry, could bring any business problem she had to an officer of experience in charge of her affairs.

This Company has had over 30 years' experience in caring for property and investing money left for the support of dependents.

The booklet "Our Principles and Practice in Managing Estates" will indicate to you our standard of thoroughness and responsibility.

THE NORTHERN TRUST COMPANY

Capital and Surplus \$5,000,000

NORTHWEST CORNER LA SALLE AND MONROE STREETS



Far from Home and Free from Care

I LOVE ONLY ONCE on this green earth. Every man owes it to himself to enjoy some of the rewards of his labor while he is still able to do so. Many think they cannot get away. Their business, in the hands of associates, would not detain them; but personal interests hold them enslaved.

A needless servitude to wealth! This Company can completely relieve any owner of the management and care of property over any period desired. Safeguarding securities, collecting all forms of income immediately when due, paying all obligations, retaining proceeds, keeping records, making out income tax returns—are performed just as efficiently as any owner could perform them himself at a cost which is needless indeed for so responsible a service.

Made in this direction after widely and the nature of our service is flexible to meet them, as outlined in our booklet "Trusts—That's Financial Security."

THE NORTHERN TRUST COMPANY

Capital and Surplus \$5,000,000

NORTHWEST CORNER LA SALLE AND MONROE STREETS



Comrades

THE BEST BUSINESS ASSET a young man can have is the companionship of a successful father. How fortunate when the lad grows up under the thoughtful eye of one who is deeply interested and splendidly competent himself. How unfortunate when that relationship is broken.

Naming this Company in your Will as Trustee of the lad's portion secures for him, in event of your death, something of the same protection which you would have afforded him yourself.

It not only will safeguard his property and turned over to him under the terms of your Will, it will give him an insight into conservative investment and sound finance during his gradual acquisition of control.

May we send you the booklet "Our Principles and Practice in Managing Estates"?


THE NORTHERN TRUST COMPANY

Capital and Surplus \$5,000,000

NORTHWEST CORNER LA SALLE AND MONROE STREETS

Physical appearance is an important factor in trust advertisements. It must be borne in mind that layout and legibility share the burden of the caption in getting the message read. And to the man who sees but does not read, well set type, proper balance, and distribution of white space give a very definite impression. The appearance of the advertisement is the appearance of the institution in the public eye.

7 ways a business man can protect his family and property



If your son is to succeed to your business—

NOW and then there comes to a father—the head of a business enterprise—who is getting along in years, and whose son is still too young to succeed in his responsibilities.

"If I should drop out," the father often asks himself, "what would happen to my business—or, by the time the boy could take it over, would there be any business to manage?"

Perhaps this is your problem. If so, you will find that our trust service solves it as it does many other problems which men of affairs have to face.

Place No. 1 and No. 2 across our "Trusts to Preserve Your Family and Property" booklet. Available only to members of our family plan. Ask for it at the time you call on us to discuss your problem. This is the plan that has made the difference between a family and a business. It is the plan that has made the difference between a family and a business.

TRUST DEPARTMENT
The Seaboard National Bank
BROAD AND BEAVER STREETS
116 BROADWAY 24 EAST 45th STREET

If... you can secure no more life insurance

7 Ways a Business Man Can Protect His Family and Property

IF the stethoscope has indicated that though you may live to a ripe old age, you are too uncertain a risk for the insurance companies—

Consider the next best alternative, and make definite provision for the future welfare of your family.

There is a plan which will enable you steadily and surely to build up your estate to proportions that will protect your family from want. This plan is good whether you are twenty or sixty, have money in the bank or are starting at the bottom—whether your heart is good or not, so long as your purpose is unflinching.

Place No. 1 and No. 2 across our "Trusts to Preserve Your Family and Property." If your conditions are favorably affected, the Credit Chart and our copy will direct you to the plan that best fits your circumstances. The booklet may be had free by request by mail or at the bank.

TRUST DEPARTMENT
The Seaboard National Bank
BROAD AND BEAVER STREETS
116 BROADWAY 24 EAST 45th STREET

If your financial obligations are large

7 ways a business man can protect his family and property

FIFTY large estates, picked at random, administered in one typical county in the years 1921-1923, were reduced by debts, administration expenses and taxes from 10 to 100 per cent.

Have you considered how your estate may be affected?

Have you arranged for the maximum protection which your estate may legally enjoy?

Have you utilized the existing opportunity to devote your holdings of securities to a trust that will increase this part of your estate by 100 to 300 per cent, accomplish the above objects, and assure proper advantages under existing revenue laws?

Whether your estate now has some \$500, or consists of securities and existing \$5000, Plan No. 2 across our "Trusts to Preserve Your Family and Property" will assure maximum benefits to you and your family. Booklet and completed Credit Chart are sent.

TRUST DEPARTMENT
The Seaboard National Bank
BROAD AND BEAVER STREETS
116 BROADWAY 24 EAST 45th STREET

These advertisements appeal to a deeply rooted human emotion; the normal man's desire to provide as best he can for the welfare of his family after he is gone. Once the reader's attention is caught and his interest aroused, the advertisements seek to stimulate that interest to the point of eliciting an inquiry from him. Direct returns are sought on these advertisements in the form of requests for a booklet enlarging and elaborating on the theme set forth in them.

it brings peace of mind, protection to loved ones, comfort, assurance of the realization of one's wishes; it is followed by a long train of elements very necessary to the well-being of one's household. It compares most favorably in this respect with any other subject which is advertised or sold.

It is obvious from watching the newspaper advertising of successful trust companies today that laying hold of this thought as a handle for advertising is no new idea. Yet much of the current publicity seems to be groping for an appeal to the public mind rather than following the very natural and obvious plan of tying up the services of the trust department to the human emotions which bear upon them and

which have the greatest sales potentiality.

The Copy Angle

In laying out the copy angle of a newspaper campaign for a trust company, a good place to begin might be in classifying as far as possible the average man's notions as they appertain to trust service. They are surprisingly standard and, as outlined in a previous article, comprise roughly notions about property, beneficiaries, relatives, human nature, life's greatest values, laws of descent, taxes, wills, the work of executors and trustees, trust companies. Some of these notions are so tightly interwoven with the intimate relationships and conditions surrounding one's daily life that they may be por-

trayed in an absorbing manner and in almost infinite variety along any given line.

Each individual notion or whim has innumerable devotees, and by hanging the trust advertising on them one at a time, a great many men will be reached in their most vulnerable spot.

Cut and dried statements of abstract facts are not always interesting. The fact that certain things will or will not happen under a given set of circumstances is better. What did happen to Mr. Jones or what is happening to you is still more effective in gaining reader interest.

With the theme an emotion, a whim, a prejudice of vital import to some type of reader, the value of trust service and

the particular ability of a certain trust company to perform in a manner which will cater to that whim, that emotion, that prejudice, may be weaved into it in such a way as to make an advertisement contain at once reader interest and sales value of the highest order.

Well Defined Purpose is Sometimes Lacking

If you will read over all the trust company advertising you can get hold of in the daily papers of any large city for a week, you will no doubt come to the conclusion that each advertiser has a different purpose he wishes to accomplish through his advertising. Possibly much of it will leave you in doubt as to just what the advertiser's purpose is. Some wish to throw in a certain influence on the bank as a whole, apart from the trust department. Others frame it as a subordinate means of illustrat-


ing a complete financial service. Again it leads up to a specific bid for a certain type of trust business, for the request of a booklet, for the drawing of a will. And yet again the purpose seems to be only the awakening of some dormant emotion and a naive optimism that the contact will take care of itself at some later date.

It is undoubtedly good practice to tell the reader explicitly when you have aroused his interest and his desire, what to do to satisfy it, where, when and how to do it, or, in case he be not thoroughly sold, just the procedure to take to get the exact type of information which will bear on his case.

There are many services which are given and many situations which may be met by trust companies, and the advertising plan must take into

consideration the relative value of attempting to cover several or all of these subjects, or of concentrating upon one or two as a feeder for all. Subjects are sometimes handled in campaigns, as first a series on insurance trusts, then one on wills, then on custodianship, and so on. Or, the whole subject may be approached in each advertisement, the different types of duties considered as elements of a complete fiduciary service. Again, a seasonal scheme may be worked out, taking advantage of the times of year when men are most likely to be thinking along common lines.

This is a problem in the science of advertising, and what would seem most logical and practicable for one institution might not be meritorious elsewhere. Such considerations as the education of the community



Is It Economy?

CAN you picture your wife, as the executor of your will, engaged in conference with business representatives, investment advisers and others, and passing upon complex estate and business questions—all at a time when she is least likely to consider such matters unemotionally?

To appoint your wife as a measure of economy is a step of the most doubtful wisdom. In her experience she may lose valuable time, she may be uninformative in deciding business and investment matters.

By naming this Company your executor, or co-executor with your wife, considerable expense may be saved and avoidable security losses may be averted. Such savings alone may go far toward equaling, and may exceed the legally-limited fee of this Company as executor. In any event, the fee may prove a small price to pay for a signal service rendered in a time of great need.


We invite you to call at any of our offices and permit us to prove to your satisfaction our claims to performance in this important service.

Guaranty Trust Company of New York

Main Office
149 Broadway

Fifth Avenue Office
70th Ave. and 69th St.

Madison Avenue Office
Madison Ave. and 68th St.



How would you select an important business executive?

There is no real difference, in principle, between choosing an important executive for your business and selecting the executor for your will.

In both cases, the record and special qualifications of the one selected should be the guiding factors. It is upon that basis that the appointment of this Company as your executor or trustee is sound business policy.

Familial relationship or friendship, instead of being a reason for appointment as executor, is often a disqualification for the impartial and businesslike administration of estates.

It, however, there are special reasons why you wish your wife or some other individual to assist in settling your affairs, you can appoint such a person co-executor to act with us, and still secure the benefit of our experience and facilities.

We invite you to call at any of our offices and permit us to prove to your satisfaction our claims to performance in this important service.

Guaranty Trust Company of New York

Main Office
149 Broadway

Fifth Avenue Office
70th Ave. and 69th St.

Madison Avenue Office
Madison Ave. and 68th St.

To most men who have made a will, the question of who shall be executor of their estate is an exceedingly important one. The above trust advertisements broach this question both very skillfully and to good effect. They are excellent examples of presentation in trust company advertising of some of the general advantages of corporate administration of estates. They tend to instill in the reader a feeling of confidence in the ability of the particular trust company which published them to perform satisfactorily in the capacity of executor.

That Bride of A Few Years Ago!

What happy smiles and words of thanks were your portion as she viewed her new home! And then you settled the place, turned the house into a home. The happy bride took on the prideful air of the housekeeper, she became busier from year to year, with the children to look after. She accepted the responsibilities and worked devotedly,—successfully!

BUT, has she had any time left over in which to study business methods and management? What might become of her, the home and the children, if you should meet with an accident?

Create A Life Insurance Estate!

Build an estate through life insurance and then place its management in experienced hands. Thus you have an estate available just as soon as you receive your life insurance policy. You pay the premiums over a period of your own productive years.

Remember, too, that judicious management is just as important to your wife and family, as building your estate. Place your insurance and other property in trust with the Fidelity to be distributed to your heirs in regular payments.

We will be glad to discuss this important personal problem with you at any time, here at the Bank, or at your office by appointment.

Fidelity Trust Company of Buffalo

Main at Swan
Main at Geneva
Main at Utica



Delaware at Chippewa
Kenington at Bailey
Hertel at Parkside

In the back of the minds of many men rests the uneasy question of whether or not their wives are capable in a business sense of managing an estate. The above trust advertisement brings this question to a head by tying up an unusually well presented appeal to a very human notion with the suggested creation of a particular form of estate.

along trust lines, the leaning of the people toward certain services, the line of greatest efficiency in the bank's ability, have to be considered before determining the manner in which to handle these subjects.

The Importance of Layout

The importance of the physical appearance of trust advertising is attested by the care which experienced banks give it. The layout and legibility share the burden of the caption in getting the message read. The cost of employing a layout artist to fix the style of the advertisements, and a skilled

typographer to set them, is economy. The appearance of the advertisement is the appearance of the institution in the public eye. The beauty of simple, well set type, proper balance, and distribution of white space, gives a very definite impression to the man who sees but does not read. The effect to strive for is one of strength, conservatism, substantiality, carefulness; and it is amazing how much feeling can be gotten out of a merely visual reaction to a block of type set by a real artist.

Good advertisers keep at least a family resemblance

among all their advertisements in order that the cumulative prestige of casual recognition may carry to the reader who merely glances at the page. They also adhere with strict rigidity to the first rule of layout, which would appear too elementary to mention, but which is frequently violated by bank advertisers. Each advertisement should have one, and only one, point of optical interest. The eye must instinctively go to it and there must be no other elements in the advertisement which compete for attention. If this point is so worked out that the nucleus of the story is told or the mind intrigued when the eye reaches it, and the other elements follow in easy and logical sequence, the chances of having the advertisement read are not only enhanced, but the advantage is gained of leaving the burden of your story in the reader's mind whether or not he peruses the text. Advertisements set up with many elements here and there of nearly equal weight confuse the eye, are hard to read, and leave a disordered and hazy impression, if any at all.

The Use of Illustration

Much good trust advertising today is illustrated, as is much of the worst. Illustration is an eye catcher, but if this is all it can do it might be better to leave it out. An advertising director of recognized genius recently said that he never used an illustration which would not supplant 200 words in telling his story. If this criterion were more generally used in trust advertising the artists would have to brush up their idea departments and do yeoman work for their clients—and they can do it. Illustration as a mere decorative effect may be profitably omitted and the effort put into the typographer's art.

Cuts of the bank's building are used constantly by many institutions, giving some feeling of decoration to the advertisement, and acting more in the capacity of a trade-mark than an illustration.

Space

There is a good deal of hard sense used by trust advertisers in the matter of size. It is not in the nature of a conservative institution to be extravagant in space, nor is it in keeping with the principles of layout to permit a crowded or cramped appearance. Enough white space to give an open, generous effect, set off the advertisement from the other matter on the page, and throw out a good size, easily readable type, is all that is needed.

Continuity of Effort

The frequency of insertion and the question of more advertisements in a few papers or fewer advertisements in more papers is a matter for careful study. Probably no publicity manager ever found himself in a position of having sufficient appropriation to cultivate all the people he would like to make customers as thoroughly as he would like. Some compromise is usually necessary.

There is abundant authority for the statement that an occasional insertion will accomplish little indeed, and unless copy may be carried at least once in ten days in each paper used it is doubtful if a memory interest will be maintained with the readers of a daily publication. If the advertising can be continuous, so much the better, but if the appropriation does not permit of this, it might be more advantageous to run in campaigns of say twenty weeks than to space the schedule at greater intervals throughout the year.

On the other hand, if the budget will permit advertising oftener than once a week, it is often desirable to add more papers to the program, and cultivate a wider field. Similarly, it may be wise to run campaigns of limited duration in a number of publications rather than to carry a continuous program in fewer papers. There are so many elements to be considered in making any decision of this kind that no general recommendation is possible, but a little mathematical application to the problem, free from the echo of space sellers' advice, will solve it.

Some Current Advertising

In reviewing the newspaper advertising effort of any given trust company in order to plan its future course, it is helpful

to ask the questions: Has it got an optical appeal? Do the illustrations and captions intrigue the mind? Is it simple and easy to read? Does it sell the trust company idea? Does it sell the particular institution which is paying the bills? Does it then tell the prospect precisely what to do and exactly how to do it? Is the copy controlled by grammarians or by men who are trained in the psychology of the public mind?

Such appeals as these, taken from advertisements which have appeared in different parts of the country, are doing much toward vitalizing action in the subject:

"He was a careful business man until he made his will."

"How to make a will with the least trouble."



**The Greatest Love Letter
Ever Written—**

Is a man's will, in which he makes provision for the future comfort and welfare of his wife and family.

The true test of the regard in which a man holds his loved ones, is the provision he makes for their care in the years to come.

Make your Will—Enjoy the peace of mind that comes from the knowledge that you have used every safeguard in planning for your family's future by naming this strong company

EXECUTOR AND TRUSTEE.

THE PLAINFIELD TRUST COMPANY

A strong heart interest appeal, first to a man's obligation to his loved ones to make a will, and secondly to the peace of mind that will come to him with the feeling that he has provided a proper safeguard against the dissipation of the estate which he leaves.

"Is your estate chiefly in fixed assets?"

"Are you protecting your life insurance?"

"He thought it was a successful trip until he went to his safe deposit box."

"John thought he was paying me a tribute when he named me his executrix."

"Here is my ship! Now sail it!"

"What will become of your daughter's portion?"

"The curious will of David Hume."

"Have you ever been the executor of another man's estate?"

On the other hand, the following captions, also taken from current advertising, must presuppose a greater reader interest than is commonly believed to attach to trust service, *per se*:

"This company can help you."

"Seasoned judgment."

"We will care for your securities."

"Do you know?"

"Let us manage your estate."
"Administering your will."

The result of advertising is difficult to check. Men are swayed and their minds molded subconsciously. As time goes on, their knowledge of and desire for trust service takes form, and if death does not outrun their well meant intentions they may become customers. Courage and constancy of purpose are required to make it pay, and then it must be considered only a link, although a very important one, in the chain which is welded to bring in new business.

The interest which the advertising attracts is a yardstick by which we may gage something if its efficacy, and may be measured to some degree by the requests which come for information, booklets and conferences, by the general comment it stimulates, and upon the reaction which trust solicitors report concerning it.

Why We Are Using "Department Store" Advertising for Banks

By GEORGE WOODRUFF

Vice-Chairman of the National Bank of the Republic of Chicago

"WHY does The National Bank of the Republic use the 'department store' type of advertising for banks?" This question has been asked us hundreds of times and especially since several other large American banks have shown their belief in the soundness of our idea by adopting it in their own advertising.

The answer is simple: the modern bank is, in reality, a great financial department store. It sells goods just as truly as does Marshall Field & Company, Wanamaker's or any other merchant. From the cradle to the grave—and even beyond the grave, in the case of its

trust department—the modern bank caters to the diverse needs of mankind.

Many people still labor under the impression that a bank is merely a depository for money. Nothing could be further from the truth. The bank of today is just as much a merchant as is the department store.

The department store sells a suit of clothes. The bank "sells" the money to pay for the suit of clothes. Sometimes this latter sale is not apparent, for it may be that the bank sold the suit of clothes simply by creating in the purchaser the desire to save the money that bought it. But the sale is there, even

through Life

At Twenty
A young man ready to begin his career. He will be successful if he has the right kind of insurance. The life of Thrift is the insurance that will make it all right.

At Forty
When the man has been in his career for some time. He is now in the "prime of his life." He should have the right kind of insurance to protect his family and himself.

At Sixty
A man of this age is in the "golden years" of his life. He should have the right kind of insurance to provide for his family.

Man of Fifty
By now he has arrived. He has earned judgment—a matter of decision—an executive. He still saves that he may have things easier and that the future of his family may be protected.

Halfway
He is in the "prime of his life." He is now in the "prime of his life." He should have the right kind of insurance to protect his family and himself.

Ten Years Old
The future of this lad is bright. His parents will make him, he will be a success. The life of Thrift is the insurance that will make it all right.

Central Savings Bank

WOODWARD AVENUE AT CADILLAC SQUARE

Admission	Cash Office	Check and Deposit
Agency and Warehouse	Credit Office and Postoffice	Check and Draft
Food and Groceries	Exchange Office	Check and Draft
Magazine and Laundry	Office and Check	Check and Draft
Meat and Poultry	Warehouse and Office	Check and Draft
Books and Stationery	Warehouse and Office	Check and Draft

Under Supervision: Cashier and Bankers, Managers and Trust

A recent savings advertisement of a Detroit bank which has brought forth unusually favorable local comment. Reduced from newspaper reproduction 3 columns wide x 31 inches.

though it may not appear on the surface.

People save as a rule for some definite purpose. They save to buy a home, or a farm, or an automobile or to send

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly, Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

APRIL 1925

THE volume of new insurance underwritten during the last year showed a marked increase over the year previous. The same may be said for the volume of insurance advertising which appeared in national publications during the year. The larger insurance companies appear to be appropriating their money broadcast for advertising. But certainly in the insurance field "business is booming."

The insurance companies are doing a practical and careful business. They figure the analysis of their methods of doing business to the last fraction. And they do not waste their money. They must be rigidly guided by a very careful law of averages, and they can no more afford to take speculative chances than can the banker.

One of the large life insurance companies, the Phoenix Mutual Life, has announced an increase of 50 per cent. in its national advertising appropriation over 1924. This because the company believes, from past experience, that increased advertising will decrease the cost of selling insurance.

INSURANCE advertising does not "sell" life, fire or other insurance any more than bank advertising "sells" bank service. Advertising in its broader sense does not even create a demand for these or other services despite a widespread impression to the contrary.

What advertising does do, primarily, is transmit information. And, after all, the information must come first. A demand cannot be created in the public mind for something regarding which the public is not already informed.

Life insurance companies have been appropriating hundreds of thousands of dollars for national advertising to tell the public about life insurance; what it means and what it does. The companies have found that this means of getting educational information before the public has made it a great deal easier and less expensive for them to sell life insurance. It has enabled them to sell a much larger volume of it than would have been sold without the advertising.

THE vast majority of people in this country are potential users of bank service in one form or another. It can be conservatively said that less than 5 per cent. of them really understand the true value of the services banks have to

offer. Until the remaining 95 per cent. understand in better measure what banks can do for them a large proportion of them will continue to do without the banks.

ONE hears much criticism of the educational advertising that many banks are doing. One of the most common of these is that such advertising doesn't pay in dollars and cents—that the returns on it can't be written into the balance sheet.

This reasoning appears to be based on a misconception, to which some bankers seem particularly prone, of the real purpose that should be back of most advertising.

People who do not already know from actual contact and experience have two sources of information about banks. These are, what they hear and what they read. What they hear may be complimentary. It is very apt not to be because so often it is founded on prejudice rather than on fact. This will often apply to what they read as well, particularly in some of the syndicated columns and the comic strips many of which seem to delight in throwing the harpoon into banks and bankers. Real and useful information about banks must come from banks just as surely as real information about life insurance must come from the life insurance companies.

The fact of the matter is that most people are simply not interested in banks. The chief reason that they are not interested is that they are either not informed or are misinformed. And most of them are potential users of bank service. In their ranks, for example, is a potential army of savers. That potential army must be informed, aroused and stimulated. In what other way can this be done more effectively than through advertising?

As to results, figures do, in the aggregate, show something. Financial advertising appropriations have increased tremendously in the last few years. This is particularly true of bank advertising of an informative and educational nature. And there has been an enormous increase in the number of savers and of users of bank service in all other forms.



Why We Are Using "Department Store" Advertising for Banks

(Continued from page 669)

definite results from its advertising is to follow the proved methods used by the great merchants of the country and get down to the real "brass tacks" of successful merchandising.

Give Savers a Target to Shoot At

In every department of the modern bank there are plenty of items of this sort that possess sales appeal, goods that can be merchandized just as easily as shoes or phonographs.

Who's Who in Bank Advertising



C. H. WETTERAU

Assistant vice-president American National Bank,
Nashville, Tenn.

MR. WETTERAU has directed the advertising of the American National Bank for about twenty years during which time the resources of the institution have increased from \$2,000,000 to \$80,000,000. The American National was one of the first banks to use newspaper advertising space in the manner in which present day institutions are using it. Mr. Wetterau's entire banking experience has been with the American National. He is very active in several organizations outside the bank, and is president of the Nashville Clearing House Association. He is also treasurer of the Advertising Club of Nashville, and has for the last four years been a director of the Financial Advertisers' Association.



Not a beggar—just a seller of shoelaces!

HE stands with his back against a huge gray building on the busiest block on the avenue. Eyes cast down—head lowered to hide a face that may be known to some who pass.

But drop a coin in his box without taking its full value in shoelaces and he will be at your side in an instant. In his face the pride of a man beaten yet unbroken—in his voice the reproach of one who has never yet accepted alms.

He is not a beggar—just a seller of shoelaces.

You know men in a similar position—men who, thirty years ago, gave every promise of being among the business leaders of the city.

You know others, too, who are enjoying

peace and comfort at seventy. And it is toward the promotion of this contentment in the later years of life that Provident Mutual is dedicated.

It is a human work, yet always a struggle. For men in the prime of life are prone to procrastinate when the subject is that of their future.

YOU realize the uncertainty of YOUR future. You know, too, that a decision made at this moment and acted upon today, will assure you an income at a period when you may no longer be able to support yourself. Ask the Provident Representative to explain to you the Provident Mutual plan of Old Age Endowment Insurance. If you do not know his address write to the Company itself.

Provident Mutual

Life Insurance Company of Philadelphia, Penna
Founded 1865

A good example of modern life insurance advertising. The above advertisement appeared recently full page size in several prominent general publications.

And it is this that we are endeavoring to do through the medium of our so-called "department store" type of advertising.

We, as bankers, also know that individual thrift is the salvation of any nation. We understand the importance of impressing upon the public the value of it.

But because we understand both sides of the question, is that any reason why we should confine ourselves to the preaching of thrift in the abstract without making any attempt to show the concrete results of thrift?

Is it not better to show the public definite, tangible reasons

why they should save their money? Is it not better to give them a definite target to shoot at? Is it not better to picture for them the exact ways in which a bank can be of service to them? We believe that it is.

Make Saving Attractive

We believe that saving should be made attractive, that it should be given an impelling motive. And we believe that the best way to do so is to sell the goods that saving and thrift will buy.

It is because we believe that the "department store" type of advertising best serves this pur-

pose—and because we believe that the modern bank itself really is a great financial department store—that we originated and are following this style of advertising for our bank.

How Banks Are Advertising

THE "Monthly Savings Plan" of the Minnesota Loan and Trust Company of Minneapolis offers depositors a convenient way of saving a given amount each month consistently. The prospective depositor fills out an enrollment blank stating how much he desires to save each month. On the first of each month he receives, along with his other bills, a bill from the bank for the amount specified. The bank states that those who have adopted the plan, which has been in operation for about a year, have found it a very convenient and easy form of saving, and that a number of old depositors have had their accounts transferred to the plan.

THE East River Savings Institution of New York has a novel savings plan which it terms the "Lease on Bank Roll." This plan is described by the bank as follows:

"This idea was a result of the following incident. Through a bookkeeping error, one of our depositors was billed \$18 each month by his landlord—\$135 was billed \$158. This went on throughout the term of a five-year lease.

"The matter was adjusted last month and our customer increased his bank balance \$1080—money that he had saved easily because he considered it as part of his expense and because he got a bill for a small part of it every month.

"Many hundreds of our depositor-owners are using this lease, and by being reminded to deposit regularly, have added substantial amounts to their accounts without feeling it very much and which they frankly state they would not have done if not so reminded.



THE wide popular interest aroused by the feats of the great Finnish runner Nurmi has been made the basis for a timely newspaper advertisement by a Massachusetts savings bank. Savers are urged in the advertisement to adopt Nurmi's methods in their saving. The copy reads:

"Persistence! Steady plugging! That's what has made Nurmi the world's greatest runner. Start a savings account with us and add to it regularly. Keep at it. Let nothing hinder! And you, too, will be a sure winner, in the great race of life."



THE Coal and Iron National Bank recently utilized its lobby as a setting for a display of a rare collection of butterflies. The exhibit was made use of by the bank as a very effective setting for a savings poster which read:

"Not every caterpillar becomes a butterfly. Nor do all of us achieve the desirable state of financial independence.

"Of all the people in the United States who work, 54 per cent.—over half—haven't saved a cent at the age of 60. They are dependent upon other people's charity. Another third (36 per cent.) just manage to live on what they are earning. Only 10 per cent. are able to maintain themselves comfortably.

"These last have lived wisely and saved money for the time

100 Years to a Day

How wonderful it would be if our bodies were like the "one-hoss shay"—if we kept on going until we just collapsed from old age! What joy to live a life free from pain and illness, filled with pleasant activities and followed by a natural passing away—just the simple stopping of a worn-out heart!

Heart disease is another matter. Today more people die from heart disease than from tuberculosis or cancer or pneumonia. And many of them die needlessly. Heart disease is so little understood and so greatly feared. There has always been a hush whenever the dread words were mentioned—always an air of awe and mystery. The person who had heart disease was supposed to be doomed—with the sword of Damocles hanging by a hair above his head.

It was thought that nothing could be done about heart disease. These who had it were asked to exercise, afraid to work, afraid of this—afraid of that. Relatives watched with terror, ready to open the window or bring a glass of water.

But it need not be so. Heart disease is not the tragically incurable and unpreventable affliction it was thought to be.

Nature, in most cases, makes the heart strong enough to serve faithfully for a long life—there are few bad machines turned out of her work shop.

Day and night, year in and year out, this most wonderful machine in the world does its work. It has no rest, from the day you are born to the day you die. It has no time out for repairs—it knows no holidays and observes no union hours.

Steadily, steadily, second by second and minute by minute, this marvelous muscle contracts and expands—contracts and expands—pumping the blood all through

your body. More than 30 million times a year this action is repeated.



"Have you heard of the wonderful way that this was built to last a hundred years? It is a perfect copy of a shay. All that once the horse stood up! —How a shay was built to last a century! The something distinctly there will be... —What do you think the parade float, when he got up and started going? The part of (heart) is a long or a short? It is not too late to do it now! At 11 in the morning, it is not too late to do it now! Just as simple as when they built it!"

Treat your heart fairly—protect it from the things that may injure it and you have little to fear. Heart disease has grown to such alarming figures as the greatest life destroyer in the United States, simply be-

cause people have not dealt intelligently with it.

Many damaged hearts can be made to do their work through proper rest and care. The heart has amazing recuperative powers and often will mend itself given a chance. But even though you have some serious organic heart trouble, there is no reason why you should despair. Some of the busiest, most useful people in the world, are heart sufferers.

If you have heart disease do not lose hope. A noted heart specialist said: "The cases in which people drop dead from heart disease are comparatively few. If those with impaired hearts will follow the instructions of their physicians they can live practically normal lives—and will most likely die of something else."

Find out how to live so you will not over-tax your heart. Learn the kind of occupations that are safe for you. Let your doctor tell you what you may do and what you must not do. Exercise is often a part of the treatment of heart disease but your exercise must be directed by your physician.

A lot of people are suffering from imaginary heart disease. Don't try to decide for yourself! There is scarcely a sensation associated with heart disease that is not caused by some other disorder. The most important thing is to live hygienically, to keep yourself strong and well, so that disease germs will have little chance to attack your body. When you are ill get yourself at once in your doctor's care and obey his orders.

Have your heart carefully examined after every attack of serious illness. Aim for "A hundred years to a day."



When heart disease strikes 1% of the population of the United States, or more than 1,000,000 have organic heart disease. Statistics show that one industrial worker in every three has organic heart disease. And one out of every 15 is suffering from it. The annual death toll of heart disease in the United States is 150,000. Prior to 1911 substantially correct mortality in the United States than any other disease. Since then, heart disease has become the leading cause of death. The reason is that the death rate has increased so rapidly that the death rate for heart disease has increased five times. In the communities where people have learned how to fight heart disease, it is

Published by

METROPOLITAN LIFE INSURANCE COMPANY—NEW YORK
Biggest in the World, More Assets, More Policyholders, More Insurance in Force, More New Insurance each year

A prize winner. A jury of advertising experts awarded this life insurance advertisement, which appeared full page size in such publications as "The Saturday Evening Post," a prize of \$1000, the Harvard University Award for the advertisement published in 1924 which was most effective in its use of English. The jury expressed the opinion that this advertisement possessed the additional value of being one of a series of advertisements of similar merit. The above advertisement was part of a national campaign of an educational nature prepared by the Metropolitan Life Insurance Company.

they need it most. They have emerged victoriously from the cocoon of daily life. The caterpillar that loafs will never become a butterfly. The man or woman who does not save regularly while earning, can never achieve freedom from money troubles."



THE First National Bank Central Wisconsin Trust Company of Milwaukee has seen in some remarks made in a newspaper interview by Charles M. Schwab upon his return from Europe recently the basis of a timely advertisement on the wiles of speculation. In this advertisement, which bears the

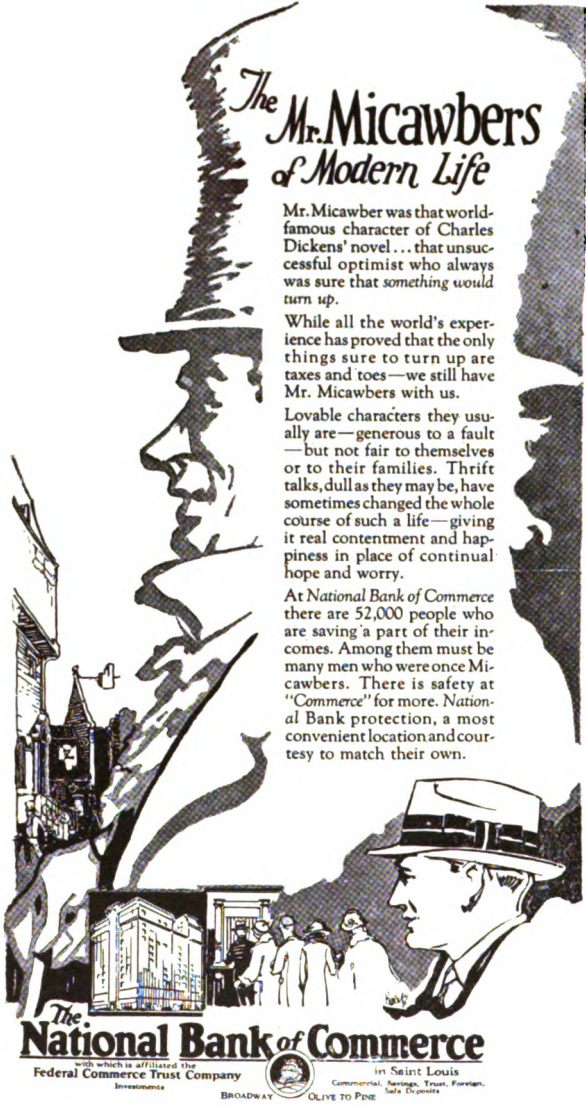
caption "Schwab Returns From Europe," the bank says:

"Charles M. Schwab, America's great industrial leader and financier, returned today on the Aquitania, as indicated in the accompanying dispatch.

"The statement which he issued on his return is worthy of your consideration.

"Schwab agrees with Mark Twain who said, 'March is a bad month in which to speculate. Other months in which it is unwise to speculate are January, December, February, November, April, October, May, September, June, August and July.'"

Mr. Schwab is then quoted by the bank as saying:



The Mr. Micawbers of Modern Life

Mr. Micawber was that world-famous character of Charles Dickens' novel... that unsuccessful optimist who always was sure that something would turn up.

While all the world's experience has proved that the only things sure to turn up are taxes and toes—we still have Mr. Micawbers with us.

Lovable characters they usually are—generous to a fault—but not fair to themselves or to their families. Thrift talks, dull as they may be, have sometimes changed the whole course of such a life—giving it real contentment and happiness in place of continual hope and worry.

At National Bank of Commerce there are 52,000 people who are saving a part of their incomes. Among them must be many men who were once Micawbers. There is safety at "Commerce" for more. National Bank protection, a most convenient location and courtesy to match their own.

A very striking savings advertisement, built around one of Dickens' best known characters. Run in newspapers 3 columns wide x 10 1/2 inches.

"I have never made money in the speculative business; I have always lost. I have only been able to make money by taking up a business and developing it. There is no money to be made in anything except a business you can develop and into which you can put your heart and soul."

THE calendar issued by the Hibernia Bank and Trust Company of New Orleans for the year 1925 is one of unusual interest. It depicts in a very artistic drawing in colors an airplane view of New Orleans, showing how the bank and its branches cover the city. The bank's main office stands out in bold relief, while the locations

of the branches are encircled in white.

WHEN a Los Angeles business college gave a dance for its students and their friends a bank in a county seat furnished unique programs. Each girl and woman was given a pad of blank checks, the kind with stubs, and as she gave a dance to a man she simply wrote out a check for him, her signature at the bottom, the dance number in the corner, the sort of dance it was in the space for the amount. Then she entered his name on the corresponding stub. The man took the check away and later "presented" it to be "cashed." This

Stock Growers Bank News
 VOL. IX. Worland, Wyo., Nov. 11, 1924. No. 4.

\$175,000 cash deposited with our bankers \$15,000 drawn in our vaults covered by burglary insurance. A \$400 cash reserve. Money in the bank and no debts. That's us.

"The supply of wool is short and the demand for wool is expanding. This is particularly true of the finer wools."—Commerce Monthly. Europe is coming back. The Far East is taking to woollen clothing, creating new demands. At the same time world production has declined 20% since the present period. Looks like a safe bet on sheep for a while.

George Muirhead has sold his "Broom" home in Worland to Mrs. Jane Johnson. More and more Worland becomes headquarters for people engaged in the live stock business.

The mystery is what comes of all the silver shipped to us Worland. Don't suppose that the average man realizes that the silver dollar paid over the bank counter has cost in shipping to the customer, insurance charges 15 cent per each dollar. Western people cry accustomed to silver although a wool \$100 bill carried in a small hold-it is even more lighter on the pocket.

It is not what We Say but what You Say that influences deposits "big way to the Stockgrowers". One might like the Stockgrowers show into a preliminary note. One that promises to pay in good service. You, as the customer, require that the money paid in full and the debt satisfied if you won't have very much to say for the Stockgrowers.

"One thought leads to another. Bankers talk about it man's credit being good. The rule works both ways. It is Mr. M's prerogative to turn down the Stockgrowers if it does not perform according to its promise. It is up to the bank then to keep on its toes.

United we stand, divided we fall. Election is over. Thank goodness too. And by way of getting back to business. How about less respect for the other fellow. Less of that stuff going as "they say—have you heard—and it's rumored". More respect to our own Qualities. More respect for our neighbor's rights. You know the bunch we are arguing for a Union Church. All agreed it was fun. So old old Brother Brown got, provided his meeting. Church was to be the Union Church. That's fine! Only leaving the church business to the individual, I'll be added it's to be the W. W. W. meaning WORLAND WASHKIE WYOMING.

No mail from George who was at college. Pa. George Dexter was getting more and more anxious as the days passed. Then one day a letter came and with it a smile. It was from George but from the bank. Said Pa. The boy's O. K., at least the bank sends word he is overpaying his account. He must be safe.

K F K X is the powerful relay radiocasting station at Hastings, Neb. It had to smile to itself when it first heard in its Announcer Bill Hay's "This is Hastings, Neb. etc.". Just the fact. Embarked on the air. My, but he has certainly broadcast a hole in the air. And so to be up-to-the-minute!

This is Announcer G. C. M. signing off. Good night to all.

One of G. C. Muirhead's highly original "personal" columns which appear in every number of the weekly "Grit" of Worland, Wyoming, in the form of an advertisement of the Stock Growers Bank of that city. Mr. Muirhead is president of the Stock Growers. The advertising copy which he writes for his bank is unflinching both interesting and stimulating. It has caused him to become very widely known in advertising circles. The above reproduction is reduced from 2 columns wide x 9 1/2 inches.

WE COVER THE ENTIRE STATE, HAVING DIRECT CONNECTION WITH ALL BANKS IN FLORIDA.



FRIENDLY FLORIDA
NO INCOME TAX—NO INHERITANCE TAX

The following amendment to the Constitution of Florida was adopted at the general election Nov. 4, 1924.

"No Tax upon inheritance or upon Income of residents or citizens of this state shall be levied by the State of Florida, or 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 five hundred (\$500) dollars."

THERE IS PRACTICALLY NO TAX ON INTANGIBLE PROPERTY IN FLORIDA

In addition to offering a place of residence free from the burdens of state income and inheritance taxes, Florida offers the best state in the Union in which to live and live long.

WE MAINTAIN A WELL ORGANIZED TRUST DEPARTMENT UNDER SUPERVISION OF MEN EXPERIENCED IN MATTERS OF TRUST IN THE STATE OF FLORIDA. INQUIRIES AND CONFERENCES ARE INVITED

THE ATLANTIC NATIONAL BANK
 OF JACKSONVILLE

TOTAL RESOURCES OVER THIRTY MILLION DOLLARS

An advertisement run by a Jacksonville, Florida, bank following the adoption last November of an amendment to the state constitution doing away with state inheritance and income taxes. Reduced from newspaper advertisement 4 columns wide x 7 1/2 inches.

Clubs of the world, May 10-14, there will be discussions on two of the most perplexing problems that confront savings bank advertising men today.

The first topic will deal with the subject "Home and Pocket Banks and Other Premiums for Savings Accounts Produce Profitable Results." The second subject will be "Circularizing Savings Customers Produces Bigger Balances."

Each topic will be discussed by two men on each the affirmative and the negative sides. Following the formal presentation the meeting will be thrown open for discussion, but no vote will be taken. The names of speakers and other features of the program will be announced at a later date.

For further particulars re-

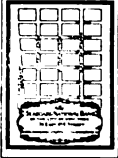
added to the enjoyment of the event and, of course, gave the bank some good will and publicity.

A bank that does not care to consume the stationery can likely dig up some discontinued forms—or perhaps print some especially suited for the occasion.

THE investment banking House of Halsey, Stuart & Co. has published a booklet in two colors, distinguished for its excellent typography and the effective arrangement of the illustrations, which covers in an interesting and helpful manner various phases of public utilities and public utility bonds. The title of the booklet is "The Strength of the Utilities."


Financial Advertisers' Houston Meetings

AT the Houston, Texas, meetings of the Financial Advertisers' Association, held in connection with the convention of the Associated Advertising



A few doors East---

Just a stone's throw East from Fifth Avenue, almost at the corner of Madison Avenue on 45th Street, a short walk from Grand Central is the beautiful bank of the Seaboard Uptown. Our immediate neighbors are the Ritz, one block north, the Biltmore, one block south, the Roosevelt at the corner. A few doors East of Fifth Avenue on 45th Street you will find us at No. 24. Here you are offered the last word in banking convenience & comfort by an institution familiar to New Yorkers since the early 80's.



The
SEABOARD NATIONAL BANK
 OF THE CITY OF NEW YORK
 24 EAST 45th STREET
 BROAD AND BEAVER STREETS 115 BROADWAY

A novel and unusual bank advertisement with the copy patterned after a primer in which words and familiar pictorial images are interspersed. This advertisement serves as a very effective announcement of the opening of a new banking office. Run in New York newspapers 4 columns wide x 10 1/2 inches.

NOVA DELINEATIO TOTIUS ORBIS TERRARUM PER PETRUM VANDER AAR

Your trip has begun
when you come in—

—to the new TRAVEL DEPARTMENT of
The FIRST NATIONAL at 67 MILK STREET

YOU can choose any spot on the globe and we will arrange your steamship transportation, your railroad transportation, and your hotel accommodations, if you wish. Moreover, we will assist you in procuring your passports and visas. Your passport photograph can be taken right here.

We can prepare itineraries, if desired; we can furnish First National Letters of Credit and Travelers' Cheques, honored everywhere. The Department is in charge of thoroughly competent men who have had years of experience in the travel business.

*Any First National office will call the services of the Department for you
Your patronage is solicited.*

The FIRST
NATIONAL BANK of
BOSTON

1784 :: :: 1925

MAIN OFFICE: 67 MILK STREET
 UPTOWN OFFICE: 426 BOYLSTON STREET
 NORTH END OFFICE: 160 HANOVER STREET

Boston Branches:
 115 SUMNER STREET ALLSTON RINDLEHILL

UPPER MERIDIAN FALLEN CHURCH BOSTON ALLSTON RINDLEHILL HYDE PARK

The advertisement of a Boston bank, run co-incident with the bank's opening of a new travel department. Appeared in newspapers 4 columns wide x 13 1/4 inches.

garding the participation of the Financial Advertisers' Association in the convention, write

Preston E. Reed, executive secretary, 135 West Washington street, Chicago.

AMONG pamphlets and folders recently distributed by the California Bank, Los Angeles, California, are the following: "What California Bank Can Do For You," an effective booklet giving an outline of services of the bank and its subsidiary trust and investment companies, with several pages devoted to locations of buildings, transportation terminals in the city and other data of interest to tourists.

"You Should Know More About It" is a booklet of instruction to new depositors setting forth "how their bank can help them to succeed;" while "Mrs. West Saves the Day" is a new method of bringing home the value of owning a safe deposit box. A two-page travel bureau pamphlet is another of their seasonal advertising mediums.

The advertising of California Bank is under the direction of Cora Eleanor Ross.

THE Foreman Trust & Savings Bank of Chicago has offered \$2500 in prizes for lists of the greatest number of words made from the letters in the name, the Foreman Banks. The prizes range from \$1000 and \$500, first and second prizes, respectively down to seventy-five prizes of \$5 each. The contest closed April 14. Three university professors of English will judge the lists.

BANK ADVERTISING EXCHANGE

IN connection with BANKING PUBLICITY there is conducted a Bank Advertising Exchange, containing a list of names of bank advertisers willing to exchange advertisements, booklets and other publicity matter issued by them. Any subscriber who will agree to exchange advertising matter may be added to this list. A copy of this list may be had by any subscriber upon application.

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.



“When I went abroad last summer”

SO begins a letter from a business man who made his first trip to Europe last year.

“I carried an ETC Letter of Credit,” he continues. “After several months in Europe, in which I covered nearly every country of the continent, had to switch itineraries at the last moment, had to insure hotel accommodations in advance, and had to obtain cash in out of the way places, I came to a full realization of the value

and convenience of the ETC Letter of Credit to a traveler.”

This letter is an indication of the good will which the ETC Letter of Credit creates for the issuing bank.

We will issue ETC Letters of Credit imprinted with the name of *your* bank, and your customers who carry them will be given the same conveniences accorded our own customers through our London and Paris Offices.

Write for further 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.

Twelfth National Foreign Trade Convention

Preliminary Program Reveals Comprehensive Plans for International Meeting of Business Men at Seattle in June

THE call and preliminary program of the Twelfth National Foreign Trade Convention to be held at Sattle, Washington, June 24-25-26, which have recently been issued by James A. Farrell, chairman of the National Foreign Trade Council, reveal an advanced state of plans for what is to be the council's first comprehensively international convention.

Delegations of business men have accepted the council's invitation and will come to Seattle from Japan, China, India, Straits Settlements, the Dutch East Indies and the Philippines. They will take an important part in the group sessions on the practical phases of foreign trade, which will cover such vital matters as credits and credit information, selling methods, packing, shipping, documentation and finance, and advertising. As announced by the council's headquarters in New York, group sessions will be held on American foreign trade problems in each one of these eastern nations, and at each group session at least two of the speakers will be business men from the country under discussion.

The delegations from the Orient were invited by a special mission of the Seattle Chamber of Commerce which returned from a successful six weeks' journey to the Orient on March 17, and reported that the council's invitation has aroused wide interest in the Far East and will result in substantial and representative delegations from each of the countries mentioned.

An additional group session, of special interest in view of the improved conditions under the administration of President Calles of Mexico, will be devoted to the Republic of Mexico.

Although stressing new American opportunities in Oriental trade, the Twelfth National Foreign Trade Convention will be as heretofore a forum for the discussion of the most general and the most vital interests which all Americans have in the \$8,201,534,-524 worth of foreign trade done in 1924. An annual American production of more than \$70,000,000,000 stands behind this foreign trade, finding its own outlet and its exchange

for world products a vital necessity of our economic system.

Last year, declares Mr. Farrell in his call to the convention, the volume of American foreign trade exceeded 92,000,000 tons, or more than 252,000 tons for every day in the year. This immense volume of business comprised 49,200,000 tons of American products exported to all the countries of the world, and 42,800,000 tons of foreign materials imported into the United States to serve the needs of our industries and our people.

"This year," declares Mr. Farrell, "gives promise of exceeding 1924. There is a new assurance of stability and progress in Europe, where steady improvement has been made for the last six years. There is increasing activity in the countries across the Pacific, as well as in South America and other overseas markets. American foreign traders have seldom, if ever, faced a more hopeful outlook."

The Trade Adviser Service of the convention, conducted by a representative and expert group of trade leaders who are available for informal advice on foreign trade practice under modern practical conditions, will be repeated this year. This famous "experience service," conducted by seasoned foreign traders, has acquired a unique value at National Foreign Trade Conventions. There will also be group meetings of export, sales and credit managers, exporters and importers, foreign department executives of banks, and educators, so as to furnish special opportunity for business men of common interests to profit by the convention sessions.

Three special trains, making sleeping car connections with all eastern and central cities, are scheduled to leave Chicago for the convention by the Great Northern, Chicago, Milwaukee & St. Paul, and Northern Pacific Railroads. The cities of the Pacific Northwest, led by the Seattle Chamber of Commerce, have made special arrangements for business and sightseeing tours to present an object lesson to the rest of the country in this area, whose population is growing at five times the rate of the rest of



PICKLES

MICHIGAN planted 36,230 acres to cucumbers last year. This was more than double the acreage of any other state.

In 1923 some 1,154,000 bushels of cucumbers were grown in Michigan. This was 35% of the total United States crop. Hence, several famous brands of pickles are from Michigan cucumbers.

This bank is an important link in the marketing of food products. 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.

the United States and whose foreign trade, in the Washington customs district alone, has increased from \$175,000,000 to \$426,000,000 in the last four years.

The preliminary program of the convention follows:

PRELIMINARY PROGRAM

General Convention Theme:

"FOREIGN TRADE ESSENTIAL TO PROSPERITY"

All Sessions at Olympic Hotel

Wednesday, June 24

FIRST GENERAL SESSION

10.00 a. m.

Main Ballroom

1. Call to order by James A. Farrell, chairman National Foreign Trade Council.
2. Organization of convention.
3. Address: *The Foreign Trade Outlook.*
4. Address: *The Commercial Future of the Pacific Area.*
5. Address: *Selling America Abroad.*

GROUP SESSIONS

2.30 p. m.

Group I. Education for Foreign Trade.

Group II. Japan.

1. Credits and credit information.
2. Selling methods.
3. Packing, shipping, documentation and finance.
4. Advertising.

Group III. British India.

1. Credits and credit information.
2. Selling methods.
3. Packing, shipping, documentation and finance.
4. Advertising.

Informal Get-Together Dinner, 6.30 p. m.

Informal Group Meetings, 8.00 p. m.

- Credit managers.
- Educators.
- Export managers.
- Sales managers.
- Foreign department executives of banks.
- Exporters and importers.

NOTE. These group meetings are intended to furnish special opportunity to delegates to meet other men in their own line of work and talk over informally their own experi-

Advertised
almost daily

Newspapers in leading cities describe new Bond issues.



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

ences and problems. No program is arranged for them, and the discussion will not be printed in the convention proceedings.

Thursday, June 25

SECOND GENERAL SESSION

10.00 a. m.

Main Ballroom

1. Address: *The Merchant Marine.*
2. Address: *The Relation of American Banking to World Rehabilitation.*
3. Address.

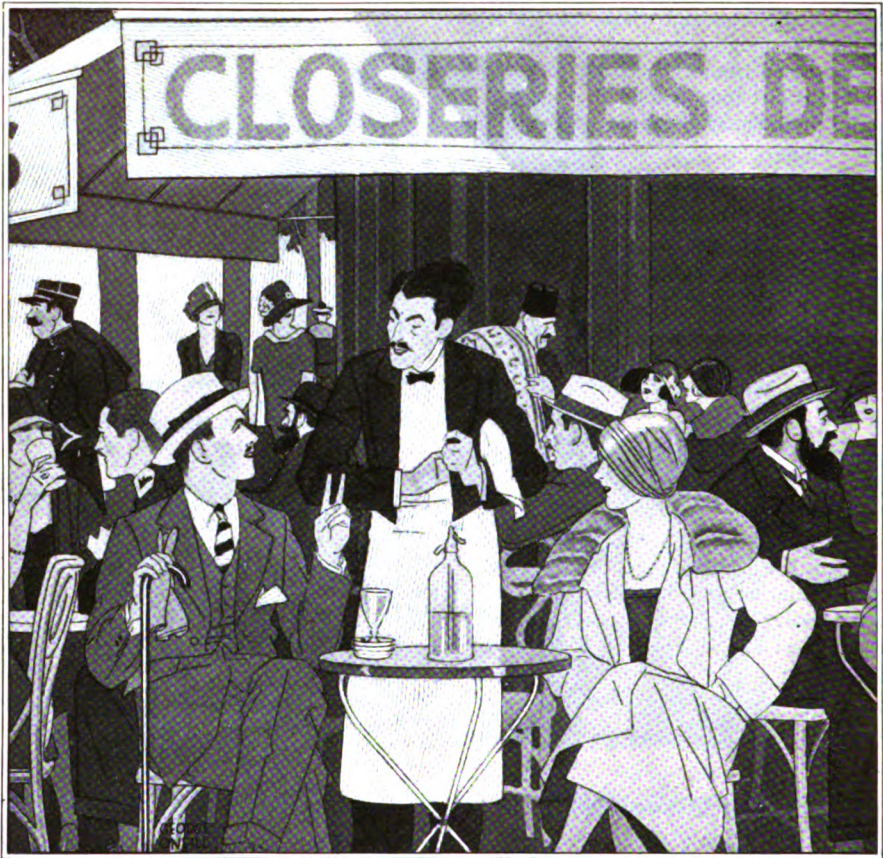
GROUP SESSIONS

2.30 p. m.

Group IV. Foreign Representation for Export. (In co-operation with the American Manufacturers Export Association.)

Group V. China.

1. Credits and credit information.
2. Selling Methods.
3. Packing, shipping, documentation and finance.
4. Advertising.



FOUR WEEKS IN FRANCE *at the cost of an ordinary vacation*

A GOLDEN noon under striped umbrellas—chicken en casserole fit for a prince and his court . . . Barbizon. A million jewels in the air, tossed against the sky—the spirit of history in lovely and stately rooms—gardens that make you dream of the long ago—Versailles, with the fountains playing. Moonrise from Sacre-Coeur. Twilight in the Bois.

The Riviera with summer prices—jeweled with little red roofed towns and sparkling beaches, banded by the

Corniche Road where every turn provides a never-to-be-forgotten view. The French Alps, the Pyrenees, are accessible by means of wonderful motor roads.

You can go to France this summer for \$140.00, in the large French Line one-cabin liners—with French service and French cooking. You can even make a round trip for \$162.00—tourist III class, with individual rooms . . . You can live well in France—and tour—on six dollars a day . . . Write for interesting booklet.

French Line

Compagnie Générale Transatlantique
19 State Street, New York



Agencies in Principal Cities
of the United States

Group VI. The Philippines.

1. Credits and credit information.
2. Selling Methods.
3. Packing, shipping, documentation and finance.
4. Advertising.

TRADE ADVISER SERVICE.....8.00 to 10.30 p. m.

Friday, June 26

GROUP SESSIONS

10.00 a. m.

Group VII. Imports.

(In co-operation with the National Council of American Importers and Traders.)

Group VIII. The Dutch East Indies.

1. Credits and credit information.
2. Selling methods.
3. Packing, shipping, documentation and finance.
4. Advertising.

Group IX. Mexico.

1. Credits and credit information.
2. Selling methods.
3. Packing, shipping, documentation and finance.
4. Advertising.

It is expected that in each of the Group Sessions dealing with specific markets at least two of the speakers will be men from the country under consideration.

THIRD GENERAL SESSION

2.30 p. m.

Main Ballroom

1. Address.
2. Address.
3. Address: *Trade and International Stability.*
4. Report of general convention committee.

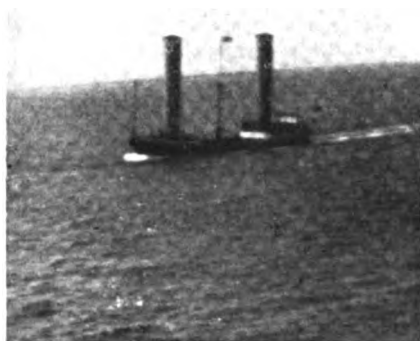
ADJOURNMENT.

New York Banker Finds America Most Popular of Nations With Germans

“AMERICA today is more popular in Germany than any other nation,” says Romaine A. Philpot, well known New York banker and chairman of the Bankers Forum who has recently returned from a trip abroad. In an interview to THE BANKERS MAGAZINE, Mr. Philpot states that a friendly welcome is extended to Americans on every hand; porters, train conductors, shopkeepers, merchants and bankers—none of them can seem to do enough to express their feelings of cordiality. “During my visit in Berlin,” states Mr. Philpot, “I met a great many important bankers and business men and I heard not one single unkind word uttered with regard to America and Americans. On the other hand, at the several dinners which I attended as a guest of Berlin bankers, toasts were repeatedly drunk to the United States with a very evident feeling of unreserved friendship, and with the expressed hope of a closer bond between the two countries and the further development of friendly business relations between them.

“German industry and business appear to be running at top speed. International business and economic conditions seem to be

constantly and rapidly improving. Everybody and everything, everywhere, seems to be busy, and Germany is facing the future with an ever increasing confidence and



The Flettner Rotor boat, "Buckau," in the North Sea, on her first official business trip, returning from Scotland to Germany. Photographed by R. A. Philpot, February 27, 1925, about two hours out from Hamburg, returning to New York on the S. S. "Albert Ballin"



ROMAINE A. PHILPOT

New York banker and organizer and for many years chairman of the Bankers Forum. He has just returned from a trip abroad where he was particularly impressed with Germany's cordial attitude toward the United States

optimism. Unemployment has been reduced to a very negligible figure."

Mr. Philpot has accepted the representation for the United States of the banking house of Sponholz & Company (Vorm. H. Herz) Kommanditgesellschaft, Berlin. He will attend to all their interests here, and establish connections and make arrangements with banks and investment houses throughout the United States, who may wish to accept orders from clients for the purchase and sale of securities traded in on the Berlin, Frankfurt and other German stock exchanges. This firm is one of the largest operators on the Berlin stock exchange and maintains private lines with the stock exchanges in other principal German cities. They are not dealers in bonds and stocks. Their operations are confined entirely to the execution of buying and selling orders from clients under the ruling of and subject to the commissions prescribed by the Berlin and other German stock exchanges.

The Sponholz banking house was founded in the year 1835 under the name of H. Herz, in Prenzlau, a small Prussian city.

In 1892 a branch office was opened in Berlin. This branch speedily developed into a very important organization. Since 1911 the partners of the firm are Hans Sponholz, Paul Hamel and Max Herz. In 1921 the firm adopted its present name, and at the same time was converted into a "Kommanditgesellschaft," i. e., numerous friends of the banking house from important industrial and mercantile circles are interested in the company as stockholders. The stockholders of the firm have for the years of 1923 and 1924 received as their share dividends of 25 per cent. in gold. The dividends distributed during 1921 and 1922 were on an even higher basis. Under this form of organization the stockholders are liable to the extent of their investment in the firm, while the three partners remain responsible to the extent of their entire fortunes. The firm has today a liquid



PAUL HAMEL

Partner Sponholz & Co., Berlin banking house which is represented in the United States by Romaine A. Philpot

working capital of about \$1,000,000. It is on the board of the Association of Berlin Bankers and is, through its partners, represented on the board of directors of the following well known industrial corporations: Accumulatoren Hagen, Luckau & Steffen, Angerer, Koch & Company, Niederlausitzer Automobil, Chemische Fabriken Dr. J. Wiernik & Company, and Naval Reederei.

Sponholz & Company employs about 100 clerks.

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.



Review of Countries

Great Britain

DISCUSSING the gold standard and the future value of gold, the Right Hon. Reginald McKenna, chairman of the Midland Bank, London, recently said:

If we return to the gold standard in 1925, are the conditions of the supply of gold and the demand for it such as will lead to a resumption of the course that trade was pursuing down to 1914? Is there likely to be an excess of supply over demand, or of demand over supply?

So far as I am able to judge, I should say that the supply of gold at its present value is more than sufficient to meet the world's demands and that consequently we shall pass into a time of slowly rising prices, more active trade and increased employment. The world's output today is about £80,000,000 a year at par value. There is accumulated in the Federal Reserve Banks of the United States an excess of upwards of £300,000,000 over legal requirements. A considerable demand has of late been made from India, Germany and Australia, but these three countries cannot absorb anything like the total output. The demands in other countries will probably be quite small. It is possible that we may add some millions to our reserve here, but the United States will be a willing seller rather than a willing buyer. I cannot pretend to take anything more than a cursory view of the total of requirements, but with such materials as I have at my disposal I cannot come to any other conclusion than that the output is

more than adequate to meet the world's demands. If this be the case, on balance gold will come to this country without our being obliged to attract it by high money rates. It will be bought by the Bank of England and, as I have already reminded you, every purchase by the Bank of England leads to an expansion of credit.

While I hold this opinion as to the final or permanent influence of a reversion to the gold standard I am by no means blind to the possibility and even probability that we may have many difficulties to encounter in the early days. The effect of our past policy in attempting to force the appreciation of our currency, whether by restricting credit, by charging higher rates for money than are current in the United States or by discountenancing the issue of foreign loans in our market, has been to create a situation which may have a serious reaction when we first get back to gold. Large balances held here on American account may be sold, with an immediate impact upon the exchange. The foreign issues which have been held back may be brought out with a rush. Our gold reserves may be jeopardised and high rates for money may be imposed in order to secure our position. Every step taken to enhance the value of sterling now must have its reaction at some later day. In these circumstances sterling exchange is at the moment in the same condition as the stock exchange when a heavy bull account is hanging over the market. But all these are matters only of temporary importance and we have to look behind market conditions to the long period trend of values. If we do so, I believe that reversion to the gold

NEW YORK AGENCY

THE BANK OF CANTON

200 WORTH STREET

Authorized Capital £1,200,000 Paid Up £1,081,280 Reserve £83,500

A Chinese Bank maintaining offices at the principal ports, offering direct services, for facilitating trade with the United States. The native born English-speaking staff eliminates difficulties which often accompany transactions in a foreign language.

Your correspondence is invited

HEAD OFFICE: HONG KONG

Agency: SAN FRANCISCO Branches: HANKOW, SHANGHAI, CANTON, SWATOW, BANGKOK
Correspondents in Important Centers of the World

standard will eventually be attended by an influx of gold and an improvement in trade.

Keynes Opposes a Return to Gold Standard

In a recent address before the commercial committee of the House of Commons, John Maynard Keynes, the eminent economist, replying to a previous address of the Right Hon. Reginald McKenna, opposed a return to the gold standard. Professor Keynes is quoted by the *New York Times* as saying:

We should not be returning to the pre-war system. We should be taking the risks of a new and unknown predicament. We should be trying to run a managed credit system disguised as an automatic gold standard in totally new conditions created by our indebtedness to America, the concentration of gold in America and the establishment of the Federal Reserve System in America.

Replying to the points raised in the discussion which followed his speech, Professor Keynes said he thought the cause of the onward sweep in the United States to which

he had referred in his speech as the reason for the rapid absorption of their unemployed was the immense national expansion that was going on, and, among other causes, the fact that they had severely restricted immigration.

He said that the 6 per cent. bank rate would be almost disastrous. As to the question of stabilizing exchange between the dollar and sterling there was no doubt that the United States wanted Great Britain to go back to gold and would do a good deal to facilitate that operation, he said.

Replying to a suggestion that in the long run the value of gold was always in downward direct low, Keynes said there was no law of nature operating in that direction and that whether it went up or down was due to historic causes. He believed that a wise policy of a managed currency might make all the difference to the British volume of unemployment.

There was no doubt, however, he added that if Britain decided to resume the gold

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

standard she could see it through. This country has a certain amount of gold, has credit and has certain borrowing facilities in America, which, however, he would be sorry to see used. It was not a question of the possibility of doing it. It was a question of wisdom.

The financial correspondent of the London *Times*, in commenting on Mr. Keynes's address, says:

The object of restoring the gold standard is to give British currency a fixed international value. The great advantages of this Keynes admitted and monetary reformers did not deny that under it there is only one fluctuating factor for manufacturers and traders to take into account, namely, price. Whereas, under the Keynes system there would be two prices, and exchange experience in the last ten years, and particularly in the last five, shows that with two fluctuating factors trade is often reduced to a gamble.

Mr. Keynes omitted to make any reference to the fact that England is a great international trading and financial center and that many people have in recent years preferred to keep balances in New York, which can be converted into a fixed amount of gold, rather than in sterling, which can be converted into gold only for amounts that vary from day to day and from hour to hour. Mr. Keynes maintained that there was no difference between a moneyed currency system and the gold standard system except in their objectives, and that it would be just as easy or just as hard to work with one as with the other. This view is not in accordance with experience.

Pease Reviews Economic Situation

In a recent review of the economic and business situation, J. W. Beaumont Pease, chairman of Lloyds Bank, remarked:

It may well be that historians will look back on the tenth anniversary of the war as the first that showed any indications of a real peace. If in future it becomes known as the year of reconciliation, it will be because, after all the previous fumbleings and failures of statesmanship, the simple common-sense suggestion of the year before to discover by an impartial commission of economic experts, working under American auspices, the exact ability of Germany to pay reparations, and the precise manner in which she should pay them, was at length acted upon.

I regard the adoption of the Dawes Report as the outstanding event of the year, and as an indication of a real return to

IRVING BANK-
COLUMBIA
TRUST COMPANY

NEW YORK

Statement of Condition, March 25, 1925

RESOURCES

Cash in Vault and with Federal Reserve Bank	\$37,648,119.40
Exchanges for Clearing House and due from other Banks	48,865,713.72
Call Loans, Commercial Paper and Loans eligible for Re-discount with Federal Reserve Bank . .	90,191,555.99
United States Obligations . . .	25,365,189.21
Short Term Securities	30,675,318.28
Loans due on demand and within 30 days	53,852,972.33
Loans due 30 to 90 days	43,397,527.81
Loans due 90 to 180 days	32,263,269.37
Loans due after 180 days	1,820,936.16
Customers' Liability for Acceptances (anticipated \$2,531,304.53)	21,899,717.17
New York City Mortgages and Other Investments	6,120,880.72
Bank Buildings	1,211,852.66
	<u>\$393,313,052.82</u>

LIABILITIES

Deposits	\$323,471,613.63
Official Checks	12,146,037.91
Acceptances (including Acceptances to Create Dollar Exchange)	24,431,021.70
Discount Collected but not Earned	832,495.42
Reserve for Taxes, Interest, etc. .	1,870,139.05
Dividend payable April 1, 1925 .	525,000.00
Capital Stock	17,500,000.00
Surplus and Undivided Profits . .	12,536,745.11
	<u>\$393,313,052.82</u>

BANKERS INVITED

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S. N. POCHKHANAWALA, Managing Director

sanity on the part of the nations involved. It constitutes the chief practical attempt we have yet seen to sweep up and tidy into heaps the litter caused by the war.

New York Views on Bank of England Rate Rise

New York bankers are quoted by the *Wall Street Journal* as saying that the action of the Bank of England in raising its discount rate from 4 to 5 per cent. marks the beginning of the end of the post-war currency instability in Europe. The *Journal* says:

There is nothing in England's internal financial and industrial situation to warrant higher money rates. The move is taken here as indicating plainly that British financial officials are committed to a policy of returning sterling to parity at the earliest possible moment. Return to gold in England will be the signal for currency stabilization measures throughout Europe.

Effect of the increase on sterling will be both practical and psychological; practical

in tending to keep present American and continental balances in London and encouraging transmission of further deposits, and psychological in that the world's financial markets will now make their commitments on the basis that par sterling and removal of gold embargo in England are practically certainties.

France

WRITING on "The Financial Position of France" in the current number of the *Foreign Securities Investor*, R. Lacour Gayet, financial attaché at the French Embassy in Washington says:

The principal difficulties of France during the last few years have originated in the reconstruction of the invaded regions. Now, according to the present provisions, this reconstruction is to cease in three years, at the most, which will very greatly lighten our budget. Moreover, we can hope that the Dawes Plan, which has just been put to work, thanks to the collaboration of your

SWITZERLAND

Banque Commerciale de Bale

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BASLE

Zurich

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Correspondents in All Parts of the World

countrymen, will be applied normally and we shall therefore collect some money, something to which the deceptions of the past few years have hardly accustomed us. Finally, the chief wealth of a country and its financial power rest in its economic activity. In this respect, let me point out some indications of a situation which, if maintained, should assure the continuation of excess receipts of taxes which marked the year 1924.

A Surplus of Exports

For the first time since 1875 there was a surplus in our commercial balance last year. Since 1919 the figures in francs of imports and exports were the following:

	000 omitted		
	Imports	Exports	Difference
1920	49,904,897	26,394,938	—23 billions
1921	22,067,908	19,772,512	— 3
1922	23,930,328	21,378,943	— 2
1923	32,608,012	30,431,510	— 2
1924	40,132,574	41,454,137	+ 1

The result of this activity is manifested by the excess receipts of taxes. The government collected 5,600,000,000 francs more in 1924 than in 1923.

Our debt, in gold francs, as of July 31, 1924, amounted to the following:

	In million francs
Internal debt:	
Perpetual and long term	39,550
Short term	9,839
Floating	24,161
Total	73,550
External debt:	
Political	30,815
Commercial	5,149
Total	35,964

First let us examine the external debt. By commercial debt I mean the different loans which have been granted to the French Government in the various countries. For example, in the United States, the 8 per cent. 1920, 7½ per cent. 1921, 7 per cent. 1924 loans. Moreover, under this heading are included the obligations given to the American Government in payment of the American stocks, amounting to about \$400,000,000, the interest on which, at 5 per cent., is regularly paid. At this point, I take the liberty to point out to you a fact which is too often ignored—that is, that the French Government pays to the American Government every year, as interest, the sum of \$20,867,000. The total annual payments of interest on our commercial debt amount to \$46,160,000, which, in the present state of the exchange market, represents a very heavy demand on our treasury.

The political debt corresponds to the

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credits opened during the war by the English and American Governments, to allow us to purchase the merchandise necessary for the general conduct of operations.

The Internal Debt

I now come to the internal debt. The long term loans were issued either by the state or through the "Crédit National," an organization founded in 1919 to insure the payment of war damages. It is, as I told you, the interest on these loans which absorbs 60 per cent. of the receipts of the budget. But they have no immediate demands on our treasury, as they are perpetual or due only at a very distant date. On the other hand, the short term debt, running three years, five years, etc., obliges us to meet maturities at a closed date, and these are very high for 1925. I call your attention to the fact, however, that the maturity of last February was carried out under the most satisfactory conditions, as the greatest part of the bonds were renewed by their holders.

There still remains the floating debt, that is, the debt of less than one year, and which amounts to about 24,000,000,000 gold francs. (Bons de la Défense National.)

These figures point out that one of the most urgent tasks to be borne by France

from a financial standpoint is to issue a vast consolidation loan, that is, to replace the floating debt, the reimbursement of which may be demanded at any time, by a long term debt, for which the government must only insure the payment of interest.

The advances made by the Bank of France to the government, in the form of the issue of banknotes, also constitute a debt. These advances, which in May, 1921—the date when they reached their maximum—amounted to 26,700,000,000, were lowered to 22 billions on January 1, 1925; that is, a reimbursement of 4 billions in four years. Moreover, in spite of the present difficulties (the total circulation of banknotes, 40,700,000,000 is very close to the authorized maximum of 41 billions), the French Government has issued the most formal declarations, stating that under no condition would it resort to inflation, from which Germany and Austria suffered, as you know, such disastrous consequences.

Italy

A CURRENT review of the business situation by the Banca Italo-Britannica, published in the monthly *Review* of the Westminster Bank, London, says:

Although, owing to the usual New Year



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Chairman

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President

52 Cedar Street, New York

holidays practically no business was transacted during the first week of January, the trade turnover for the month was unusually heavy, and the outlook for Italian industry is very hopeful, so that, given a continuance of prevailing conditions, the present year should witness an even greater increase in the country's prosperity than did 1924.

The political situation, especially since Signor Mussolini's pronouncement in the Chamber at the beginning of the month, is much calmer. In the circumstances, the alarmist reports appearing in the foreign press concerning Italian affairs have been occasioning considerable surprise and irritation here: the country is quiet throughout, and the Government would appear to have the situation well in hand. It is significant that the Premier enjoys the support of the majority of the Senate, the members of which are not allied to him by any party ties, while the people generally manifest no particular desire for a change in the present order of things.

Meanwhile, the commercial and industrial, as well as the economic, position of the country continues steadily to improve. Reference was made in the January *Review* to the satisfactory budget position; during the first five months of the current financial year, the internal national debt has been reduced by a further 958 million lire, while

further redemptions are promised before June 30, 1925. National expenditure has gradually been curtailed from nearly 17,000 millions in 1921-22 to an estimated 14,885 millions for 1924-25.

Italy's Trade Balance

As regards Italy's trade balance, this is also steadily improving; during the first ten months of 1924, Italy's imports amounted to 16,889 million lire, while her exports totalled 12,584 millions, so that the adverse trade balance over that period was only 4,355 million lire, as against a corresponding figure for 1923 of 5,924 million lire. The negotiation of the series of commercial working arrangements with neighboring countries, to which Signor Mussolini has from the beginning been giving special attention, was completed during the present month by the signing of the provisional agreement with Germany, so that Italy has now established a *modus vivendi* with all the principal countries with which she trades.

Germany

THE current monthly report on economic conditions in Germany, published by The Direction der Disconto-Gesellschaft of Berlin states that:

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

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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

Since the conclusion of the Reparation Loan there has been a flow of large credits from abroad to German industry, but at first chiefly of short credits. These have now been supplemented, as was highly desirable, with long loans, taken up by a number of the most reputable German concerns in the United States. At the same time it was possible to lower the rates of interest on these foreign loans, which of course is of the greatest importance in its effect upon the current liabilities arising out of the loans and therefore upon the burden on German trade in the future. All the same the German industrial loans yield the American investor $7\frac{1}{2}$ —8 per cent., which makes them a very attractive proposition when compared with home investments which yield only half as much. The high yield and the plentiful supply of funds on the American money market explain the eagerness to subscribe. Further, the concerns in question are extremely sound and of international reputation; indeed only the biggest and strongest concerns can possibly have access to the foreign money markets. In these circumstances it is the most impor-

tant duty of the German banks to see that the foreign capital which flows in only at a few points, is distributed among those concerns and branches of industry, which cannot come directly into touch with foreign lenders.

Industrial Loans and Export Business

The prospectuses of the German industrial loans published in America all give exact details of the proportion of the export business to the total sales of the company concerned. They do so because the investor is very naturally anxious to have a guarantee that the liabilities taken over with the loans will be fully covered by amounts in foreign currency derived from export. It is, however, equally to Germany's interest that the supply of foreign credit should be restricted as far as possible to those companies whose activity assures them a supply of foreign currency. Even if this condition cannot be always directly fulfilled, none of the foreign money must be used for pure consumption; it must instead be set aside for the purpose of improving and increasing production, which will finally result in an increased power of export. Here again great responsibility devolves upon the banks in as much as they must direct the foreign money into the proper channels. Taking these facts into consideration, the Association of Berlin Banks and Bankers has decided that foreign exchange credits will in the future only be granted when the borrower can prove that they will be used to meet bills in foreign currency, or at any rate that repayment is secured by corresponding amounts in foreign currency derived from exports.

The Flow of Foreign Credits

That the flow of foreign credits makes itself visible at first in increased imports and a consequent adverse trade balance is only natural. The very fact that in the present period of transition the trade figures

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(\$0.60=1 Yen)

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Bombay	Kobe	Hongkong	Manila	Peking	Simonseseki	Tokyo
Buenos Aires	Hankow	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsingtau
Calcutta	Harbin	Kobe	Nagoya	Rio de Janeiro	Sourabaya	Tsingtau
Canton	Harbin	London	Newchwang	Saigon	Sydney	Vladivostok
Changchun				Samarang		

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

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

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show an excess of imports over exports, indicates the need of foreign credits. The aim must be with the help of this temporary assistance so to increase the power of export, that it will be able not only to balance the normal imports but also to meet the interest on the foreign loans and to pay off the capital and finally make possible the payment of reparations money.

Spain

AGRICULTURE occupies first place as a factor in the national wealth of Spain, which has been placed at approximately \$31,000,000,000 (218,150,000,000 pesetas) by the Banco Urujijo, and accounts for 76,675,000,000 pesetas of Spanish national income, according to report to the Department of Commerce by Commercial Attache Cunningham, Madrid. The Spanish annual income has been estimated at 24,293,000,000 pesetas.

Among agricultural products bringing in the greatest amount of income, cereal and vegetable crops rank first with a total annual yield of 4,501,000,000 pesetas followed by root crops, with 830,000,000 pesetas income, vines with 792,000,000, olives with 648,-

000,000, pasture and uncultivated lands with 644,000,000, fruit trees and shrubs with 446,000,000, and hay and fodder with 437,000,000 pesetas.

Closely related to agriculture but considerably lower in value and income is stock raising, with an estimated wealth of 10,119,000,000 pesetas and an annual income of 1,214,000,000. The leading value is represented by cattle, of which there are 3,718,000, assigned a capital value of 2,975,000,000 pesetas, followed in order by mules, swine, horses, sheep, goats, and donkeys. In point of number however, sheep occupy first place, with 20½ million, followed by swine with 5.1 million, goats with 4.3 million, and cattle with 3.7 million.

Spanish industries, according to the survey, represent a total capital value of 48,247,000,000 pesetas, giving a yearly income of 7,237,000,000 pesetas. The leading classes of industry in order of the amount of income which they produce are: textiles yielding 2,150,000,000 pesetas, foodstuffs (flour, conserves, etc.) yielding 1,900,000,000, metallurgical industries, yielding 950,000,000, tanning and leather trades yielding 400,000,000,

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fishery yielding 400,000,000, lumber and wood yielding 350,000,000, tobacco manufactures yielding 337,000,000 and stone manufactures yielding 300,000,000.

Other principal classes of property are buildings and fixed property, valued at 35,700,000,000 pesetas, treasury debt held by Spanish private citizens and organizations, with 12,623,000,000, capital of incorporated companies, 9,500,000,000, mining 7,093,000,000, railroads 7,000,000,000, and current accounts in banks 6,179,000,000 pesetas.

Japan

THE urgent necessity of increasing the yield of agricultural products in Japan to meet the growing demands of the empire's ever-increasing population is cited as one of the most vital economic problems confronting that country today by Minoru Fukuda, chief engineer of the Toho Electric Power Company, one of Japan's largest retail distributors of electric power.

Mr. Fukuda is now in the United States

on a business trip which has been devoted in part to a study of American farm machinery and methods used here in substituting machinery for man-power on the farm. The results of his observations will be applied through some of the various Japanese agencies, including the government itself, which are striving to increase the area of tillable land. Mr. Fukuda says:

The Farm Electrification Society originated by Y. Matsunaga, vice-president of the Toho Electric Power Company has started a campaign in Japan to educate farmers in the use of mechanical devices instead of manual labor and members of this organization are working directly with the farmers to encourage the use of power-driven appliances.

The question of electricity versus internal combustion engines as a source of power may depend in some cases on local conditions, but the employment of either power results in two great advantages: first, increase of crop yield in a given area, and second, increase of area of tillable land. Since the arable part of Japan is a small

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part of the total land, and is populated by ever-increasing numbers, the yield of farm products in a given area must be increased, and additional land must be reclaimed in order to equalize demand and supply.

The vital problems that confront Japanese farmers today are therefore both social and economic. The solution must not be left entirely to government action, but must be tackled by all thinking men who are capable of working toward an increasing yield of agricultural products. The substitution of machinery for man-power as the best method of increasing the crop yield is therefore an urgent necessity.

China

THE *Chinese Economic Review* says regarding the overseas trade of the banks organized by overseas Chinese merchants:

The Sze Hai Tung Bank, Singapore, established in 1907, was the earliest Chinese overseas bank. It has been succeeded by fourteen other banks, including the China and South Sea Bank, which was organized by Hwang Yi Chu of Samarang in 1921, with head offices in Shanghai. The China and South Sea Bank now occupies an important position among Chinese banks in

the country. The total amount of authorized capital of the fifteen overseas merchants banks is about \$100,000,000, and the paid-up capital, \$27,000,000. The China and South Sea Bank has branch offices in Tientsin, Hankow, and Amoy. The Ho Hong Bank, Singapore, has six branches, and the Chinese Overseas Merchants' Bank, Singapore, four branches. With the exception of the China and South Sea Bank, most of the overseas Chinese banks deal principally in loans. Dealing in drafts and foreign exchange is a subsidiary business. Following is a list of the banks organized by overseas Chinese merchants together with location:

China and South Sea Bank, Shanghai; China Banking Corporation, Philippine Islands; Chinese Merchants' Bank, Singapore; Sze Hai Tung Bank, Singapore; Chinese Overseas Merchants Bank, Singapore; Ho Hong Bank, Singapore; Lee Hwa Bank, Singapore; Wan Hing Lee Bank, Penang; China Banking Corporation, Ipoh; Bank of Chantabun, Chantabun; Bank of Batavia, Batavia; Chinese Bank, Sourabaya; Huang Chunghan's Bank, Samarang; Ma Sum Chuan's Bank, Samarang; Chinese Commercial Bank, Manna.

Recently, a Chinese merchant at Samarang, Kwo Chun Yang, proposed to organize

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AMSTERDAM

Merchant Bankers

Capital Fl. 6,000,000

(Fully Paid)

a bank with a capital of \$100,000,000. The head office is planned to be opened in Shanghai or Peking, and branch offices in all important cities throughout the world. Mr.

Kwo is a rich sugar and cotton merchant in Samarang. His scheme is supported by Mr. Sciling, former president of the Bank of Java.



The impressive new building which is being erected by the well known Argentine banking house of Ernesto Tornquist & Co. in Buenos Aires

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. 320,000,000

Head Office:

HELSINGFORS

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Irving Bank-Columbia Trust Company

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South America

ERNESTO Tornquist & Co., of Buenos Aires, South America's largest and oldest bank, in a recent bulletin summarizing the economic year 1924, says:

The satisfactory evolution of the economic situation during the past year and the notable increase in the foreign trade, which has resulted in a large balance in favor of the republic, have had a favorable repercussion on the national finances. Nearly all the sources of public revenue exhibit important increases. Customs revenues augmented by 23.3 million pesos paper. The direct taxes, transfer taxes, and stamp taxes yielded in conjunction, 27 million pesos paper in excess of the previous year's figure, representing an increase of 40 per cent. The only decline was in the taxes on luxury consumption, which show a falling off of about 12 million pesos paper, caused principally by excessive augmentation of the rates of taxation and the overlapping of national and provincial taxes. The public floating debt was reduced by 61 million pesos paper during the first half of the year, but it has not yet been found feasible to carry out the important operation of consolidation which the national government proposed to congress.

The floating debt, however, has not occasioned difficulties of any kind to the public administration, as the short term loans obtained from local banks in the Capital have been renewed without difficulty at quite low rates of interest (below those obtained by the government for long period loans), the rate being $4\frac{1}{2}$ per cent. in most cases, notwithstanding that there is observable a general rise in the interest rates and that the banks have had to restrict their credit operations to a certain extent.

Foreign Trade

The National statistical department has issued the precise figures relative to our foreign trade in respect of the first nine months of the past year, and also the approximate figures for the whole of the year. According to these data the export trade augmented greatly whilst the imports diminished somewhat, leaving for the first nine months of the year, a balance in favor of the republic of over 176 million pesos gold, a figure which according to the calculation of the statistical office, will be increased to 230 million pesos gold for the whole year. This favorable evolution of our international interchange is due first and foremost to the heavy exports of our principal agricultural and pastoral products, and very specially

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

cereals, which present a large increase. At the same time, the prices for all classes of grain and for linseed became firmer during the year, until at the end of December last they had reached figures very remunerative for the country. Although the prospects of the new harvest are not favorable from the point of view of quantity, the quality of the crops will be good and they will represent a great economic profit to the country, having regard to the firmness of prices. In

view of the forecasts of the world's crops for the current year, which fall below the quantities required for consumption, it can be assumed that prices will remain firm in the future and that in consequence, the shrinkage in quantity will be compensated by higher prices. Exports of meat and of quebracho extract mark new high records. Imports fell off slightly owing to the prevalence of higher customs duties throughout the year, in conjunction with the fact that in 1923 they had augmented considerably on the threat of the said increase in duties.

Banking Business During the Year

Banking business during the year displayed somewhat more activity than in the preceding year as a reflex of the larger volume of home and foreign commerce and of the generally more satisfactory economic situation. The valorization of our gold peso, the reduction in the internal circulation and the active demand for money by trade and industry in the latter months of the year, have brought about a rise in the rate of interest which in turn has obliged the banks to restrict the volume of their operations to a certain extent.

The favorable result of our foreign trade and other factors which have concurred to restore prosperity to the economic situation of the country, have brought about an accentuated valorization of our gold peso in relation to the dollar and the pound sterling, as well as to other monetary units. The value of our gold peso improved 25 per cent. during the year in relation to the dollar, bringing it close to parity, from which, at the end of December last, it was only 5 to 6 per cent. distant. As, in turn, the pound sterling has appreciated in value in relation to the dollar, the gold peso still remains below par with respect to the pound to the extent of about 3 per cent. The Swiss franc and the Dutch guilder have followed the evolution of the dollar in relation to the gold peso while the French franc, the Bel-

Banco del Perú y Londres

LIMA, PERÚ

Subscribed and Paid-up Capital } £P500,000
Reserve Funds £P235,000

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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

gian franc, the peseta and the lira have depreciated in relation to our gold peso. As from the middle of November last, the German mark is again being quoted, a premium on it being maintained, although operations in this currency have so far not attained much importance.



International Banking Notes

The Caisse Commerciale et Industrielle de Paris has established a New York office in the name of D. O. Baudouy & Co., 16 Exchange Place. The institution has resources of 273,865,688 francs, and was organized in 1897 to do all kinds of banking and to participate in commercial and industrial transactions. Its capital and reserves amounted to 42,000,000 francs on December 31, last. The activities of the bank have been confined mainly to the South American field, and it has participated in the economic development of Brazil and Argentina. The new firm of D. O. Baudouy & Co. also will act as brokers in investment securities, it is announced. D. O. Baudouy, the manager,

has been for five years an executive of the Guaranty Trust Company, New York.



The New York agency of the Banca Commerciale Italiana has received a cable from the head office in Milan telling of plans for increasing the reserve account by 20,000,000 lire, and the undivided profits by another 20,000,000 lire.

Reserve will then be 300,000,000 lire, and the undivided profits over 37,000,000 lire. Capital was recently increased to 500,000,000 lire, of which 410,000,000 are paid in. A dividend of 12 per cent. for the year 1924 has been proposed.



Shareholders in the Midland Bank, London, have been invited to subscribe for new shares of £1 each, fully paid, at the price of £2 per share, in the proportion of one new share for every eight of the existing shares, the premium of £1 per share to be credited to the reserve fund, according to the London *Times*. The *Times* says:

"There are now 480,921 unissued £12 shares, representing £5,771,052 of capital

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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

Steps are to be taken to cancel the unissued £12 shares and to create 5,771,052 new shares of £1 each. The number of shares issued, according to the last balance-sheet, was 4,790,729; hence a new issue in the ratio of one in eight at £2 per share will provide about £1,200,000 of money, one half of which will be added to capital and the other half to reserve. In deciding to issue shares of £1 denomination, which will be free of un-

called liability, the bank is conforming to modern and popular practice. Two other members of the banking "Big Five"—Barclays and the Westminster—have part of their capital in the form of £1 fully-paid shares, and banks and other financial institutions generally have in recent years gradually been getting away from the old practice of depending for a portion of their reserve strength upon a contingent liability placed upon shareholders in the shape of uncalled capital.

"The additional capital is required in connection with the purchase of valuable freeholds in the City of London and in building a new head office. They remind shareholders that the business of the bank has outgrown the accommodation of the present head office, which is held on a lease. Incidentally the issue will tend to lessen the disparity which has existed since the war between the relation of the bank's fixed capital (i. e., its capital and reserves) to its withdrawable capital (i. e., deposits and current accounts). In December, 1913, the paid-up capital and reserves of what was then the London City and Midland Bank amounted to £8,048,650, equal to 8.5 per cent. of deposits amounting to £93,833,580. On December 31, 1924, the paid-up capital and reserves amounted to £23,953,645, and the deposits to £355,774,872, the percentage of the former to the latter being 6.7. An issue such as is proposed will increase the paid-up capital and reserves to, say, £25,151,000—equally divided between the two—and the percentage to deposits will then be slightly over 7 per cent."



The National Bank of Commerce in New York has established its third foreign post with the opening of the office of its new

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AMERICAN COLONIAL BANK OF PORTO RICO

representative at 16 Rue de la Chaussee d'Antin, Paris. Representatives' offices have been maintained for some years in London and Copenhagen. William Richmond, Jr., who has been with the bank in New York, will be Paris representative. His office in Paris will develop the close correspondent relationships which the bank has built up over a period of years in France, Switzerland, Belgium, Italy, Spain and Portugal, and will also keep in touch with those broader aspects of foreign banking and finance which are of interest in the United States.



Barclays Bank, Ltd., one of the "Big Five" British banks, is planning a direct extension of its service into Italy. According to its New York office, a new company to be known as Barclays Bank, Societa Anonima Italiana, is being formed and will shortly start operations in Rome, where the head office is to be located. The service of Barclays Bank, S. A. I., will be modeled on the lines of that rendered by Barclays Bank (Overseas), Ltd., the French affiliate of Barclays Bank. The new company will offer facilities for handling commercial business and tourists' requirements in Italy strictly comparable to the facilities which Barclays Bank (Overseas), Ltd., offers in France, and will cater especially to the needs of foreign visitors to Rome.



The annual report of the Deutsche Bank, Berlin, shows a turnover of 88,000,000,000

marks, quick assets of 610,000,000 marks and deposits of 864,000,000 marks. The net earnings of the bank were 19,000,000 marks, and a dividend of 10 per cent. was declared.



The statement of condition of the Bank of Finland, Helsingfors, as of December 31, 1924, shows total assets at that date of fmk. 2,011,697,936, of which fmk. 56,281,386



**Building of the Banco Hispano Cubano,
Havana, Cuba**

The Punjab National Bank, Ltd.

Established 1895

Head Office: 25, The Mall,

LAHORE, INDIA

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

Capital (Issued)	Rs. 1,00,00,000
Capital (subscribed)	50,00,000
Capital (paid-up)	30,65,568
Reserves (Dec. 31, 1924)	25,70,000
Deposits	6,26,06,910
Total Resources	7,18,66,097

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, Ferozapore City, Gofra, Gujranwala, Hoshiarpur, Hyderabad, Hafizabad, Jammu, Jhelum, Jullundur City, Kasur, 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

represents gold reserve, silver, coin, and foreign bank notes and coupons. Other principal items making up the bank's resources are, due from foreign correspondents, fmk. 793,947,152; loans, discounts and advances, fmk. 560,285,903, and government securities, fmk. 482,141,806. On the liabilities side of the statement the capital of the institution is given as fmk. 100,000,000; reserve fund fmk. 50,000,000, and notes in circulation as fmk. 1,249,946,189.

©

The report of the Bank of Norway (Norges Bank) for the year 1924 shows a net surplus of 21,100,000 kroner. This is about 1,000,000 more than last year. Of the surplus about 7,516,000 kroner have been written off, while the government tax amounts to 700,000 kroner and a dividend of 8 per cent. has been paid to shareholders with 2,800,000 kroner. With the writing-offs of last year and previous years the bank is said to be fully secured against all losses

caused by after-war conditions. In presenting the report N. Rygg, governor of the bank, informed the shareholders that it was his policy to attempt to restore the Norwegian krone to its par value, intimating that notwithstanding the improved financial position of the country this might prove to be a slow process.

©

The J. Henry Schroder Banking Corporation of New York has moved its offices from 25 South William street to more centrally located quarters at 27 Pine street, where it will occupy the first four floors.

At the annual meeting of stockholders of the corporation at its new offices, directors and officers were re-elected. Following additional officers were appointed: L. S. Chanler, Jr., assistant secretary, and Albert Ensslen, assistant treasurer.

Frank C. Tiarks, of J. Henry Schroder & Co., London, was in New York to attend the meeting.

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The annual meeting of stockholders of Compania Swift Internacional, Sociedad Anonima Comercial, was held at Buenos Aires, Argentine Republic, March 20. This company is the foreign auxiliary of Swift & Company, and operates packing plants in South America and Australia.

A semi-annual dividend of 90 cents gold per share, or at the regular dividend rate of \$1.80 annually, was declared, payable August 15 to shareholders of record July 15, 1925. The volume of sales for 1924 totaled in excess of \$85,000,000 gold, an increase over the previous year.

©

The New York agency of The Yokohama Specie Bank, Limited, at 120 Broadway, has received a cablegram from the head office advising the condition of the bank for the half-year ending December 31, 1924.

Net profits for the period were Yen 14,417,952.77 which were disposed of as follows:

Added to reserve Yen 3,000,000, making total Yen 80,500,000; dividend at 12 per cent. per annum, Yen 6,000,000; balance carried forward, Yen 5,417,952.77.

These figures show a slight improvement over the corresponding figures for balance carried forward for the preceeding half year,

BANKING IN FINLAND!

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

ESTABLISHED 1889

Head Office:
HELSINKI

(Helsingfors), Finland

134 Branches at all important business centres in Finland

Capital Fmk. - - - 150,000,000
Reserve Fund and Profits Fmk. 115,000,000
Deposits etc. (31/12 '24) Fmk. - 1,704,000,000

All descriptions of banking business transacted

Telegraphic address: KANSALLISPANKKI

ending June 30, 1924, the balance then being Yen 5,268,835.60.

©

The annual meeting of the Union Bank of Switzerland, Zurich, was held on March 14, 1925. The following is translated from the report submitted by the board of directors:

With respect to the Union Bank of Switzerland, the improvement of the economic situation is reflected in the increase of the turn-over and in the increase of the total of the balance sheet, which has gone up from 541 to 586 million francs. The operations included under the item "Banks and Bankers" have contributed largely to the increased turnover. Our foreign currency balances with banks consist of sums which have been placed at our disposal and of coverages for foreign exchange contracts entered into with us by customers for the purpose of protecting themselves against rate fluctuations.

During the past year credit has been more largely taken advantage of by our customers owing to the development of refunding operations, there having been thereby

brought about an increase of 12 millions in the value of outstanding drafts.

On December 31, 1924 "Debtors" account credited 282 million francs (1923: 277 million francs). Out of this sum 78 millions (1923: 74 millions) refer to commercial credits and 125 millions (1923: 117 millions) to covered and uncovered credits granted to industrial enterprises.

As to the latter, there are distributed as follows:

	(In millions of francs)	
	End 1924	End 1923
Cotton, wool and silk industry	37	26
Embroidery industry	7	10
Other textile industries and straw plating industry	13	19
Machine and metal industries	13	13
Watch and clock making industry	5	6
Building industry	9	10
Foodstuff industry	17	12
Chemical industry	5	6
Shoe making and leather industry	4	4
Manufacture of household articles	3	2
Sundry industries	12	9
	125	117

As compared with the foregoing year the item "Securities" shows an increase of 3,000,000 francs; this is mostly due to the purchase of gilt-edge Swiss bonds as well as to an item of 500,000 guilders worth of shares of the International Bank of Amsterdam, a bank in the organization of which we had participated together with other

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*The oldest, largest and most
progressive Bank in
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**Financing exportation of
produce:
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Best Organized Collecting Department

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

Resources \$3,864,020.57

NEPOMUCENO MEJIA M. - President

large Swiss and foreign banks. We trust that our interest in this organization will enable us to expand still further our relations.

The securities included under the heading "Permanent interests" have given us in 1924 a satisfactory return.

Cashiers warrants (certificates of deposit) show an increase of 10.9 million francs, which increase took place in the second half of 1924 after we had increased, following the example of other banks, the rate of interest from 5 to 5½ per cent. This increase of the rate of interest has been caused by the stringency prevailing on the money market. Early in 1925 we went back to a rate of 5 per cent.

In 1924 counter current advances and loans on collateral have developed favorably and have given us a profit accordingly.

On December 31, 1924, the employees of the bank numbered 1340.

The net profit amounts to 5.9 million francs and we recommend the distribution of a 7 per cent. dividend and the carrying of a sum of 500,000 francs to the reserve fund.

©

The total assets of the Goteborgs In-
tecknings Garanti Aktiebolag of Gothen-

burg, Sweden, on December 31, 1924, amounted to Kr. 60,459,000. This bank, which was established in 1869, has a paid up capital of Kr. 2,040,000 and a reserve of Kr. 1,400,000. Its principal business is the loaning of funds on mortgage securities. A dividend of 14 per cent. was paid on the capital stock in 1924.

©

The offering of 100,000 shares of the stock of the Anglo-American Bank of Greece has been announced by Pitcher & Co., New York, at \$6 a share. The Anglo-American Bank of Greece has an authorized capital of 500,000 shares, with nominal value of 100 drachmas each. This bank started to transact a general banking business in June, 1924, under a charter granted by the Greek Government. In December, 1924, it purchased the Bank of Samos, Greece, with a capital of 5,000,000 drachmas.

The purpose of the issue is to provide funds for establishing branch depositories in several American cities.

We are pleased to announce that
we have moved to our new building where it will be our
privilege to continue serving our many friends

BANCO DE PONCE

PONCE, PORTO RICO

Capital	-	-	-	-	-	\$ 750,000.00
Surplus	-	-	-	-	-	\$ 175,000.00
Assets	-	-	-	-	-	\$5,000,000.00

We solicit your collections.

Correspondence invited.

The Bankers' Association for Foreign Trade*

A Brief Survey of the Purposes and Activities of this Organization

By Fred W. Allen

Manager Foreign Department, Northern Trust Co. of Chicago

THE result of the Presidential election last fall has been pointed to by many as the most distinct reason for a renewal of confidence in the business outlook for the next few years.

Since that event we have seen a trade revival unequalled in this country for some time past. A great number of orders were released immediately following the Presidential election, and in many cases without waiting for the execution of these orders, they were immediately duplicated with an expectation of a heavy demand for these products.

There had been a natural scarcity in the country owing to the tendency on the part of the manufacturers and merchants to hold off, awaiting the signs of the times. Now that these orders have been released, there is a stronger tone in the money market with increasing demand for financing.

We have evidence on every hand today of the improvement in business in almost every line, and it is therefore logical to believe that the year 1925 will go down in history as one of the best that this country has experienced. This indication is based upon the assumption that unpleasant ele-

ments will not arise detrimental to the already established program of the industrial giants of the country.

With the development of trade and industry already outlined and planned for, not only this year but those to follow, commerce with foreign countries must necessarily increase. According to figures recently compiled for publication in the *Letter Box*, a periodical published by the Bankers' Association for Foreign Trade, our foreign commerce in 1924 amounted to \$8,186,000,000—\$4,583,000,000 of this amount being in exports. Millions of dollars have been poured back into Europe in the post-war years, a good proportion of which was sent over in 1924. Whether this money be loaned to Europe by the distribution of bonds among American investors or through credit extended to their competitive industries, matters little to the average investor.

On the other hand, our money is being loaned not only for the purpose of reconstruction, but to build up those industries in Central Europe, that were practically destroyed by the war, to a degree of per-

*Reprinted from "Export Trade and Finance."

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

fection that must necessarily reflect upon corresponding lines of industries in this country. It seems logical therefore, that due protection should be accorded American commercial and industrial firms that their products will have just recognition in competitive markets. Wherever our money goes, it should be directed along such channels which will prove as beneficial to the commerce and industry of our country as those to whom such credit is extended.

As commerce with other nations increases, there will necessarily be new legislation enacted by our Federal and state governments, by which all those interested in foreign trade and the financing thereof will be generally affected.

For example, the Sherman and Clayton acts have been subjected to severe criticism by not only industrialists affected by these acts but by economists as well.

Are not the bankers of the country also concerned about legislation affecting their clients in that there might be greater freedom possible, rather than restraint of trade? Should they not support proposed legislation that they consider helpful to trade and voice their disapproval of legislation that

might prove detrimental to the interests of their clients in general?

There is very little, of course, that can be done by those interested in foreign trade in an individual way, but the combined efforts of any group should be more effective in every particular. The same situation obtains with reference to the banking profession and particularly to banks having foreign departments.

Having this firm conviction, a certain group of representative bankers gathered together some four years ago to effect an organization which was eventually called the "Bankers' Association for Foreign Trade."

The purpose in forming this association was to provide a medium through which its members might interchange opinions and establish uniform systems and methods in the conduct of foreign business. It later developed that it would enable them to more closely trade among themselves in local exchange and acceptance markets.

While this practice has not been as pronounced as had been originally hoped for, it has given the heads of the foreign departments of banks in the Middle West a better

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

insight as to certain conditions in the principal cities.

The association during the past two or three years has been able through its committees to gather and disseminate essential and helpful information and statistics that have proved beneficial to its members. Particularly during the past year has this information been most opportune. The members of the association have also profited to a marked degree through their personal contact, or by means of other communication, with others on the membership roll.

Many times since its beginning, the association has shown a splendid spirit of co-operation among the members, which necessarily tends toward a prevention or an equitable adjustment of controversies that might arise from time to time.

The Bankers' Association for Foreign Trade as a group, is obliged to urge the passage of wise and useful legislation as well as to aid in the development and maintenance of foreign trade. Therefore this association representing the best banking interests in the Middle West, is a powerful organization.

The officers and members of the execu-

tive committee of this association are chosen from a group of representative men holding important positions in the larger banks either in the capacity of manager of the foreign banking department, or who are directly interested in, or responsible for, its supervision. These officers are as a rule accepted authorities on questions governing foreign trade matters, therefore, through the intermingling of the members at the annual conventions of the association, there is an opportunity for free discussion of questions in which we are all concerned. This gives the chairman of the various committees an opportunity to not only consider, but to make recommendations for uniform forms and methods, which will eventually tend toward an improvement of service given by the various institutions represented.

The quality of service, therefore, that a bank can render its clients, depends upon the facilities at its command. These facilities are undoubtedly increased and improved for a bank through a membership in an organization of the nature and character of The Bankers' Association for Foreign Trade.

There will always be a certain group of export managers who because of many years

Rotterdamsche Bankvereniging

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 experience behind them, will maintain that they can do better by handling papers covering their export shipments direct with a bank located in the city of destination instead of through banking connections in this country. This group are as a rule over-zealous on behalf of their own companies toward making a better showing in the cost of financing their exports.

Unfortunately for some, however, this is not always the better judgment. Many cases could be cited where mistakes were made in the handling of shipments directly through banks abroad that might have been eliminated had they been handled properly through a local banking connection. Therefore a slight commission to which the American bank is entitled will save charges many times over this commission which might accrue before the shipment is finally disposed of, or returned to this country with additional charges attached to it.

Banks maintaining foreign departments in this country are better equipped than the average exporter to size up the situation before drafts are sent abroad for collection. Proper instructions should be received before the bank assumes responsibility for the handling of the item, and past experience

tells the banker what instructions are necessary.

There is always an additional advantage in this procedure in that foreign banks are more ready at all times to co-operate with banks in this country with whom they might work on a reciprocal basis than they would be with commercial houses direct. It is obvious that the commission charge made the exporter would be just as great, if not a trifle more, than that made to banks, but from their banking correspondents in America the foreign bank is always in the position of receiving additional business of another nature, all of which is profitable to them.

Bankers in this country interested in foreign trade are, as a rule, ready and willing to do all they can toward the development of our foreign commerce, many times going to certain expense that should come back to them by effective financing.

As an indication of their desire to keep in touch with world conditions at all times, and to have the viewpoint of the best informed leaders in foreign exchange and foreign trade the members of this association have secured some very prominent men to address them at their annual conventions.

Such men as Fred I. Kent, vice-president

of the Bankers Trust Company, New York, and a member of the Executive Committee of the International Chamber of Commerce; Honorable T. E. Burton, member of the Foreign Debt Commission and eminent Senator of Ohio; Dr. Julius Klein, in charge of the Bureau of Foreign and Domestic Commerce, Washington; H. G. P. Deans, vice-president of the Illinois Merchants Trust Company, Chicago; Grosvenor M. Jones, in charge of the Finance and Investment Department of the Bureau of Foreign and Domestic Commerce, Washington; L. J. Burnes and Wilbert Ward of the National City Bank of New York, and many others have addressed the members at their recent conventions.

The association secured for the prin-

cipal speaker at its Fourth Annual Convention which was held at Cincinnati, April 2 and 3, Sir George Paish, former editor of the *London Statist* and during the war financial advisor to the British Chancellor of the Exchequer, a well known English writer and economist.

Any person engaged in or directing the work of a foreign department of a bank located in the United States is eligible for membership in this association, subject, of course, to the usual provisions of a vote of acceptance by the required number of the board of directors.

Application for membership may be forwarded to the secretary, F. W. Allen, The Northern Trust Company, 50 South LaSalle street, Chicago, Ill.



The Cost of Running a Bank

By J. H. Tregoe

Executive manager National Association of Credit Men

THE year 1924 recorded a large number of bank failures. The total was more than 700.

It is customary for us when considering a bank failure to attribute bad management, loans or investments as the chief cause, and I judge in many instances the inference is right. We do not as a general rule bear in mind that a bank has running expenses that must be met or its resources will be impaired. It isn't possible to set up a banking institution without the cost that good human service demands. Banks are frequently organized without thought of the community's ability to supply the income necessary for its maintenance. Many people seem to think that a bank of small capital can operate almost anywhere. The fallacy of this idea is being very vividly demonstrated nowadays. Let me point out one instance:

A bank in Oklahoma recently failed. Its capital was \$10,000, its surplus \$620, and deposits \$54,940. Presuming that its loans were at capacity and at an interest rate of 10 per cent. per annum, the income would not exceed \$6000 a year. Was there the least prospect of such an institution succeeding? Was it

not sheer nonsense for its organizers to spend their own money and to jeopardize the money of the community in a venture that spelled failure at the very outset?

A person can do what he pleases with his own money provided he doesn't break the law in expending it, but the many instances of bad judgment in the organizing and operation of banks wherein the monies of other people were involved convince me that the states should be more rigid in their banking laws, and throw about their people better safeguards than are now exercised.

We have a great deal to learn about banking. We have never, as a nation, understood the science of banking. We have looked upon it more as a convenience and a maker of profit than a public servant. After getting as many raps in the abdominal region as the failed banks of the past two years have given us, it seems as though we should sit up, look around, take our bearings and permit only those institutions to be organized and operated that bear within themselves the promise of success and safety if properly administered.



THE new bank building of the National Mount Wollaston Bank, Quincy, Mass., planned by Thomas M. James Co., architects of Boston and New York. This building is carried out in Quincy granite, with bronze doors and windows.

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

Business Barometers and the Business Cycle

Article XXIV of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, Hudson County and Elisabeth (N. J.) Chapters, American Institute of Banking; author of "Encyclopedia of Banking and Finance"

OUTLINE OF ARTICLE XXIV

I. Kinds of business and financial barometers:

1. Business barometers.
 - a. Measures of business activity.
 - b. Measures of production.
 - c. Measures of consumption.
 - d. Measures of price trends and profit prospects.
2. Credit barometers.
3. Investment and speculation barometers.

II. Business cycles:

1. Major cycle (primary)—a period of years.
2. Minor cycle (secondary)—several months to several years.
3. Short swing (tertiary)—day-to-day, and week-to-week fluctuations.

III. Phases of a business cycle:

1. Crisis.
2. Emergency liquidation.
3. Depression.
4. Readjustment.
5. Recuperation or revival.
6. Prosperity.
7. Over-extension and speculation.
8. *Return to crisis.*

IV. Phases of a speculative cycle:

1. Period of accumulation (low prices).
2. Period of advance (rising prices).
3. Period of distribution (high prices).

LIKE weather barometers which forecast meteorological conditions—areas of high or low pressure, cloudy or clear skies—business barometers are statistics used as instruments to forecast business, credit, investment, and speculation tendencies.

Business barometers may be defined as trade data, statistics of production and distribution, finance, credit, prices, etc., by which, fundamentally and comparatively, business volume, activity, credit supply, price trends, profit prospects, and investment and speculation opportunities may be measured and forecast.

Much that goes under the name of business barometers is not "barometric" in character, but "thermometric." That is, most business statistics measure present or past "temperatures." Car loadings, or pig iron production figures, for example, show the state of activity for a past or current period. It is only when these statistics are tested in sequence, or as part of a trend, that they become barometric. In other words, business statistics are not, in themselves, barom-

eters at all. To be barometers, interpretation is necessary.

On the other hand, the trend of prices on the stock exchange can be regarded as "barometric," and the stock market as a barometer. That is supposed to be one of its functions. A rising trend in stock prices foretells increasing business volume and profits, while a declining trend is an augury of falling volume and lower profits. The stock market, representing the composite opinion of thousands of business men, is a sensitive plate registering in advance the notions of these men as to the immediate business trend. In the main, the stock market has reflected changes in sentiment and actual movements of business with amazing accuracy.

Business Statistics Incomplete

A vast amount of statistical data relating to business is now collected in the United States by the Government, trade associations acting individually and cooperatively, single businesses, trade journals,

and private economic and statistical bureaus engaged in business research, analysis, and forecast. While the United States had made important progress in statistical compilations in the past ten years, and is probably ahead of any other nation in this respect, from the viewpoint of the barometrician the gaps in business data still leave much to be desired.

Business statistics (or barometers) when analyzed and interpreted by trained business men and business analysts, afford a basis for the scientific appraisal and forecast of business conditions and prospects which is particularly useful in business planning—whether the steel business or banking business. The chief risks of business consist in estimating probable consumption, production costs, prices, and interest rates. Sales policies and production programs largely depend upon advance knowledge of probable sales and prices. In a word, a business man is in a position to eliminate much of the risk of doing business if he can successfully forecast price trends which will influence profits whether on the cost or selling side.

In the lumber industry, for example, the necessary statistics for accurately predicting future price trends on the supply side would be: (1) production, (2) shipments, (3) accumulated stocks with mills, (4) stocks with dealers, (5) invisible stocks, (6) cost of production, and (7) raw material reserved. On the demand side the barometrician would want to have the following data: (1) current orders, (2) current deliveries, (3) purchasing power, (4) potential demand as shown by trade reports from the customary markets, e. g., building, furniture, vehicles, etc., and (5) changes in the public taste.

Stock Exchange Barometer

Quotations on the New York Stock Exchange, and average prices of representative stocks, constitute the best single "all-purpose" business barometer because they are the resultant product of opinions of leading business men, investors, and professional speculators, who are willing to back up their judgments with money. The history of price movements on the New York Stock Exchange shows that these movements or "cycles" anticipate with surprising precision actual business and profit trends in this country.

Generally speaking, stock exchange price movements foreshadow or "discount" changes in the business situation from a month to nine months ahead (on the average some-

thing like five or six months ahead), and if properly interpreted become a valuable barometric index of future conditions. This barometer also indicates the channels in which capital may be most profitably employed, as well as the errors of promoters, bankers and financiers in the misapplication of capital.

Kinds of Barometers

Business statistics or barometers are sometimes divided into three classes—business, credit, and speculation and investment. While this separation may be advantageous from some points of view, it should be recognized that they are mutually interdependent. Good business conditions depend upon favorable credit conditions; likewise security prices are dependent upon the state of business and credit.

Business barometers (as distinguished from purely credit and investment barometers) may be subdivided into four classes: (1) measures of business activity (volume of trade), (2) measures of production, (3) measures of consumption, and (4) measures of price trends and profit prospects. While these are naturally dependent on one another, it may prove useful to keep them distinct.

In the following lists, some of the most important available business barometers are itemized:

Measures of Business Activity (Volume of Trade)

1. Car loadings.
2. Railroad gross revenues.
3. Bank clearings.
4. Debits to individual accounts.
5. Unfilled orders of the United States Steel Corporation.
6. Car surplus and shortages.
7. Bad order cars.
8. Exports and imports.
9. Grain shipments.
10. Live stock shipments.
11. United States postal receipts.
12. Unemployment.
13. Alien migration.
14. New enterprises.
15. Port clearances and idle shipping tonnage.
16. Advertising space.

Measures of Production

1. Grain and cotton crops (actual).
2. Grain and cotton acreage and condition.
3. Pig iron.
4. Steel ingots.
5. Building contracts (permits).

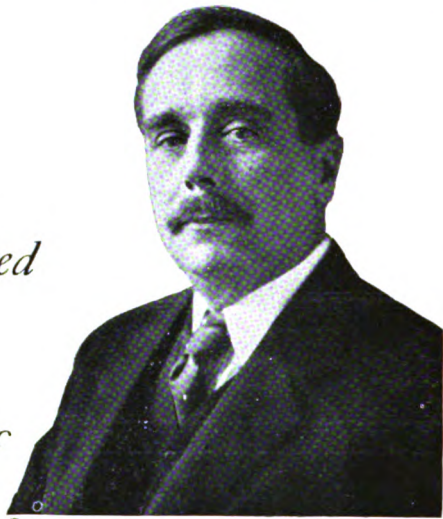


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6. Bituminous coal.
7. Crude petroleum.
8. Copper.
9. Lumber.
10. Cement.
11. Motor vehicles.
12. Active cotton spindles.
13. Kilowatt hours generated by public utilities.

Measures of Consumption

1. Chain store sales.
2. Department store sales.
3. Mail-order sales.
4. Raw cotton consumption.
5. Raw silk consumption.
6. Crude oil consumption.
7. Gasoline consumption.

Measures of Price Trends and Profit Prospects

1. Index numbers of wholesale prices.
2. Prices of basic commodities, e. g., grains, cotton, steel, pig iron, copper, petroleum, coal, rubber, live stock, lumber, wool, silk, etc.
3. Reports of earnings of basic industries.
4. Dividend disbursements of key industries.
5. Business failures.
6. New domestic capital issues.
7. New incorporations.
8. Average prices of stocks and bonds.

Credit and Financial Barometers

To the commercial and investment banker, credit and financial barometers are probably of more interest than the strictly business barometers. It is by an interpretation of these barometers that some insight into the probable course of interest rates and bond prices may be had.

The principal credit and financial barometers are presented as follows:

Credit Barometers

1. Federal Reserve System ratio of reserves to note and deposit liabilities.
2. Total bank deposits and loans.
3. Ratio of deposits to loans of member banks.
4. Money rates for (a) call loans, (b) time loans, (c) bankers' acceptances, (d) commercial paper, and (e) open market transactions.
5. Federal Reserve Bank rates of rediscount.
6. Official estimates of monetary stock.
7. Gold movements.
8. Gold production.
9. Excess bank reserves.

Investment Barometers

1. Interest rates.
2. Average bond prices.
3. Average stock prices.
4. Sales of bonds on stock exchange.
5. Municipal bond sales.
6. Sales of stocks on stock exchange (activity).
7. Contemplated new capital issues.
8. Volume of current refinancing.

Sources of Barometric Information.

Sources of business statistics and barometric information are extremely varied. A number of business magazines, such as *Dun's Review*, *Bradstreet's*, the *Annalist*, and the *Commercial and Financial Chronicle* are devoted to the collection and preparation of business statistics and indexes, and point out general and specific trade tendencies.

Railroad earnings, traffic, equipment condition, and other railroad statistics are furnished by the Interstate Commerce Commission, Bureau of Railroad Economics, and the American Railway Association.

Crop data are reported by the Department of Agriculture, the Department of Commerce, and by several private reporting agencies.

Production data are reported by various trade associations, trade journals, statistical organizations, or by the large units in the field. The same may be said of consumption statistics.

Credit and investment barometers are compiled by the Federal Reserve Board and Federal Reserve Banks, the New York Clearing House, and various financial newspapers and magazines. Some of the statistical and forecast organizations compile very elaborate tables of business statistics, which are furnished to their subscribers.

The Business Cycle

Business men and economists are not altogether agreed as to the nature of a business cycle, its causes, or duration. An exact definition, therefore, is quite impossible. It is generally recognized that business moves in waves or "swings" upward and downward, of more or less severity. Within one broad, long-term, upward swing a number of smaller up-and-down movements may be discernible. The long-term swings are known as major cycles, and the short swings as minor cycles.

Roughly, a major business cycle may be considered as an interval which embraces an alternating period of prosperity and de-

Bethlehem Steel Corporation

CONSOLIDATED BALANCE SHEET

December 31, 1924

ASSETS

PROPERTY ACCOUNTS (Net)		\$480,078,227.58
INVESTMENTS IN AND ADVANCES TO AFFILIATED COMPANIES		9,140,970.45
FUNDS IN HANDS OF TRUSTEES		1,183,670.93
CONTINGENT AND INSURANCE FUND ASSETS		4,750,301.32
STOCKS AND SUNDRY SECURITIES, INCLUDING REAL ESTATE MORTGAGES		4,689,615.97
CURRENT ASSETS:		
Inventories	\$ 79,850,021.51	
Accounts and notes receivable.....	35,419,950.07	
Preferred stock held for employees less payments on account	2,354,624.81	
U. S. Government securities.....	32,953,839.01	
Sundry marketable securities.....	116,440.72	
Cash in banks and on hand	16,535,069.78	167,229,945.81
DEFERRED CHARGES TO OPERATIONS		549,719.99
		<hr/>
		\$617,622,452.04

Bethlehem Steel Corporation

CONSOLIDATED BALANCE SHEET

December 31, 1924

LIABILITIES

CAPITAL STOCK:

8% Cumulative Convertible Preferred Stock	\$ 14,288,600.00	
7% Cumulative Preferred Stock	45,148,910.00	
Common Stock	180,151,900.00	\$239,584,410.00

CAMBRIA IRON COMPANY STOCK (Annual Rental of 4% payable)	8,465,625.00
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FUNDED DEBT	237,142,264.36
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CURRENT LIABILITIES:

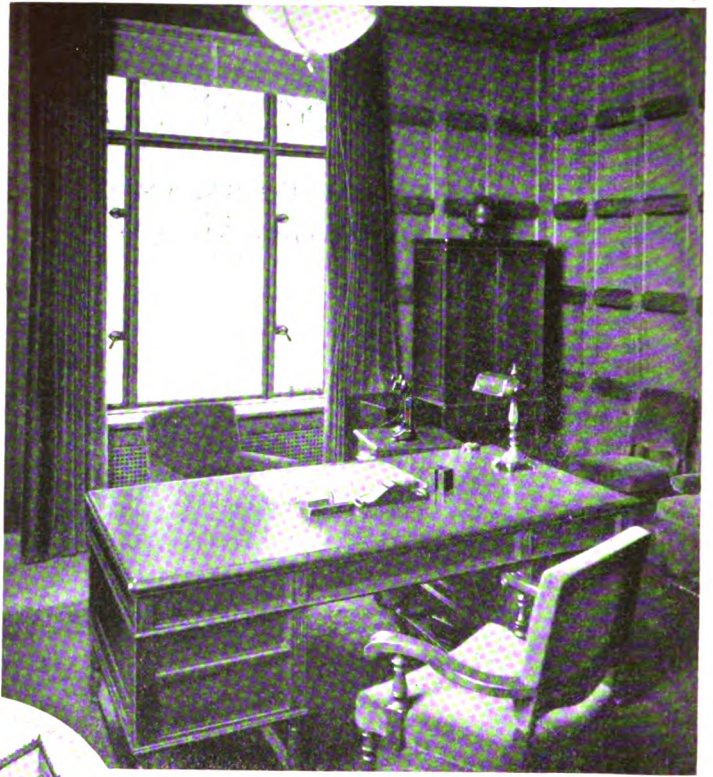
Notes payable	\$ 1,055,000.00	
Accounts payable, including advance payments on contracts, pay-rolls and other accrued liabilities	24,373,960.63	
Bond interest accrued	3,563,967.98	
Dividends payable, April 1, 1925	1,075,230.00	30,068,158.61

SUNDRY RESERVES:

Contingent reserve	\$ 5,670,648.60	
Insurance reserves	2,687,467.80	8,358,116.40

SURPLUS:

Appropriated	\$ 88,000,000.00	
Unappropriated	6,003,877.67	94,003,877.67
		<u>\$617,622,452.04</u>



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pression—an upswing followed by a downswing. It is one of the most significant phenomena of the capitalistic régime and appears to be an outgrowth of our modern system in which production takes place in advance of consumption. Business volume and commodity prices do not remain on a constant level, or at a fixed rate of expansion, but are subject not only to seasonal variations, but to long-term fluctuations. In sum, business travels in waves and excesses of activity appear to be counteracted by excesses of sag. Borrowing from the physical sciences, Mr. Babson constructs a theory of the business cycle on the principle that action and reaction are equal, or that periods of business prosperity in so far as they are in excess of normal activity, are compensated for by periods of depression or underactivity. This leaves the problem of estimating “normal” activity, which must allow both for natural growth and seasonal influences.

Many writers divide the business cycle into four phases, which, although known by different names, are descriptively identified as follows: (1) prosperity (active business), (2) decline (or liquidation), (3) depression (sub-normal business), and (4) improvement (or revival).

The author divides the major business cycle into seven more or less distinct periods, enumerated and described as follows:

1. *Crisis*.—This is the turning point or decisive moment which marks the collapse of the period of prosperity, high prices, and possible extravagance and inflation. It is frequently initiated by a buyers' strike as a reaction from high prices, by inordinately high interest rates, or by a failure of selling prices to rise commensurately with costs. Before the Federal Reserve System was established a crisis often degenerated into a panic because of the failure of the National banking system to provide the additional currency and credit called for by increased activity at rising price levels.

2. *Emergency liquidation*.—Following the crisis comes the period of emergency liquidation. The crisis marks the end of rising prices, and business men are anxious to unload or “get out from under” to avoid inventory losses before the price decline proceeds further. The previous period of prosperity replenished stocks beyond the capacity of the markets to absorb them, and quantities of goods are apt to be thrown on the market at “sacrifice” prices.

3. *Depression*.—This is a period of “hard

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times.” Prices have declined, losses have been widespread, and efforts are made to work off the excess of goods. There is a drastic curtailment of production, resulting in unemployment, reduction or elimination of profits, accumulation of money in bank reserves through the deflation of credit, and a general practice of economy. There is a constant “feeling for the bottom” in the price movement.

4. *Readjustment*.—When the bottom of the price movement has been struck (after excess goods have been sold), the period of readjustment begins. It is characterized by irregular and uneven price movements which are in process of stabilization and harmonization; also by sharp competition, lower production costs, elimination of the more inefficient (numerous business failures), but with the return of more cheerful sentiment.

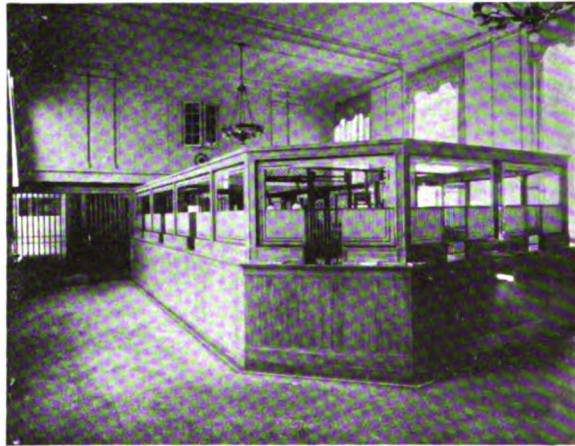
5. *Recuperation or Revival*.—By this time the deflation process has been completed. Bank reserves are high and interest rates low. Reduced prices tend to stimulate de-



Building of the First National Bank, Hightstown, N. J.

The exterior is constructed of face brick and cast stone

The banking screens are of Napoleon grey marble. The wickets and guards are of bronze



Main banking room, First National Bank, Hightstown, N. J.

This attractive individual bank building of the First National Bank of Hightstown, N. J. is constructed on a plot 38 by 78. The building is not only architecturally pleasing but provides adequate banking facilities for the bank's customers.

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Commodore Branch,
New York, N. Y.

Queens County
Branch,
Long Island City

Bank of Manhattan Co.
New York, N. Y.

Astoria Branch,
Astoria, L. I.

Metropolitan Ave.
Branch,
New York, N. Y.

43rd & Madison Ave.
Branch,
New York, N. Y.

Murray Hill Branch,
Flushing, L. I.

Steinway Branch,
Astoria, L. I.

mand, first noted at the retail stores. The increase in retail trade communicates itself to the wholesaler, jobber and manufacturer, until normal conditions reappear.

6. *Prosperity*.—The economic forces which account for the revival also explain the advent of prosperity. As the demand for goods picks up, more labor and capital are employed, as a result of which purchasing power is increased. This, in turn, stimulates demand, but at the same time costs and prices advance. As costs increase, prices, wages, rents and interest rates rise. A large volume of business is being transacted on a rising market and business men generally are making profits, and employment is afforded to all at good wages. For a time, at least, the effect of prosperity is cumulative.

7. *Overextension and Speculation*.—But the period of prosperity does not last. It contains elements of danger. Existing facilities are not equal to demand. New facilities are built, but at high costs. Output is increased, but also at higher costs. Workers demand higher wages. The program of extension has tightened credit and raised interest rates, but the lure of profits, due to rising prices, provides a powerful incentive to produce at the maximum. Extravagance

in consumption, profiteering, and speculation become rampant. In the final stage costs rise faster than selling prices, due to inefficiency of labor, rising materials costs and interest rates. Prices tend toward levels that are unwarranted; in the end, resulting in a buyers' strike. This leads to a crisis.

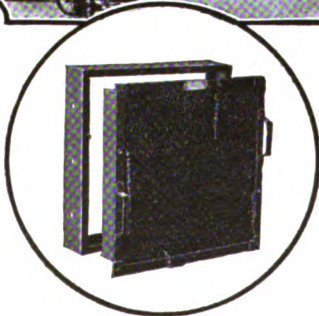
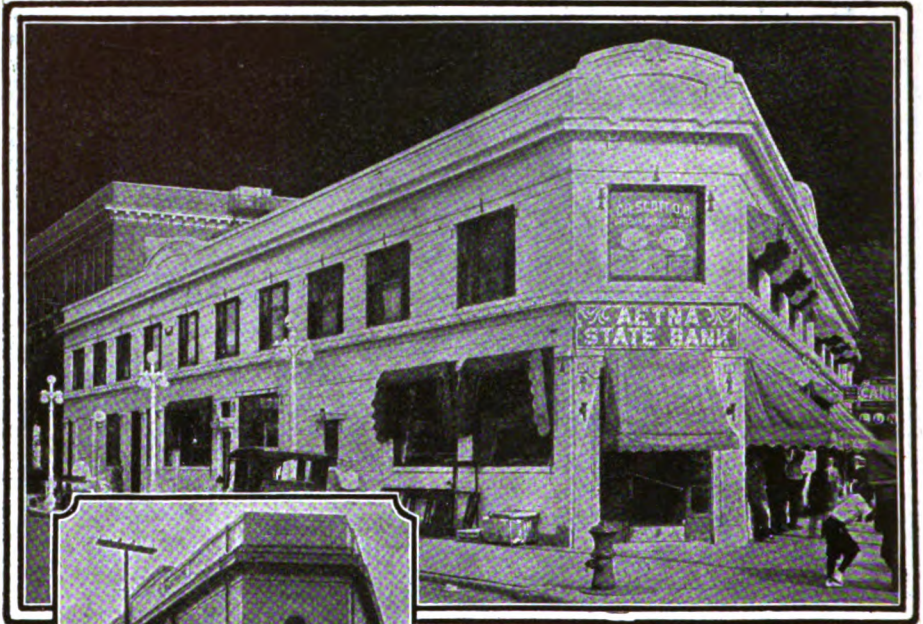
Supplementary Reading

- R. W. Babson: Business Barometers.
- W. C. Mitchell: Business Cycles.
- O. D. Young and others: Business Cycles and Unemployment.
- O. M. W. Sprague: Bank Credit and the Business Cycles.
- O. C. Lichtner: History of Business Depressions.
- National Banking Section: Study of Cyclical Fluctuations.

QUESTIONS

1. Of what advantage is it to the (a) manufacturer, (b) merchant, (c) banker, (d) investor, and (e) speculator to be able to forecast business and price trends?
2. What is meant by business barometers and what is their function?
3. Are the so-called business barometers really barometers?
4. Would business barometers more prop-

R E E D A I R I S C L E A N A I R



The lower illustration shows a single unit of a Reed Air Filter. Installations run from one unit to several hundred. Adaptable to any space and any ventilation system, old or new. (REED AIR FILTERS are manufactured under patents of May 16, 1922, Feb. 12, 1924, Nov. 18, 1924. Other patents pending)

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erly be called thermometers, or business statistics?

5. How would you distinguish between a business barometer and thermometer?

6. What are the three classes of barometers?

7. What are the four classes of exclusively business barometers?

8. What country leads in the compilation of business data?

9. Are business statistics sufficiently complete to make scientific forecast possible?

10. What is the best all-round business barometer?

11. Give six examples of business barometers that are indexes of business activity or volume of trade. Which of these do you regard as being the most accurate?

12. What statistics can be used as a guide to productive activity?

13. What statistics are available to indicate the volume of consumption?

14. What statistics can be used to denote price trends and profit prospects?

15. What are the principal barometers of credit supply?

16. In what direction would you expect the interest rate to go if the Federal Reserve ratio of reserves to note and deposit liabilities declined?

17. What are the principal sources of barometric information?

18. What is meant by official statistics? Give examples.

19. What is your idea of a business cycle?

20. Distinguish between a major and a minor cycle.

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21. Do business cycles have any certain determinable duration?

22. Characterize the various phases of a business cycle.

23. Why was it that crises often degenerated into panics before the establishment of the Federal Reserve?

24. Why does a period of prosperity eventually breed a crisis?

25. Define a crisis.

26. What is meant by the speculative cycle? Name its phases.

27. What relation is there between a business cycle and a speculative cycle?

THE most important thing for a young man starting life is to establish credit—a reputation, character. He must inspire the complete confidence of others. To get on, young men should study their business thoroughly; work carefully, accurately, and industriously, and save their money. As for opportunities, there are ten today for every one there was sixty years ago.—

John D. Rockefeller.



C. F. DALY

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MR. DALY is a widely known man in the industrial and financial world, and enjoys an unusually wide personal acquaintance among men of business prominence.

He was connected with the New York Central Railroad System for thirty-three years, serving as its vice-president for more than fifteen years. He has been associated with the automotive enterprises of Mr. Durant since their inception, and occupies the position of executive vice-president and director of these various activities.

He has been a director of, and very deeply interested in the success of, the Liberty National Bank in New York since its inauguration, and enjoys the full confidence of its board of directors.

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, 71-78 Murray Street, New York.—EDITOR.

The Different Forms of Business Organization

THIS is the first of a series of articles by the Credit Editor setting forth some of the basic business and credit principles which every bank credit man should have already fixed in his mind. While some of these articles will be somewhat elementary in their nature they will contain information which even the most experienced credit man would do well to refresh in his own memory.—THE EDITOR.

BUSINESS is conducted primarily for profits. Into its conduct enter three incidents or elements, which are: management, risk and capital. To form an imaginary equation from these, we arrive at the following:

(Management) + (capital) + (risk) = return

The oldest form of business, the proprietorship, in which an individual is the sole proprietor, whether conducting the business under his own name or under some assumed trade style, embraces all of the incidents above mentioned. By the very reason of the proprietorship, these incidents cannot be widely divided. The individual as proprietor usually assumes the entire management, provides all the capital, takes all the risk, and for these receives the entire profit or assumes all the losses inherent to unprofitable operations.

Farming, an old occupation, is a good example of a proprietorship. The farmer owns several acres of land, some cattle, various farming implements, etc., all of which provides his capital. He directs the management and assumes all of the risk and hazards incident to the growing and marketing of his crops, and in return, he receives all of the profits or takes all of the losses.

Should he elect to divide some of these elements or incidents, he has a difficult problem on his hands. In order to form an example, let us assume that he owns a farm worth \$20,000—the property all free and clear of encumbrance. He devotes all of his time to its management, takes all of the risks, and receives all of the profits or assumes all of the burdens of losses. He may not wish to devote all of his time to management; perhaps he desires to relinquish it entirely. He hires someone to run the farm, and in thus doing, has divided management into control, and supervision or administration. He still continues control himself, giving up the active supervision in consideration of a fixed sum or part of his income. He still furnishes the capital and assumes all of the risk. He has not divided the risk at all, in fact he has possibly increased it, for in the event of an unprofitable year his loss is increased. It is seldom then that one can relinquish administration on this basis; it would require implicit confidence in the one to whom it was given and in the ability of the farm and locality to produce and market profitably. In order to form somewhat of a division of the risk, he could elect to relinquish active administration through allowing someone to run the farm on a share basis, i. e., the person having the supervision to assume a proportionate share of the profits or losses, rather than accept a fixed income. However, even under such an agreement he would still assume all of the capital risk. Even under such a set-up, he still supplies all of the capital, the bulk of the risk, and has given up a liberal portion of income. The leasing of

the farm would provide a means whereby he would be relieved of management and practically all risk, accepting a fixed return on his capital investment. By means of a mortgage on the farm, he would have additional capital supplied in consideration of a part of income. Should he elect to sell the farm, he gives up present control, all administration, takes very little risk, and receives a small income. If in place of a first mortgage he takes a second mortgage, he would have more risk and increase his income.

Under the proprietorship it is therefore evident that the division of the elements is limited, and it is due to this that the growth of the proprietorship is restricted. An individual is limited in the amount of capital he can provide either from his own pocket or from the pockets of others, for others are only willing to contribute to capital in proportion to capital supplied by individual, and this in the case of the proprietorship must be either on a mortgage or unsecured advances. It is restricted by reason of the management, for an individual can only manage a proposition up to a certain size without assistance, and the type of assistance that will provide a portion of management is that type of an individual who will sooner or later ordinarily demand more than a straight salary, and will want a participation in the profits on a pro rata basis. This will mean that the proprietorship will practically pass into a partnership.

It is, therefore, reasonable to expect that the proprietorship is limited as to its growth. Also the proprietorship does not furnish the same assurance of continued existence that is furnished by the corporation or even the partnership. The death of the proprietor might cause the business to be liquidated unless someone in the organization is qualified to handle it for the estate, or a purchaser can be found for it.

Because of the foregoing features mentioned, we ordinarily find the proprietorship limited to local organizations, or at least to moderate sized businesses. If the business is really and truly successful and is growing and expanding, it will soon pass out of the realm of a proprietorship and into that of a partnership or a corporation.

However, some types of businesses, aside from those of a local nature, particularly those requiring small capital and embodying little risk, are particularly well adapted to either the proprietorship or the partner-

ship form of organization. Among these would be brokers, commission merchants, accountants, etc. When the business embodies the use of large capital and the taking of considerable risk, the partnership presents advantages over the proprietorship, and in this connection the corporation offers far more than either.

The partnership provides a means to enlarge business and to afford a division of the elements entering into it. Many partnerships are formed on a special basis. One partner may have the ability and experience, providing the larger part of management, while another partner might provide the bulk of the capital, and they might agree to divide profits or share losses on a certain basis. As a general rule, however, we expect to see partners contributing an equal amount of capital, taking an equal part in the management, assuming equal risks and sharing profits or losses equally. The partnership, therefore, ordinarily offers a division of the elements up to the number of partners. Theoretically, there is nothing to prohibit as many partners contributing to capital as the American Telephone & Telegraph Company has stockholders, but the limitations come in the number of partners that have been successfully combined without making the organization cumbersome. If we represent the business by an oblong under the proprietorship, we have the following:

PROPRIETORSHIP			
all	all	all	all
Capital +	management +	risk =	income or loss

While under the partnership with three partners, let us assume we have the following:

Partnership (three partners) each one-third management; one-third capital; one-third risk, equals one-third income, each.

As mentioned above, these elements may not all be divided equally, but nevertheless, the table indicates that by means of the partnership the division of the elements is made possible to a certain degree. The credit man, of course, is also interested in the fact that the proprietorship and the partnership carry with them the entire responsibility of the individuals, even to the extent of their personal means aside from their own investment in the business, and in the case of the partnership let us say of three individuals, each partner is liable for

all of the debts of the company, not only for one-third.

Big business, that is the forming of national and international organizations, and the relieving of the individual's financial responsibility, aside from actual investment in the business, is made possible by the corporate form of business organization. Through the issuing of various securities capital and risk are divided many times. Management is divided into control and administration. Management must of necessity be delegated to a group, and this group is the board of directors who are elected by the company's stockholders, or those who own control. This board in turn elects a chairman, and the direction of the policy is dictated by this group. Corporation securities, mortgage bonds, debentures, notes, preferred stocks and common stocks, etc., provide means by which great amounts of capital can be attracted into the business, through offering a wide division of the element of risk which will suit the minds of every type of investor.

QUESTIONS

1. What are the elements incident to the conduct of business?
2. What are the features that are not attractive to a bank loaning money to a proprietorship? (features due to form of organization).
3. What additional attractions are there to a bank to loan to a proprietorship or a partnership over a corporation, by reason of the form of organization?
4. Why is the expansion of a business under a proprietorship or a partnership limited as compared to the corporate form of organization?
5. How may a proprietor of a business relinquish some of the element of risk?
6. What type of business is well adapted to the proprietorship or partnership?
7. In a partnership where one partner is supplying the administration and another

the capital, how would you divide the element of risk?

8. How may management be divided?

9. In the corporation, by what means is the element of management divided into control and management?

10. If a proprietorship or partnership was incorporated, what would it be necessary for the banker to do, to have his advances on the same basis as previously?

Questions and answers on bank credit problems will be continued as usual.

QUESTION: When investigating a company which uses letter of credit facilities in addition to borrowing on its own note, are there any particular points which should be covered?—H.D.B.

ANSWER: It is not so important to determine whether a company is using letter of credit facilities of a bank as it is to determine the manner in which the company avails itself of the merchandise purchased under letter of credit issued. There are several forms of trust receipts under which merchandise purchased by means of a letter of credit is delivered to the purchaser by the bank issuing the credit. These trust receipts vary from delivering the merchandise on practically an unsecured basis to forms which involve a means by which the releasing bank can trace the merchandise so released at all times. In the case of merchandise released under a liberal form of trust receipt which does not involve a means by which it can be traced, the bank is in practically the same position as loaning the company on its own note. However, where the merchandise is released under a specific form of trust receipt so that it can be traced at all times, the bank in this instance really has a lien upon the goods. It is, therefore, desirable that the investigator should determine the basis upon which the goods are released, and should make inquiry into the type of trust receipt used.



1
NATIONAL
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ST. LOUIS

“FIRST”

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- Its **2000 Bank Correspondents**
(BANKS AND BANKERS)
- Its **World-wide Connections**
(FOREIGN DEPARTMENT)
- Its **Extensive Credit Information**
(CREDIT DEPARTMENT)
- Its **Supervising Audit System**
(AUDITING DEPARTMENT)

There are many other reasons why this institution is “FIRST” in St. Louis. We invite you to investigate our complete facilities for handling out-of-town business.



Broadway — Locust — Olive

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

CONVENTION DATES

Pennsylvania—at Atlantic City, May 20-22.

National Safe Deposit Association—at Atlantic City, N. J., May 29-30.

New York—at Ithaca, June 22-24.

American Bankers Association—at Atlantic City, September 28-October 1.

IMPORTANT NEW YORK MERGER APPROVED

Stockholders of the Manufacturers Trust Company of New York have approved of the plan for merging into that institution the Yorkville Bank. The merger became effective on April 1. The combined capital and surplus of the consolidated institution will be about \$17,000,000. Deposits will be \$150,000,000 and total assets \$170,000,000.

This is the second important New York bank merger to be ratified recently, the other one, in which final action has been taken, consolidating the Chatham and Phenix National Bank and the Metropolitan Trust Company into the Chatham Phenix National Bank and Trust Company.

CLARKE CELEBRATES 37TH YEAR AS BANKER

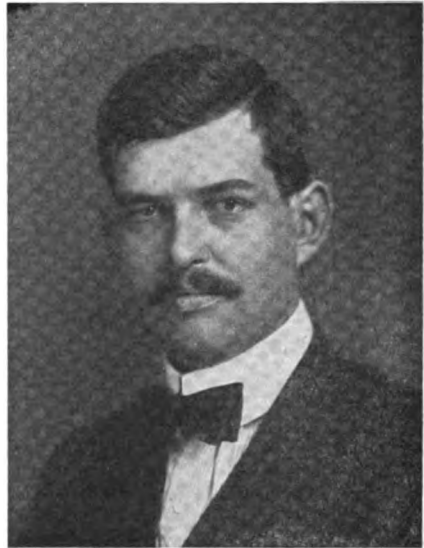
Lewis L. Clarke, president of the American Exchange National Bank of New York, who joined the bank a few days after the blizzard of 1888, celebrated on March 17 with fellow-officers and employees the thirty-seventh anniversary of his association with the bank.

Mr. Clarke has been president of the American Exchange for fifteen years, during which period the bank has carried out an

aggressive program of commercial banking. Since 1910 the surplus and undivided profits of the bank have increased more than \$5,000,000 and net deposits more than \$85,000,000.

LOREE MADE VICE-PRESIDENT OF GUARANTY TRUST

Robert F. Loree has been appointed vice-president in charge of the foreign department of the Guaranty Trust Company of



ROBERT F. LOREE

Vice-president in charge of the foreign department, Guaranty Trust Company, New York

New York. Mr. Loree recently resigned from the presidency of the Bank of Central and South America when the stock of that institution was purchased by the Royal Bank of Canada.

**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**

ROGERS ELECTED PRESIDENT OF FULTON TRUST COMPANY

Edmund P. Rogers was recently elected president of the Fulton Trust Company of New York. He has been a vice-president of the Central Union Trust Company of New York.

IRVING BANK-COLUMBIA TRUST APPOINTMENTS

The Irving Bank-Columbia Trust Company of New York has announced the appointment of Horace A. Marsland, Arthur W. Hutchins and Philip F. Gray, formerly assistant vice-presidents, as vice-presidents of the company. Theodore F. Dixon has been elected a vice-president, as has Orrin R. Judd, formerly trust officer. A. N. Hazeldine, formerly assistant trust officer, has been made assistant vice-president. Northrup Holbrook and Frederick G. Herbst, formerly assistant secretaries, have been made assistant vice-presidents, and

Henry Major and Elmer Hibbe have been appointed assistant secretaries.

The Irving Bank-Columbia Trust Company has acquired additional space for corporate trust activities at 62 Broadway, immediately adjoining the bank's long established quarters at 60 Broadway, and on February 24 the stock transfers, stock registrations and coupon payments departments began the conduct of their business at their new quarters at 62 Broadway.

BANK OF AMERICA APPOINTMENTS

Philip G. Birkhead, formerly manager of the Madison avenue office of the Bank of America, New York, has been appointed assistant vice-president in charge of that office.

E. H. Wetzel has been appointed an assistant cashier of the Bank of America.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

The American Telephone and Telegraph Company in 1924, after meeting all operating charges, making adequate provision for depreciation and obsolescence and for Federal and all other taxes chargeable against 1924 earnings, had net earnings available for interest and dividends of \$107,619,362.82, an increase of \$12,229,444.79 over 1923. Interest charges were \$16,573,041.41, an increase over 1923 of \$2,875,304.75, leaving as net income available for dividends the amount of \$91,146,321.41 or \$11.31 per share on the average amount of capital stock outstanding during the year.

Dividend charges amount to \$70,918,227.27, an increase of \$7,643,839.17 over 1923, reflecting the increased capital stock outstanding. Of the resulting balance of \$20,128,094.14 there was appropriated for contingencies \$3,000,000 and the remainder, \$17,128,094.14, was carried to surplus.

The company remarks that the dividend of 9 per cent. represents a return of not more than 5 per cent. on the value of the company's property, less the amount of its debt.

The company has the largest number of stockholders of any corporation in the world and none has its shares more widely distributed. Of the 345,466 stockholders of record, one-sixth are employees of the Bell System owning an average of nine shares each.

In order to provide a margin over the requirements for the ensuing year and for the issue of additional capital stock at some



**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
which is affiliated with the Federal Commerce Trust Company
 **in St. Louis**

future date the authorized share capital stock of the company will be increased from \$1,000,000,000 to \$1,500,000,000. No new stock offering is contemplated in 1925, the company states.

**NEW YORK BANKER FORESEES
PROSPERITY**

Norborne P. Gatling, vice-president of the Chatham Phenix National Bank and Trust Company, states that the business and industrial situations throughout the country for the first quarter of 1925 are bearing out the predictions that the year would be one of sound prosperity and gradual expansion.

Mr. Gatling, in pointing out some of the noteworthy signs that presage 1925 as another banner year, presents some interesting comparisons of the important barometers which reflect conditions in trade and industry. Heavy production of pig iron, record freight car loadings and large mail order sales and post office receipts during the first part of the current year are some of the reliable indicators Mr. Gatling calls attention to by way of substantiating his observations.

"The heavy production of pig iron," says Mr. Gatling, "is an accurate index of general industrial activity. When pig iron production was going down it was reflected in a lessening of employment and activity in other basic industries and its upward turn last summer accurately forecast industrial expansion. Pig iron started the year with a monthly production in excess of 8,000,000 long tons which is greatly above any monthly figures for the last half of 1924. If production continues at this rate throughout the current year it will set an annual figure about equal to that of 1923. Another important index which reflects conditions in trade and industry is the item of weekly freight car loadings which are running higher than for any corresponding season on record. For the week ended March 7 loading of revenue freight climbed to the record-breaking figure of 900,009 cars. The weekly average exceeds by about 30,000 cars the weekly business of the early periods of 1924 and by more than 40,000 cars the business during the corresponding weeks of 1923. While more freight business means better railroad revenues, this angle is not so significant as the fact that good freight

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*

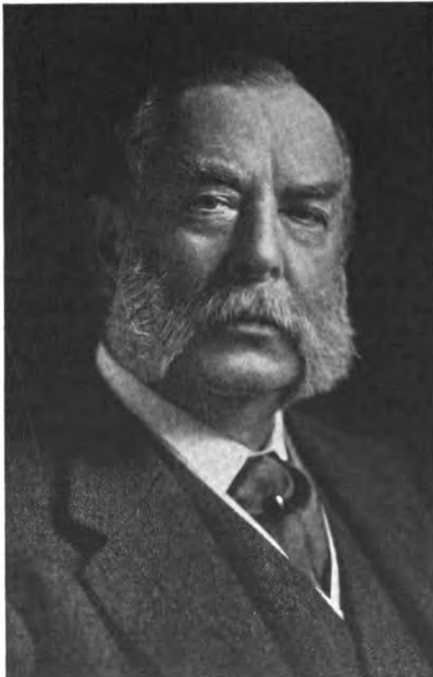
ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

business indicates large merchandise shipments, many of which go to retailers and jobbers who are not buying in any unusual quantity unless good consumer demand is in sight.

BAKER CELEBRATES 85TH BIRTHDAY

George F. Baker, chairman of the First National Bank and one of the most important financial powers in Wall Street, cele-



GEORGE F. BAKER

Chairman First National Bank of New York, who recently celebrated his 85th birthday

brated his 85th birthday in March at Grove Park Inn, Asheville, N. C.

WARREN MADE VICE-PRESIDENT OF CHASE

George E. Warren has been elected a vice-president of the Chase National Bank of New York. Mr. Warren in 1909 became trust officer of the Columbia Trust Company and was elected a vice-president in 1915, holding the same office with the Irving Bank-Columbia Trust Company following the Irving-Columbia merger in 1928.

EMIGRANT INDUSTRIAL TO OPEN UPTOWN BRANCH

To celebrate its seventy-fifth anniversary, the Emigrant Industrial Savings Bank of New York will open an uptown branch at Lexington avenue and Forty-third street on or about May 15, it was announced recently.

"In spite of the phenomenal growth of the last fifteen years, during which our deposits more than doubled till they now exceed a quarter of a billion dollars, our trustees feel that the opening of this office in one of the most convenient locations in New York will vastly increase our usefulness," said Robert L. Hoguet, first vice-president.

A. I. B. ANNOUNCES JUDGES FOR CANNON PRIZE

The New York Chapter of the American Institute of Banking announces that the judges this year for the annual Cannon prize essay contest are Arthur W. Loasby, president of the Equitable Trust Company; Samuel H. Miller, vice-president of the Chase National Bank, and Frederick W. Gehle, vice-president of the Mechanics & Metals National Bank. The subject of the contest is "Should the United States Now

Form a Definite Policy or Plan with Respect to All Interallied Debts, and, if So, What Procedure Should Be Adopted?" All essays should be submitted to the chapter secretary by May 5 next.

BANK OF NEW YORK AND TRUST COMPANY ELECTIONS

At a recent meeting of the trustees of the Bank of New York & Trust Company John C. Vedder, who has been secretary for some years, was appointed a vice-president. Mr. Vedder has been associated with the company for more than thirty years. Algernon J. Purdy, assistant secretary, was appointed secretary to succeed Mr. Vedder. Mr. Purdy has been in the employ of the company for about twenty-three years.

Linzee Blagden has been appointed assistant vice-president of the Bank of New York & Trust Company. He will act as special assistant to Henry Parish, vice-president in charge of the trust department.

A. I. B. NOMINATION OF OFFICERS

The New York Chapter of the American Institute of Banking has announced the nomination of officers for the year beginning June 1. They were for president, Charles D. Wheelock; first vice-president, Edwin C. Estes; second vice-president, Louis H. Ohlrogge; treasurer, Nelson M. McKernon, and chief consul, Alfred E. Schneider.

Nominations for the three-year term of the board of governors, 1925-1928, follow: Horace W. Foster, Richard W. Hill, Henry R. Johnston, Ernest T. Love, Harry A. Merritt, Birl E. Schultz, Arial C. Ten Eyck, Joseph J. Tuohig and Edward Vanderpoel.

LATSON MADE ASSISTANT CASHIER OF NATIONAL CITY

The National City Bank of New York announced the appointment of F. Waldo Latson as an assistant cashier. Mr. Latson has been with the bank since 1915, and at the present time is assigned to its South American district.

BANKERS FORUM MEETING

The Bankers Forum of New York held a dinner at the Building Trades Club, 34 West Thirty-third street, on March 11. Joseph D. Higgins, assistant vice-president of the American National Bank, and Frank J. Scott, auditor of the Guaranty Trust Company, spoke. William M. Rosendale,

"Practice Thrift and Give Service"

L. A. Carton

Swift & Company's rigid avoidance of waste is emphasized by L. A. Carton, treasurer, in his annual address to the shareholders.

The Company's service to the public, extending over two score years, is based on thrift.

Developing new uses for by-products is just one way of helping to make it possible to sell meat products at prices which place them within the reach of everyone.

Swift & Company's annual statement is more than mere figures. The 1925 Year Book tells the story of the company's business year. We shall be glad to send you a copy FREE.

Address:

Swift & Company

Public Relations Department

Union Stock Yards
Chicago, Ill.

137D

DONSTEEL

- ❶ Cannot be penetrated by
OXY-ACETYLENE TORCHES
- ❷ Cannot be penetrated by
DRILLS
- ❸ Cannot be shattered by
EXPLOSIVES

In a burglarious manner

DONSTEEL
is the only metal
known to man that
combines within
itself, protection
against these three
best known and
simple methods
of burglarious
attack

Sold Exclusively by

THE MOSLER SAFE CO.

NEW YORK CITY ~ HAMILTON, OHIO.

IN
BUFFALO

THE
MARINE
TRUST COMPANY
of Buffalo

*Resources over
One Hundred Sixty Millions of Dollars*

ELLIOTT C. McDOUGAL, *President*

vice-president of the Irving Bank-Columbia Trust Company, presided.

**EQUITABLE APPOINTS ADAMS
ASSISTANT VICE-PRESIDENT**

Robert C. Adams has been appointed assistant vice-president and manager of the bond department of the Equitable Trust Company of New York.

**MECHANICS AND METALS NEW
BRANCH OPENED**

The Leonard street branch of Mechanics and Metals National Bank of New York has moved to its new banking quarters in the Knit Goods Building, Broadway and Worth street. Hereafter this branch which is situated in the heart of the textile district will be known as the Worth street branch. Modern vaults have been installed by the Mechanics and Metals Safe Deposit Company.

**DOLLAR SAVINGS TO ERECT NEW
BUILDING**

The Dollar Savings Bank of New York will erect a two-story annex, covering a lot

25 by 90 feet, at 2796 Third avenue, through to Willis avenue, adjoining its present home on the north side of East 147th street, between Third and Willis avenues. The bank acquired the property at 2796 about two years ago.

Plans are being prepared by Harry D. Mulliken, architect. The cost is estimated at about \$150,000.

**FRANKLIN TRUST TAKES OVER
FAMOUS "OLD LONDON
COFFEE HOUSE"**

The site of the "Old London Coffee House," southwest corner of Front and Market streets, Philadelphia, is about to witness another business transformation.

The Franklin Trust Company has leased the first floor and basement of the present building on the site and will move its Delaware avenue branch to the new location after alterations are completed.

Long before the Revolution the coffee house was the central point for the exchange of news in the city. Merchants and ship captains, provincial dignitaries and army

Established 1837

ADRIAN H. MULLER & SON

55 WILLIAM STREET

(Corner of Pine Street, New York)

STOCKS AND BONDS AT AUCTION

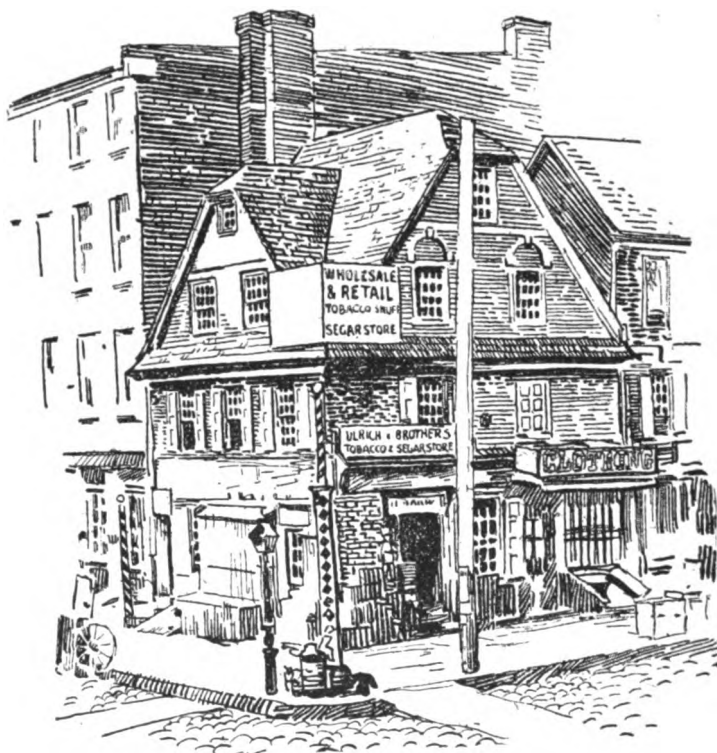
Regular Auction Sales of all Classes of Securities Every Wednesday

The Business of Banks, Bankers, Investors and Dealers in Securities Receives Prompt and Careful Attention

officers in scarlet and gold gathered about its tables for refreshments and gossip.

The coffee house was built in 1702 on

only beverage desired by his patrons. He applied to the Governor and Council for a license to sell liquor, explaining that "some



The "Old London Coffee House," in Philadelphia, famous long before the Revolution, stood on the southwest corner of Front and Market, then known as High street. The first floor of the present building on that site will soon be occupied by a branch of the Franklin Trust Company

ground bought by Charles Reed from Letitia Penn. It was not until 1754, however, that the building was opened as a coffee house by William Bradford, the printer. Bradford soon learned that coffee was not the

people may be desirous at times to be furnished with other liquors besides coffee."

The quaint, historic building stood in its original state until 1893, when changing business conditions required alterations. It

Announcing
the Opening of a
New Branch Office
in the
Grand Central Palace Building
Corner 47th St. and Lexington Ave.

UNITED STATES
MORTGAGE & TRUST COMPANY

Four Other Conveniently Located Offices

Fifty-five Cedar St. Broadway at 73rd St.
Madison Ave. at 74th St. 125th St. at 8th Ave.
New York

and other old buildings nearby were torn down in 1885 and a five-story brick building was erected. It is this structure which is now being altered for the Franklin Trust Company. The alterations are to be completed in May.

FRANKLIN TRUST ADDS \$250,000 TO SURPLUS

The board of directors of the Franklin Trust Company of Philadelphia have transferred the sum of \$250,000 to the company's surplus account raising the surplus to \$2,000,000. The company's capital is \$1,500,000.

The directors of the Franklin Trust Company have declared a semi-annual dividend of 6 per cent. This is an increase of 1 per cent., placing the stock on a 12 per cent. annual basis.

**WALTER A GOVERNOR OF
COMMERCE CHAMBER**

William E. Walter, president of the National Bank of America, Paterson, N. J. has been appointed a member of the board of governors of the financial section of the

New Jersey State Chamber of Commerce. The notification of appointment came in a letter from Willard I. Hamilton, president of the Prudential Life Insurance Company. The local Chamber of Commerce is a member of the State Chamber. Mr. Walter has accepted the appointment.



New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island.

CONVENTION DATES

Connecticut—at Swampscott, Mass., June 5-6

New England Bankers—at Swampscott, Mass., June 5-6.

INDUSTRIAL TRUST COMPANY

The statement of condition of the Industrial Trust Company of Providence, Rhode Island, as of February 26, 1925, shows total

THE obligations of this institution are selected as appropriate and sound mediums for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Full information may be secured through usual banking channels, or by addressing Financial Sales Department, at any of our offices.

GENERAL MOTORS ACCEPTANCE CORPORATION

Executive Offices:

224 West 57th Street, New York City

Branch Offices:

Atlanta	Cleveland	Kansas City	Philadelphia
Boston	Dallas	Los Angeles	Pittsburgh
Buffalo	Dayton	Memphis	Portland, Ore.
Charlotte	Denver	Minneapolis	St. Louis
Chicago	Detroit	New York	San Francisco
Cincinnati		Omaha	Washington
	London, England		Toronto, Canada

resources of \$127,305,526, deposits of \$111,686,443, capital \$4,000,000, and surplus, undivided profits and reserves \$8,794,336.

FIRST NATIONAL OF BOSTON OPENS NEW TRAVEL DEPARTMENT

The First National Bank of Boston has opened a new travel department. For several years the bank has offered its customers some assistance in their travel needs, and has found such a response that it was decided to install a department fully equipped to render all manner of travel service to the public.

This service will include assistance in securing passports and visas, for which purpose the bank has installed equipment for taking passport photographs, preparation of itineraries, procuring steamship, railroad

and hotel accommodations and the sale of travelers' checks and letters of credit. Space has been set apart for the new department on the entrance floor of the main office at 67 Milk street.

The department will be in charge of John W. Smith of Braintree, with John E. Brittain of Melrose as his assistant. Mr. Smith has had thirty-three years of steamship, railroad and tourist experience, largely in Boston. He has been connected with the Chicago, Great Western Railroad, the Baltimore & Ohio Railroad, the Scandinavian American Line, the American Express Company, and more recently with the George E. Marsters tourist agency.

Mr. Brittain served his apprenticeship with what is now the Canadian Pacific Railway, then with the Chicago & Northwestern Railroad as general agent for New England.

MAYNARD TRUST WILL ERECT NEW BUILDING

The stockholders of the Maynard Trust Company of Maynard, Mass., have decided to purchase a lot on Main street in that town belonging to the Naylor estate as a site for a bank building. Construction will start on April 1. The trust company was organized in

HAROLD A. DANNE
ELECTRIC
LIGHT — POWER

41 Park Row, New York, N. Y.

November, 1913, and, according to officials of the bank, has a surplus of \$45,000 and deposits of \$1,150,000. The directors have voted to increase the capital stock from \$50,000 to \$100,000.

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

CONVENTION DATES

Executive Council, A. B. A.—at Augusta, Ga., April 20-23.

Georgia—at Macon, April 23-25.

Arkansas—at Little Rock, May 6-7.

Tennessee—at Nashville, May 6-7.

Reserve City Bankers—at Louisville, Ky., May 6-8.

North Carolina—at Pinehurst, May 7-9.

Associated Advertising Clubs of the World—at Houston, Tex., May 10-14.

Mississippi—at Jackson, May 12-18.

Texas—at Houston, May 12-14.

Maryland—at Atlantic City, N. J., May 13-14

Alabama—at Mobile, May 19-21

Virginia—at Hot Springs, June 18-20.

HIBERNIA APPOINTS NEW OFFICER

Juan M. O. Monasterio, who for the past two years has been identified with the foreign trade department of the Hibernia Bank and Trust Company of New Orleans, has been elected assistant manager of that department. Mr. Monasterio is a native of Mexico City, but has been a resident of New Orleans for the past nine years. He was for some time associated with the foreign department of the Canal-Commercial Bank and Trust Company and later was export manager of the General Shipping Corporation.

Edgard Molitor, who was elected a vice-president of the Hibernia Bank and Trust Company some time ago, after his resignation from the Federal International Banking Company, will have general supervision over the foreign trade department of the Hibernia Bank and Trust Company.



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

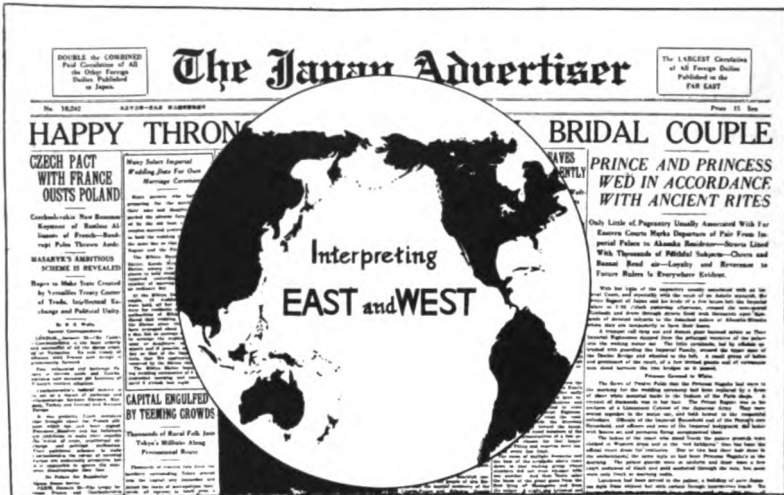
Profits - 9,000,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

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

BETHLEHEM STEEL CORPORATION

The twentieth annual statement of the Bethlehem Steel Corporation, made public on March 23, shows that the shipments and deliveries by subsidiary companies for the fiscal year ending December 31, 1924, amounted to \$243,904,265, which compares with \$275,213,422 for the preceding year.

Net income for the year 1924, after providing \$11,846,891 for depreciation and depletion, was \$8,916,181, a decrease of \$5,457,971 over 1923. After providing for preferred dividends the net income for the year was equivalent to \$2.56 per share on the common stock outstanding during the year.

After providing for dividends of \$6,548,154, including \$2,247,571 on the common stock, there was a surplus of \$2,368,027 as compared to a surplus of \$2,288,825 for the year 1923.

The consolidated balance sheet as of December 31, 1924, shows current assets of \$167,229,945 against current liabilities of \$30,068,158. The current assets include \$49,605,349 in cash and U. S. Government or other marketable securities, and \$79,850,021 in raw materials, supplies and work in progress. Current liabilities include \$1,055,000 in notes payable, \$24,373,960 in accounts payable and \$3,563,967 in accrued bond interest.

The report shows a reduction of \$9,955,180 in inventories, or 11 per cent. for 1924 as compared to 1923. The inventory at the end of 1924 represents 32 per cent. of the sales for the year. The ratio of current assets to current liabilities shown for 1924 is 5½ to 1 as compared to 4 to 1 for the year 1923.

The comparative income account for the year given in the report by quarter shows a net income for the quarters as follows: First quarter \$4,519,875, second quarter \$1,278,277, third quarter \$102,167, fourth quarter \$3,015,862. Commenting on these quarterly operations, the report says:

"At the beginning of the year the steel plants of your corporation were operating at a satisfactory rate averaging for the first quarter approximately 74 per cent. of the steel ingot capacity. Beginning in March, however, a sudden and substantial shrinkage in the demand for iron and steel products occurred, with a resulting decrease in the rate of production until mid-year, when operations represented only about 31 per cent. of ingot capacity, the lowest point, with one exception, in the operations of the corporation since 1914. From that point a gradual improvement occurred, with a



Interior and Exterior View of the Union Savings Bank, Mamaroneck, N. Y.

THE building shown in this picture is now being erected by the Union Savings Bank of Mamaroneck. The location is very prominent, being on the Boston Post Road.

The problem of building on this site involved some difficult engineering on account of a stream under the rear of the building. As a matter of fact, a considerable portion of the building overhangs the stream.

The corner entrance is particularly appropriate in this location.

This building was planned by and erected under the supervision of

Morgan, French & Co., Inc.

Architects and Bank Engineers

19 West 44th Street . New York

Hare & Chase, Inc.
Automobile Finance
 300 Walnut Street
 Philadelphia



The name Hare & Chase has
 fifty-eight years of business
 prestige behind it

notable rise beginning in November and continuing until the close of the year when the rate of operations represented approximately 80 per cent. of ingot capacity. The falling off in demand during the year was accompanied by a substantial decrease in selling prices and as a result the average billing prices for all steel products in December was approximately \$10 per ton less than the average for January."

The statement to the stockholders says in part:

"Dividends on the common stock were omitted at the July meeting of the board after most careful consideration of all conditions. The current earnings were insufficient to provide for the dividends and the directors felt that the strong cash position of your corporation should be maintained, especially in view of the desirability of completing as rapidly as possible the construction program.

"The cash expenditures for additions and improvements to properties during the year amounted to \$19,812,877.97. The estimated

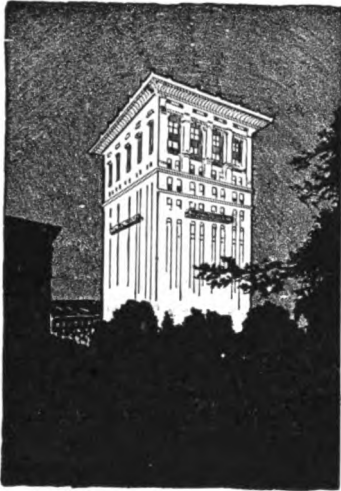
cost of completing the construction authorized and in progress as of December 31, 1924, is \$81,000,000.

"It was realized that when the Lackawanna, Cambria and Midvale properties were acquired that considerable expenditures would be necessary to improve, enlarge and co-ordinate them with the other properties of your corporation, and subsequently after a careful analysis of the manufacturing problems and commercial possibilities of the products, a construction program has been formulated which contemplates not only the modernization of portions of the plant to effect important economies in operations, but also the addition of finishing capacities both at the newly acquired properties and at your Sparrows Point plant. In furtherance of this program two batteries of coke ovens have been constructed at the Lackawanna plant and are now in operation. Other important work included in the program is the construction at the Lackawanna plant of gas-blowing engines for the blast furnaces, rebuilding and electrification of the 40 inch blooming mill and plate mill, the remodelling of the No. 1 open hearth plant and the construction of new mills for the production of structural steel and sheet piling. The improvements and additions to the Cambria plant include the construction of an additional electric power unit, new steam boilers, new 32 inch billet mill and the rebuilding and remodelling of certain of the blast furnaces and a complete new bar mill installation at the Gautier division. Twelve new mills have been added to the tin plate division of the Maryland plant, and a department is now under construction for the production of wire rods, wire and nails.

"During the year the holders of \$4,878,700,

If you really want to know how far bank advertising has advanced — see Reed's Master Plan for 1925. Nothing else can give you a full realization of the new order of things which P. M. Reed & Banker Associates, Chicago, have initiated.

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



**The Old First
Est. 1865**

with

EXPERIENCE — Over fifty - nine
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

par amount, of the 8 per cent. cumulative convertible preferred stock exchanged their stock for the 7 per cent. cumulative preferred stock, making a total of \$15,711,400, par amount, of the 8 per cent. stock exchanged prior to December 31, 1924, out of the \$30,000,000, par amount, originally issued."

As indicating the improving outlook in the steel industry generally, the report shows that the orders on hand at the end of the year 1924 were \$77,049,619, as compared with \$53,264,911 at the end of 1923.

Wider distribution of the ownership of the Bethlehem Steel Corporation appears in the statement that the number of stockholders at the end of 1924 was 53,380, as compared with 49,497 for 1923. At the end of 1924 there were in addition 11,128 employees who were paying for shares of 7 per cent. cumulative preferred stock of the corporation, purchased under the "stock ownership plan."

The average number of employees for the year was 57,049 as compared to 62,350 for 1923. The average earnings for employees per hour (exclusive of administrative and selling forces) were 62.7 cents for 1924 as compared to 58.8 cents for 1923.

It will be seen from the foregoing that in the middle of last year, when there was a falling off of general business activity, the net income of the Bethlehem Steel Corporation reflected this situation, as the increased income did the better conditions of the closing part of the year. The increased orders on hand and the improvement in the general condition of business now prevailing warrant the expectation of greater prosperity during the present year.



Middle States

*Comprising Ohio, Indiana, Illinois, Michigan,
Wisconsin, Minnesota, Iowa and Missouri*

CONVENTION DATES

Missouri—at St. Louis, May 19-20.

Ohio—at Columbus, June 3-5.

Iowa—at Dubuque, June 15-16-17.

Wisconsin—at Milwaukee, June 16-17.

Illinois—at Peoria, June 18-19.

A. I. B.—at Kansas City, Mo., July 14-17.

Financial Advertisers' Association—at Columbus, O., October 14-16.

1865



1925

ESTABLISHED OVER HALF CENTURY

Cold Storage for Furs

Moderate Rates

Our charges cover loss by fire, moth or theft, also include a thorough cleaning of the furs when received, and a REDRESSING and GLAZING before delivery.

Furs may be sent by express insured, charges collect, or will be called for in the city.

We Are Now Displaying Attractive Models

in

SPRING AND SUMMER FURS

C. C. SHAYNE & CO.

126 WEST 42nd STREET . . . NEW YORK

Telephone: Wisconsin 4360

To Executives—

Gerdes Ventilation Systems and Electric Window Ventilators prevent infiltration of poisonous automobile exhaust gases, and maintain a healthful and invigorating atmosphere by thoroughly diffusing *unheated* fresh air.

Every installation is guaranteed as regards workmanship, material and functioning—that is, the result is guaranteed. A descriptive booklet containing a list of bank references will be sent upon application.

Theodore R. N. Gerdes, M. E.

Specialist in Ventilation

105-107 Bank Street, New York City

Telephone Watkins 2893

GERDES
METHOD

WILSON HEADS NEW DETROIT TRUST COMPANY

William Robert Wilson, until recently president of the Maxwell Motor Corporation of Detroit, and prior to that for several years a vice-president of the Irving National Bank of New York City, has been selected to be president of the new Guardian Trust Company of Detroit by the committee in charge of its organization.

The new trust company includes in the personnel of its stockholders many of the strongest financial and industrial interests of Detroit and Michigan, and it is expected that, both from the standpoint of organization and capital, the new institution will immediately take front rank among the important trust companies of the country.

In selecting Mr. Wilson as president, the organization committee has chosen a man of wide manufacturing and banking experience. Previous to his connection with the Irving National Bank, Mr. Wilson was associated for a number of years in an executive capacity with Dodge Brothers, motor car manufacturers of Detroit. In fact, he personally represented John F. and Horace E. Dodge in bringing the Dodge Brothers organization together.

At the time the Maxwell Motor Corporation went into receivership several years ago Mr. Wilson was selected by New York bankers to reorganize that company. His successful work in that capacity is regarded by bankers and manufacturers as an outstanding achievement. He is also president of Copeland Products, Inc., manufacturers of domestic refrigeration systems, a director of the Bank of Detroit, and interested in other industrial and financial enterprises.

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

It is felt by the organizers of the Guardian Trust Company that his experience peculiarly fits him to head the new enterprise.

The Guardian Trust Company will occupy a large part of the ground floor of the new Buhl Building, one of Detroit's newest and most important office structures in the heart of the financial district. It is expected that the new company will be open for business about June 1.

W. E. WALKER OPENS OWN AGENCY

W. E. Walker, assistant vice-president and director of advertising of the First National Bank-Central Wisconsin Trust Company of Madison, Wisconsin, has resigned his official position with the Wisconsin institution and on the first of April opened a financial advertising agency in the First National Bank Building of Madison. Associated with the new agency, called the W. E. Walker Company, is R. R. Aurner, formerly professor of advertising at the University of Wisconsin, who has been specializing in financial advertising for the past three years.

The seventy-year-old bank with which Mr. Walker was connected has doubled the number of its depositors, tripled the number of its box renters, and increased its correspond-



TWO WORLD'S RECORDS FOR MILWAUKEE BANK BOWLING TEAM

The six members of the First Wisconsin bank team recently rolled up a total of 1410 for a single game and 3812 for three games. In their record game the bank team had forty-six strikes



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
- E. M. MANN
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>	

ent banking business six-fold in the past two years.

During the past year, Mr. Walker has written a 350-page book of practical plans called, "Bank Business Building," also the first correspondence course on financial advertising that has ever been prepared. There are twenty-four assignments in the course. Both the book and course are now being published by the Bankers Publishing Company, New York.

The new advertising and business building features offered by the new company include a bank advertising news feature which is now being used in Wisconsin, a series of pamphlets for banks in rural communities aiming to win the farmer's good will by giving him helpful, concise, brass tack information about agricultural subjects, and a unique plan for developing new investment business.

The W. E. Walker Company is located in the same building as the agricultural commissions of both the American Bankers Association and the Wisconsin Bankers Association.

NEW DEPARTMENT FOR CENTRAL TRUST

The Central Trust Company of Chicago has announced the organization of a department of research and statistics for the service of its customers. Consultations regarding any prime commodity or basic condition of trade or reports are offered. This department is a natural development of the digest of trade conditions, which the bank has been furnishing to its customers for more than ten years.

NEW ADVERTISING AGENCY FORMED IN CHICAGO

Announcement has been made of the establishment of the Maurice H. Needham Company, general advertising agency, with offices in the London Guarantee Building, 360 North Michigan avenue, Chicago.

Mr. Needham has for some time been closely associated with financial advertising. As vice-president of the David C. Thomas Company during four years, he handled among other accounts the advertising of the Illinois Merchants Trust Company.

The present clients of the Maurice H. Needham Company include the Illinois Merchants Trust Company and The Peoples Trust and Savings Bank.



DISTINCTIVENESS in design and completeness of facilities adequate to meet the most exacting requirements of banking service mark the new modern home of the Northern Trust and Savings Co. of Lancaster, Pa., as the work of Specialists.



The Griswold Building Co., Inc.

Bank Architects and Builders

101 Park Avenue, New York, N. Y.

SPRING IS HERE! With all it's fresh loveliness.

So is **OUTCAULT'S New 1926**

CHRISTMAS CLUB

The Club with a purpose

You ought to see it—for your own good

Write, wire, phone or call

OUTCAULT ADVERTISING COMPANY

221 EAST 20th STREET, CHICAGO, ILL.

J. G. GEDDES ON EUROPEAN TRIP

J. G. Geddes, vice-president of The Union Trust Company and manager of its foreign department, sailed from New York March 25 on the S. S. "Berengaria."

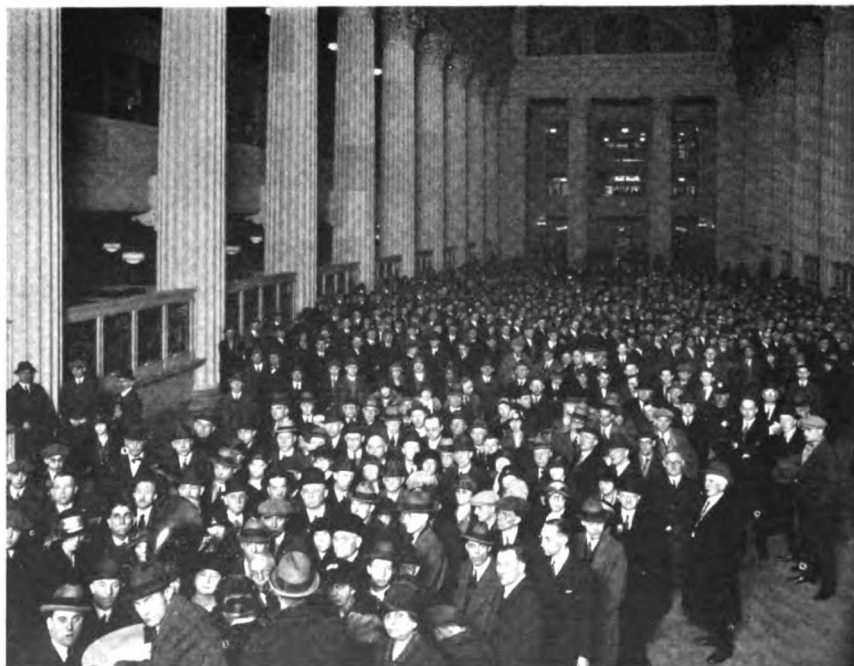
Mr. Geddes expects to make an extended business trip to London and the Continent.

This will be the second time within a year that Mr. Geddes has been abroad.

Last spring he attended the convention of the Associated Advertising Clubs of the World in London, and then traveled through Germany, Italy and other European countries.

Mr. Geddes is a firm believer in the value of European visits as a means of promoting American business.

"Business between Europe and America," says Mr. Geddes, "like business everywhere



THE lobby of the Union Trust Company, Cleveland, one of the largest banking rooms in the world, was filled almost to capacity at noon on March 4 when President Coolidge delivered his inaugural address. A powerful receiving set was placed in the lobby and the President's address was picked up from WEAR, the radio broadcasting station located upon the roof of the Union Trust Building, which received the address direct by long distance telephone wire from Washington through Station WEAJ of New York City



1869

1925

**CAPITAL, SURPLUS and
UNDIVIDED PROFITS
more than \$6,750,000**

else, is best conducted on a basis of personal understanding. If you want to learn how or where your products can be sold abroad, the ways of the European business man and how to deal with him in an intelligent way, a trip to Europe is a wise investment."

MISSISSIPPI VALLEY TRUST ADVANCES WILLIAMS

At a recent meeting of the board of directors of the Mississippi Valley Trust Company, St. Louis, held Wednesday, J. Gates Williams was elected assistant secretary of the company.

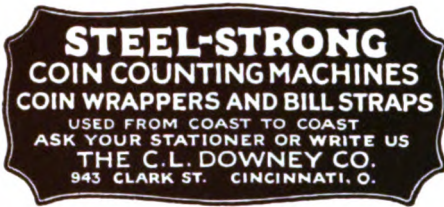
Mr. Williams was born in St. Louis in 1896, and received his academic education at Smith Academy and at Princeton, which was followed by legal training at Harvard and at Washington University. During the World War he was an ensign in the navy. He entered the Mississippi Valley Trust Company in 1922 and worked successfully in the credit, auditing, and new business departments. In his new capacity he will be associated in the business development work of the company.



J. GATES WILLIAMS

Assistant secretary Mississippi Valley Trust
Company, St. Louis, Mo.

747



JOHNSTON BECOMES CHAIRMAN
AND BEMIS PRESIDENT OF
LIBERTY CENTRAL

J. L. Johnston, president of the Liberty Central Trust Company of St. Louis, was made chairman at a meeting held on March 16, and W. N. Bemis was elected president.

Mr. Johnston was born in Kentucky and began his banking career as cashier of the Bank of Ashland, Mo. in 1905; he has since served as vice-president and director of the First National Bank of Muskogee, Oklahoma, and as cashier and director of the National Reserve Bank of Kansas City. He became vice-president of the German Sav-



J. L. JOHNSTON
[Chairman Liberty Central Trust Company of
St. Louis

ings Institution (later changed to the Liberty Bank of St. Louis) in 1915, and became president of that institution in 1916. He has continued as president of it and the consolidated banks ever since. He took an active interest in the Red Cross and Liberty Loan drives during the war, and was chairman of the Southwest Division.

Mr. Bemis was born in New York in 1866. He has been actively engaged in the lumber business all his business life. He is president of the Ozan-Graysonia Lumber Company, the Home Appliance Corporation, Prescott & Northwestern R. R. Co., and



W. N. BEMIS
President Liberty Central Trust Company of
St. Louis

vice-president of the Louisiana Pulp & Paper Co. He is a member of the Bellevue, St. Louis and Noon-Day Clubs. He has been a director of the German Savings Institution (later the Liberty Bank and the Liberty Central Trust Company) and has taken a very active interest in the operations of the bank.

NORTHERN TRUST HAS NEW
REPRESENTATIVE IN WEST

A. D. Hutchings has succeeded Thomas F. Ford as Western field representative of the Northern Trust Company of Chicago. He will cover Iowa, Nebraska and parts of Kan-

sas and Missouri. Mr. Hutchings has come to the fore while still a young man. He is 31 and hails from St. Joseph, Missouri. He is a graduate of the Walton School of Accounting.



A. D. HUTCHINGS

Western field representative of the Northern Trust Company of Chicago

During the three years that he has been with the Northern Trust Company Mr. Hutchings' work has been in connection with farm mortgages in the trust department. His experience and knowledge in this subject are considerable and will give him a helpful note in common with the banks he visits in the Northern Trust's behalf.

FLETCHER SAVINGS AND TRUST PROMOTIONS

To make provision for adequate administration of rapidly expanding business in various new channels of banking activity, the directors of the Fletcher Savings and Trust Company, of Indianapolis, Ind., have just increased the list of officers of the institution in a manner that is somewhat unusual. Development of the commercial phases of the company's business, and growing totals in the older elements of the business, such as the savings, bond and trust departments, has resulted in the working out of an enlarged officers' list by President Evans Woollen, and the grouping of parts

20,000,000 People

BEING EDUCATED ON BANKING

*—and they're the 20,000,000 who
have money enough to be good
bank customers*

In America there are roughly 20,000,000 people of sufficient incomes to make them the most likely bank customers—out of our whole one hundred ten million population.

Today we are giving these people a smashing educational campaign—on saving, on banking in general, on the justice of a service charge on small checking accounts, and other subjects important to all banks—through the columns of the magazines they read.

What part for you?

Every line of this advertising campaign gives you an opportunity to build the business of your own bank.

That is helping give Super-Safety Bank Checks their real, business-building power.

To the banker who takes advantage of this help we provide a local, year-round service for the individual bank to use. It all links together in the strongest chain ever welded, of effort to promote banking interests—*your interests.*



SUPER-SAFETY

BANK CHECK

Super-Safety Bank Checks protect depositors against check fraud. They are made of the safest check paper supplied by any bank

You want *all* the information, detailed, of course. Simply address, today:

**BANKERS SUPPLY COMPANY, Division
THE TODD COMPANY**

Business-building merchandise for banks

New York Chicago Rochester Denver
Dallas

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



of this list in such fashion that increased activities will be readily possible.

Three new vice-presidents were added to the company's list. Donald S. Morris, formerly trust officer, was named vice-president and trust officer; William B. Schiltges, formerly loan officer, was made vice-president, and the loan business of the company was grouped under his supervision; H. F. Clippinger, formerly manager of the bond department, was made vice-president, remaining at the head of the bond department, with Harold B. Tharp, formerly assistant manager of the department, elevated to manager.

L. Albert Buennagel, formerly manager of the service department of the company,

was named secretary; Leland Crawford, former auditor, was named treasurer, and Mrs. Orpha Runge was made chief accountant.

TOURING SOUTH AMERICA FOR CLEVELAND BANK

P. A. Fernandez, foreign trade advisor for the Central National Bank Savings and Trust Company of Cleveland, is touring Central and South America in search of commercial opportunities for American firms, particularly firms in the Cleveland area. Mr. Fernandez has been making such tours through the southern republics for the Central National for some years. Before starting on his present trip he emphasized the vastness of the commercial opportunities that South and Central America have to offer to American business.



Western and Pacific States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico, Oklahoma, Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska

CONVENTION DATES

California—at Santa Barbara, May 20-23.

Kansas—at Topeka, May 21-22.

Oklahoma—at Tulsa, May 26-27.

Colorado—at Bear Creek, June 19-20.

North Dakota—at Devil's Lake, June 25-26.

Montana—at Glacier Park, July 11-13.



P. A. FERNANDEZ

Foreign trade advisor Central National Bank Savings and Trust Company, Cleveland

A. P. GIANNINI SAILS FOR EUROPE

A. P. Giannini, chairman of the Bank of Italy of San Francisco, has sailed for Europe. He has gone abroad to investigate certain British methods of investment with the idea of adapting them to American requirements. The Scottish and English investment trusts and similar vehicles for investment which have been built up on the Continent will come into this study, but it is understood to be his plan to evolve an investment type of security which will be distinct from these, although it may possibly embody some of their principles.

Mr. Giannini is president of the Bancitaly Corporation which is affiliated with the Bank of Italy, serving as an investment banking division of the parent institution, which is of commercial banking character.

COMMERCIAL TRUST BECOMES NEW FIRST NATIONAL

Commercial Trust and Savings Bank, organized three years ago under state charter, has been granted a national charter and will become New First National Bank of Oakland, Calif.

The title of First National Bank was relinquished by the former First National when it was merged into the P. E. Bowles chain of banks as a branch of the American Bank of San Francisco, a year ago.



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 improved buying power of the Canadian people, in which the advance in prices for agricultural products is an important factor, there is some improvement reported throughout the country in retail business. However, thus far the influence on Canadian manufacturing has been disappointing. One handicap which is regarded as more or less serious by Canadian manufacturers is the increasing inflow of cheaply made foreign goods. Canada's imports from

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.



FRANK O. WETMORE,
Chairman

MELVIN A. TRAYLOR,
President

Combined Resources Exceed \$350,000,000



Europe, excluding the United Kingdom, for the last nine months of the past three years increased from \$28,900,000 to \$36,388,000, and to \$39,353,000 last year. Imports from Germany alone trebled in three years. The manufacturers feel that the country's tariff policy is not being employed to protect their interests as it might be and the restrictions employed in the United States to keep out these foreign goods are pointed to as an evidence of this. Industry, it is submitted, is bearing very heavy taxation burdens in Canada and should be protected from foreign goods manufactured with much cheaper labor than possible with the standard of living which has been set in this country. Not only has there been a failure in recent years to reduce taxation, but some of the restrictions against the importation of foreign goods have been removed. However, the government's course seems to have made rather a favorable impression on the people, particularly those of the agricultural community, and no radical change in policy seems likely. The government's slogan has been to modify the tariff in the interests of the basic industries to encourage the cheaper

production of raw materials and the lowering of the cost of living.

It is estimated that Canada's field crops for the last year yielded close to \$1,000,000,000 or about 10 per cent. over the previous year. And this estimate is based on extremely conservative figures, such as \$1.22 for wheat and 49 cents for oats. The western wheat pools have announced their decision to make an interim payment of 35 cents per bushel on all their holdings. This will place about \$55,000,000 in the farmers' hands immediately. With the exception of sheep, live stock sales so far this year are 20 per cent. above those of the same period last year and a moderate price advance has been recorded.

Fundamentally, however, there is perhaps a more marked improvement in the situation than indicated by the volume of business. Financial institutions and industrial concerns with extensive loans and credits report a marked improvement in collections in Western Canada. This is a healthy situation. And in view of the experiences of the past few years it is altogether unlikely, and not to be particularly desired, that there will be the same tendency to spend freely or establish new credits with the optimism and freedom which was in evidence during the war and post-war booms.

In the steel industry railroad equipment and construction orders have added to the volume of available business while in milling the big flour orders from Russia have greatly aided some of the larger plants. While the expansion in steel has not been on anything like the scale which has been experienced in the United States, the improvement is substantial. In flour milling the fact that Canada received the greater part of the recent Russian orders aggregating more than 2,000,000 barrels is a big factor in this industry. Export orders from other foreign countries have also improved. Not only do these orders provide a market for large supplies of wheat, but at the increased prices now prevailing the increase in the country's income is important.

The continued rise in the prices of cereals and the strong tone of the hog market account for the Bank of Commerce index number of the wholesale prices of exports rising from 160.85 to 161.36. On the other hand a weakening of the metal market is mainly responsible for the fall in the number for imports from 169.37 to 166.57. The number for imports and exports combined fell from 165.11 to 163.96.

CANADA'S PROSPECTS

"While I am convinced that nothing ultimately can prevent Canada from going right ahead, I am also convinced that a little more optimism would help to attain that desirable end sooner, for it strikes me that business conditions here are just as good or as bad as the business people make them," asserted F. B. Patterson, Dayton, Ohio, president of the National Cash Register Co., at Winnepeg. "I may be wrong, but I certainly think the business is here if the business men care to go out for it. There should be no sitting back due to pessimism. My company intends going hard after the Canadian business and accordingly is counting on a good year. I find that the benefits of the high grain prices are just beginning to make themselves felt in general business. If these prices keep up and the 1925 crop is good, why, nothing can hinder the speedy advances of the country, for suitable immigrants will be attracted to the Dominion as a matter of course."

TWO BANKS ABSORBED

The disappearance of Molsons and Sterling Banks from the list included in the monthly bank statement issued by the Dominion Department of Finance was noticed when the January figures were issued from Ottawa. The incorporation of Molsons with the Bank of Montreal and the amalgamation of Sterling with Standard, accounts for the reduction in the number of chartered banks in Canada by two. The total now stands at twelve, whereas a year ago it was fifteen.

STANDARD BANK REPORT

As the result of the amalgamation with the Sterling Bank which formally went into effect on December 31, 1924, the annual statement of the Standard Bank for the year ending January 31, and therefore representing the merged institutions, can only be compared in an indefinite way with the preceding report of the institution. However, there having been only one month intervening between the consolidation and the making up of the report, earnings would not be greatly affected. The profits of \$688,682 compared with \$695,095 in the previous Standard report. Dividends of 12 per cent. were paid, the rate having been reduced by 1 per cent.; \$150,000 was added to reserve. Following are comparative figures:

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 285,000 DEPOSITORS
CAPITAL & SURPLUS \$11,075,000

Ask our Department of Research and Service for any desired information regarding business conditions in this region.

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

Profit and Loss

	1924	1923	1922
Profits	\$688,682	\$695,095	\$728,074
Pension	25,000	25,000	25,000
Taxes	50,000	55,000	55,000
Tax on acc.....	40,000	40,000	40,000
	<u>\$115,000</u>	<u>\$120,000</u>	<u>\$120,000</u>
	\$573,682	\$575,095	\$608,074
Dividends	488,234	520,000	560,000
Reserve	150,000		
	*\$ 64,552	\$ 55,095	\$ 48,074
Bal. forward	215,661	160,566	112,492
Balance	\$151,109	\$215,661	\$160,566

*Debit

Eleven Year Record

Year	Earnings	xRate Rest	Per cent. on Cap.	Div.
1924	\$688,682	8.92	14.28	12
1923	695,095	10.37	17.37	13
1922	728,074	8.09	18.20	14
1921	725,014	8.05	18.12	14
1920	784,369	9.11	20.63	14
1919	776,310	9.70	22.17	13
1918	697,443	8.71	19.91	13
1917	649,546	8.21	19.08	13
1916	580,230	7.63	17.59	13
1915	567,401	8.04	18.78	13
1914	621,403	9.22	21.28	13

x On capital and rest.

BANQUE CANADIENNE NATIONALE

The board of directors of Banque Canadienne Nationale has appointed as assistant general manager Ernest Guimont, who will continue to act as general secretary.

Executive charges are distributed as follows: Assistant general manager and secretary, Ernest Guimont; general superintendent, Yvon Lamarre; controller of credits,

J. C. Thivierge; chief inspector, Chs. St. Pierre; chief accountant, A. Courtois; manager, foreign business department, L. P. St. Amour; chief of legal department, A. Gerin-Lajoie, LL.D.; superintendent of buildings, Olivier Deguise; chief of publicity, Leon Lorrain; superintendent, Quebec district, Henri des Rivieres; superintendent, North-west district (Edmonton), Alex LeFort; superintendent, Middle-west district (Winnipeg), J. E. Arpin.

BOGUS IMPERIAL BILLS

Officials of the Imperial Bank of Canada are warning the public that a considerable number of counterfeit notes of its old British American Bank Note Co. issue dated January 1, 1917, for \$100 each are appearing in circulation. It is suspected that a large number have been passed in England. One Canadian bank at Toronto recently received quite a number from its agent in London. The serial number was 85,000, which would indicate an extensive business if the counterfeiters have numbered their product all the way up.

The face of the counterfeit note is black and white with some green, particularly over the "one hundred dollars" appearing above the signatures, and the back is a bright green with the words "Imperial Bank of Canada" appearing in a circle and the numerals "100" in large figures horizontally on either side of the device. The counterfeit is a clever one.

Houston Bank in New Home

SOMEWHAT tattered and thumb-worn, its leaves now faded a rusty brown on the edges, an old copy of the first Houston City Directory dated 1866, the year following the Civil War, carries a ten-line paragraph noting the organization of the First National Bank of Houston, and assuming "that this new institution will shortly begin operations."

The assumption was correct, for the First National did begin operations within that year with a capital stock of \$100,000. Circumstances and events of the era were favorable to the establishment of but few enterprises, and a conservative would not have included a bank among these. Reconstruction, the dread memories of which are just now fading in the old Southern consciousness, then held the country in the grip of tumult.

Nothing daunted, however, the new bank—among the first in Texas to receive its charter under the National Bank Act passed by Congress in 1865—set forth on its career. By virtue of skillful guidance under B. A. Shepherd, elected president in 1867, and an able board of directors, the

institution contributed very definitely toward bringing order out of chaos and helping the city, then of 6000 population, along the path of progress. From the outset the First National Bank played an important rôle in financing cotton harvesting and movement—Houston's foremost single industry—and to this day still occupies a high position in this field of credit.

Cheap transportation for baled cotton early manifesting itself as a primary need of the city, virtually compelled opening of a



JOHN T. SCOTT
President First National Bank of Houston



F. M. LAW
Vice-president First National Bank of Houston

waterway to the seaboard through what was then known as Buffalo Bayou, a sluggish, meandering stream. In this work, which involved the expenditure of approximately \$100,000 to cut a channel through a sand bar at Morgan's Point (so named after Morgan, steamship operator and railway magnate) the First National contributed generously of its resources. The Houston Ship Channel of today, successor to Buffalo Bayou, with its turning basin and port improvements valued in the millions of dollars, is ranked among the world's greatest inland ports, and last year gained second place



Main lobby, looking from Main street to Fannin street



Directors' room



New home of the First National Bank of Houston

among United States ports in the exportation of cotton.

Growth of the City and Bank

Until 1900 the growth of Houston was slow. A people brought up in agricultural and stock-raising pursuits, Houston's early citizens were backward in visioning the possibilities of a great port for their town. The gradual pressure of necessity and the inducement of greatly augmented commercial activities soon, however, forced development of the natural waterway. This in turn gave rise to a burst of city building the end of which is by no means yet in sight. The record of this twenty-five years of municipal progress and achievement is very well

told in the parallel growth of the First National Bank, as indicated by the following figures:

Year	Date	Capital stock	Surplus	Deposits
1900	June 29	\$ 100,000	\$400,000	\$1,847,760
1905	May 29	100,000	500,000	3,487,260
1910	June 30	1,000,000	300,000	6,161,080
1915	June 23	2,000,000	400,000	8,717,106
1920	June 30	2,000,000	500,000	20,968,780
1924	Dec. 31	2,500,000	500,000	33,059,195
1925	March 6	2,500,000	500,000	36,662,049

Original quarters of the First National Bank of Houston were rented at a spot about two blocks from its present location. Despite the towering skyscrapers which have since arisen to surround it, this little two-story brick building still stands. In 1904 the bank built what was then considered a large building on its present site, at Main



Bookkeepers' desks and rear of tellers' cages



Safe deposit vault, First National Bank of Houston

and Franklin streets. Twice after that, up until 1923, these quarters were enlarged and expanded as adjacent firms passed out of existence and made possible the purchase of additional land.

The New Building

In 1923 President John T. Scott and the board of directors agreed on a plan to give Houston a banking-house second to none in the United States in proportion and beauty of architectural treatment. That this ideal

has been accomplished is the sincere acknowledgment of architects and engineers of wide experience who have visited the block-long lobby, at once a beautiful colonnade of Corinthian columns and a modern canyon of finance. Visitors, numbered in the thousands who attended the formal opening of the new banking rooms, warmly congratulated both Mr. Scott and the board of directors on their vision in providing not only for the needs of today but for several years to come.



The Southern Exposition

OTHER sections of the country have heard a great deal about the tremendous strides that the South has made in recent years in industrial and other important lines of endeavor. To the unnumbered thousands who have had no opportunity through personal contact or observation to regard the remarkable progress which the South has been making, the forthcoming Southern Exposition, to be held at the Grand Central Palace in New York, May 11 to 23, will prove not only exceedingly interesting but highly enlightening.

Co-operating with the president of the Southern Exposition William G. Sirrine, a lawyer of Greenville, South Carolina, in an endeavor to make the exposition one of the most comprehensive and successful of its kind ever held, are some of the country's most prominent public figures, as well as Southern chambers of commerce, manufacturing and trade associations, agricultural societies, development boards, railroad, mining, timber, land and power companies, industrial bureaus and other agencies.

"The exposition is the best means of reaching the buyers of the United States," says Mr. Sirrine, "and we realize that Grand Central Palace is the best place to stage a display of Southern resources and attract the attention not only of the buyers but of many thousands of others who would be attracted to the exposition.

"We are not making a bid for the curi-

osity seeker but for the patronage of successful and practical people who want information about the South for practical purposes.

"We need in the South farmers of intelligence and with some wealth to develop our agricultural resources. We desire a high type of 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 the manufactured.

"We have represented in the South a multitude of interests. The question is how to market those things we have to sell. A comprehensive and highly organized exposition seems to offer the best medium for advertising what the South has to offer.

"At the British Empire Exposition all of the things that vast country has to offer to the markets of the world were looked over by the buyers of the world. In the Dominion of Canada the All-Canada Exposition last summer induced people to come from all over the American continent to see what Canada had accomplished and what she had to offer.

"It seems to me that it is timely that there should be brought into the Grand Central Palace in New York in May a condensed, a miniature picture of what the South has done, what it is doing and what it proposes to do."



Architect's drawing of the new home of the Pennsylvania Company, Philadelphia

The Packard Building

The New Home of the Pennsylvania Company

IN 1812 the first president and board of directors of the Pennsylvania Company for Insurances on Lives and Granting of Annuities issued an address to the people of the United States in which they said:

"The want of a company in the United States for insurances on lives and granting annuities has been long experienced, and it is therefore with no small degree of satisfaction that the existence of such an institution is now announced."

Although originally founded for the purposes indicated in its title, the functions of the company were soon extended to include trust and fiduciary powers, which now constitute its principal business. That this company has been successfully managed is evident from its dividend record, which has been uniform since 1815 in spite of the crises, wars and panics of more than a century.

It is appropriate that this historic Philadelphia institution should now be housed in the highest office building in the city, and in one of the most modern and best appointed structures of its kind. The new building is twenty-four stories above ground, with a basement and sub-basement below. The entire first floor, the mezzanine, second floor and third floor, as well as most of the basement and sub-basement, are occupied by the Pennsylvania Company. On the twenty-fourth floor are the directors' room, and dining rooms for the use of the company's employees.

The exterior of the new Packard Building and the main banking floors are a modern adaptation of Italian Renaissance, designed by Howell Lewis Shay of Ritter & Shay, architects. The interior decorative scheme, even the furniture and equipment, has been kept in thorough accord with the general architectural motive.

Some of the notable and interesting

features of these banking quarters are the following: The main banking room is in the style of the Italian Renaissance with Italian Botticino marble walls and columns and Napoleon grey marble floors.

The safe deposit department in the basement is entered by a broad monumental stairway directly from the main entrance, and the massive vault door can be seen immediately upon entering the bank. This arrangement is contrary to the usual practice of placing the safe deposit department in the basement of the building with very inadequate means of access instead of making it as near as possible a part of the main banking room and directly accessible to the public. The vaults were manufactured by The Mosler Safe Company.

The entrance gates, exterior grills and banking screens were executed by Samuel Yellin, the master craftsman of ornamental iron. This work is representative of the finest wrought iron work of modern times, and is one of the most striking features of the building.

The main board room on the twenty-fourth floor is finished in oak cut from the Argonne Forest of France, and is in the style of the English Renaissance.

The main banking room as well as the basement, sub-basement and second floor are supplied with fresh air, frequently changed, by means of a modern ventilating system.

Charles S. W. Packard has been president of the Pennsylvania Company since 1899 and has been a force in its growth and development since that time.

During his administration resources have been increased from \$20,824,000 to \$71,068,164, and holdings of individual trust funds from \$114,000,000 to over \$326,000,000.

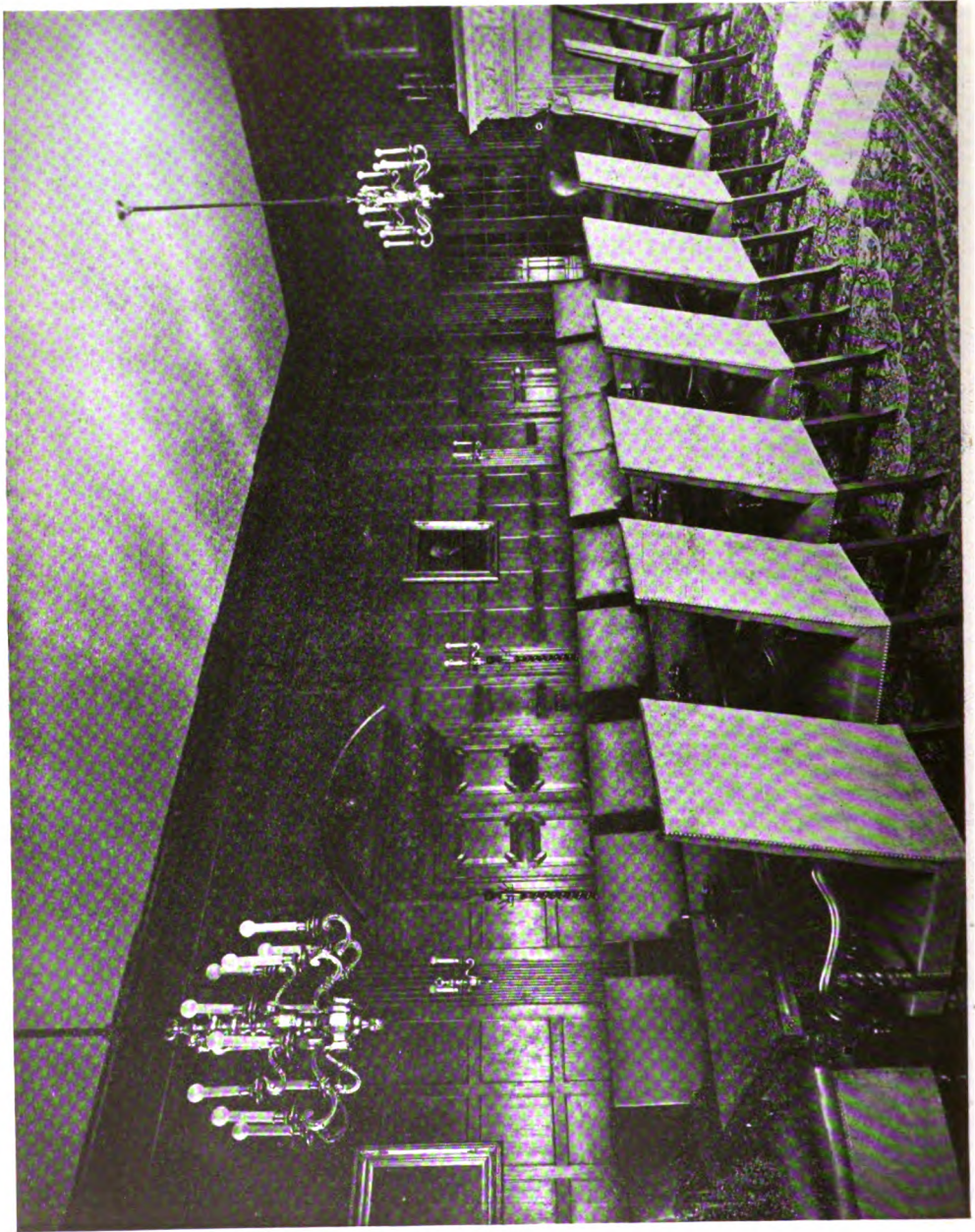
The new home of the Pennsylvania Company. The Packard Building, was so named in honor of its president.



Interior of the main banking room of The Pennsylvania Company



Another view of the main banking room



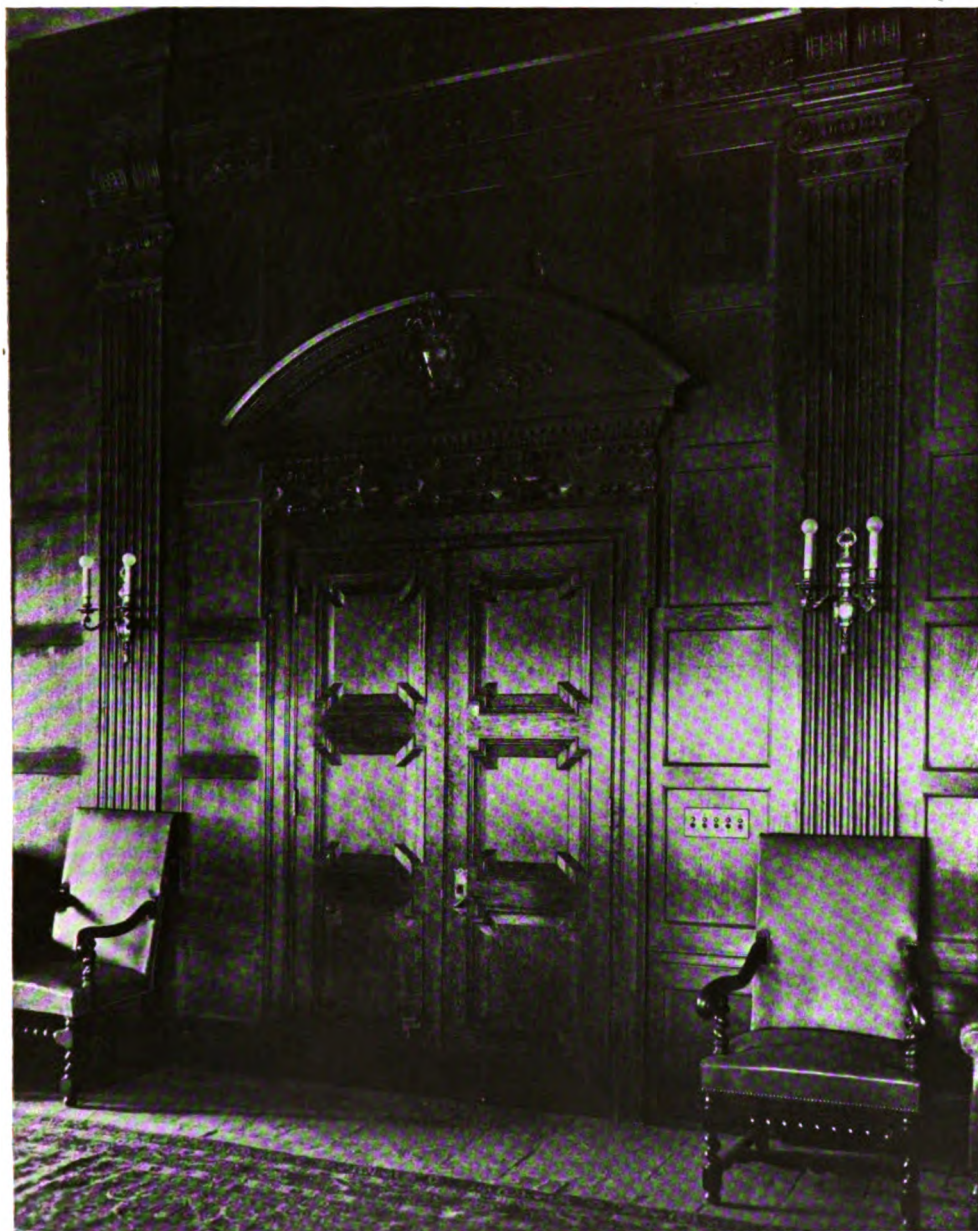
The board room, finished in oak cut from the Argonne Forest, France



The president's conference room



The president's office



Door to directors' room



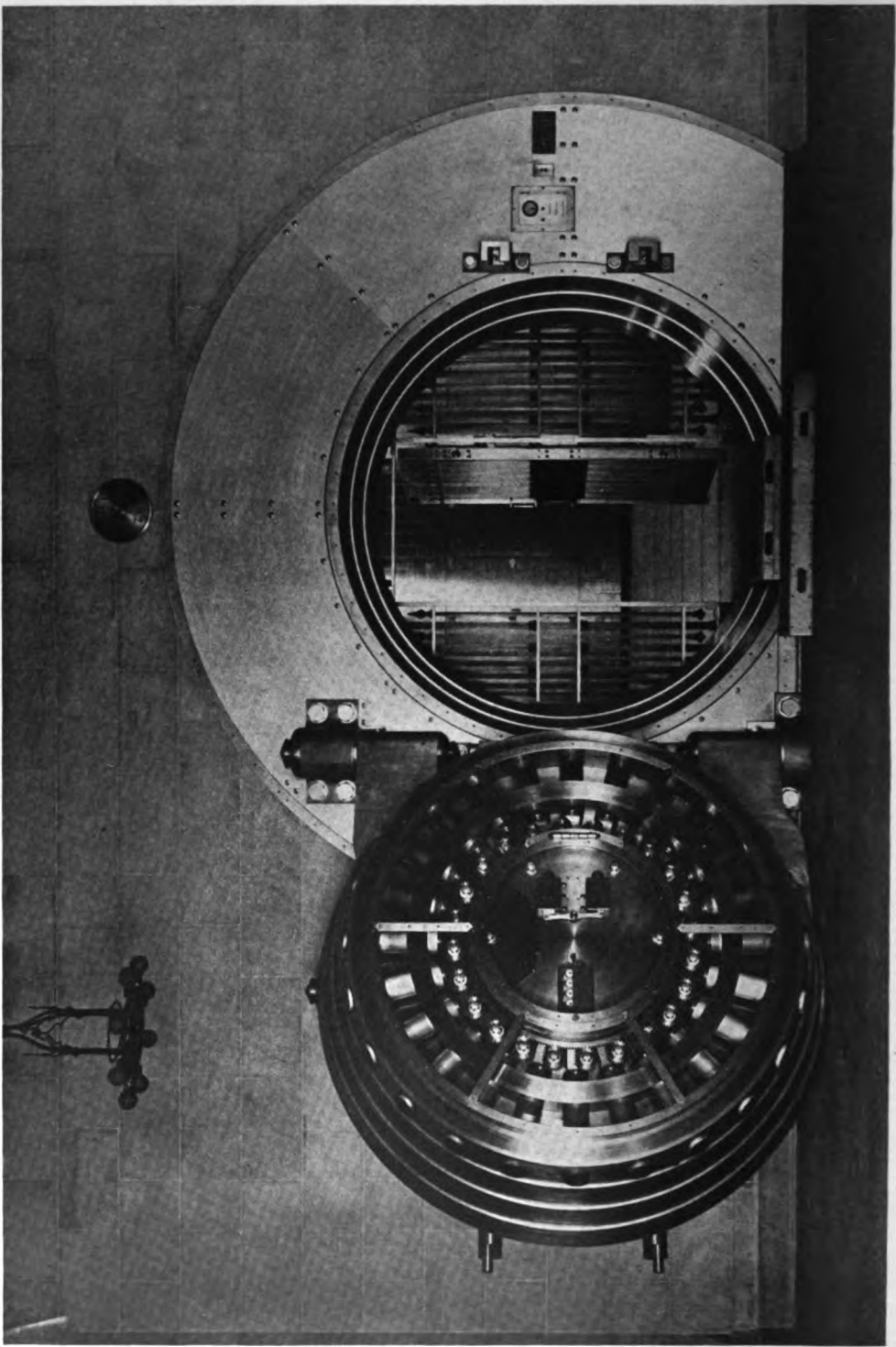
Trust department library



Conference room in safe deposit department



Ladies' room in safe deposit department



Entrance to the safe deposit vault of The Pennsylvania Company, built by the Mosler Safe Company



A general view of the banking room of the Phoenix National Bank

The New Building of the Phoenix National Bank

THE recently completed building of the Phoenix National Bank, Hartford, Conn., offers an unusually good example of the type of bank building which contains a number of floors besides the banking quarters proper. The new structure, of which Dennison & Hiron were the architects, stands on the centrally located site that the bank has occupied ever since its founding in 1814, and serves not only as the home of a famous and long established financial institution but is so designed that it can house organizations conducting other forms of business.

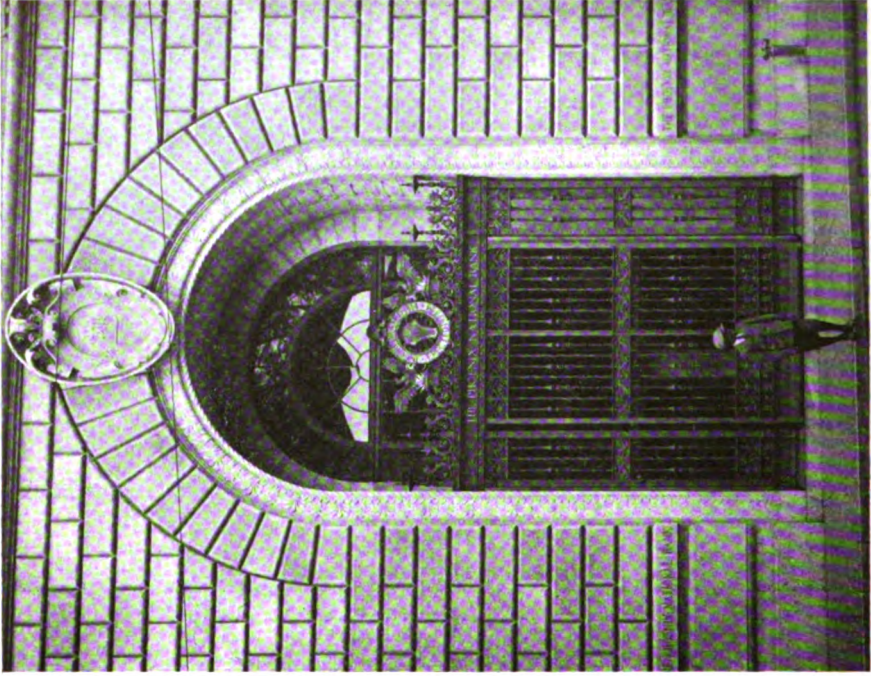
The design of the building's facade, planned simply in Italian Renaissance style, places emphasis upon its character. A large portal at the middle of the facade leads up from the sidewalk through a vestibule, guarded by huge bronze grilles, also of Renaissance design, into the spacious banking room which is three stories in height and which occupies a substantial part of the area of the plot.

A large window, lighting several of the bank's departments, stands to the left of the main entrance of the bank, and is guarded by a bronze grille. To the right, balancing this window, is the entrance to the elevators serving the upper floors of the building.

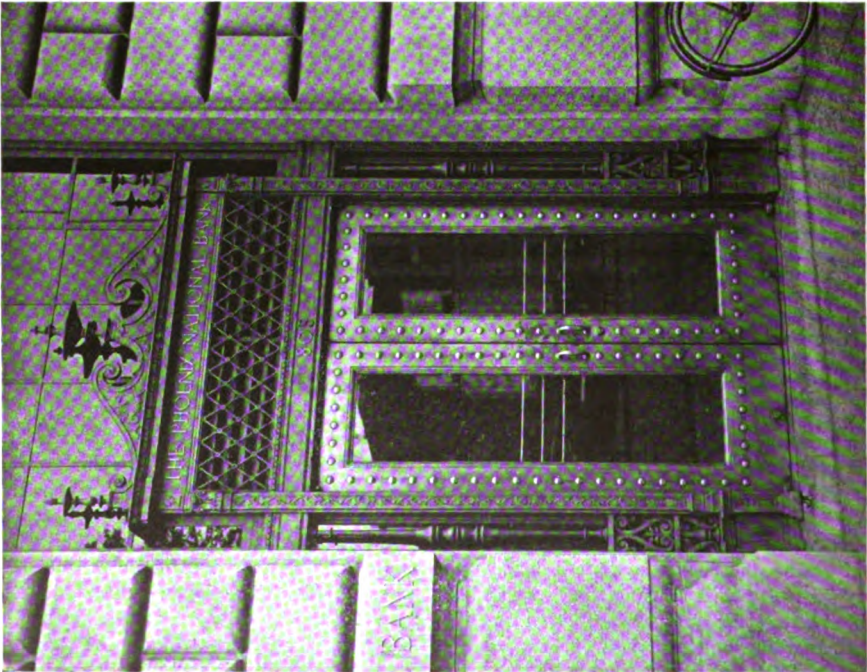
Above the lower part of the facade are the six additional stories of the building, the windows being arranged in bays and the walls between treated as pilasters supporting a cornice. The dignity and simplicity of design, rather than extravagant ornamentation, convey the suggestion of luxury.

As one enters the impressive banking room with its marble floor one sees the various departments arranged about three sides of a square and upon a mezzanine at each side. The large center area, left open to the public, is flooded with light both from the windows facing the street and from a large skylight built in the ceiling over the center of the room.

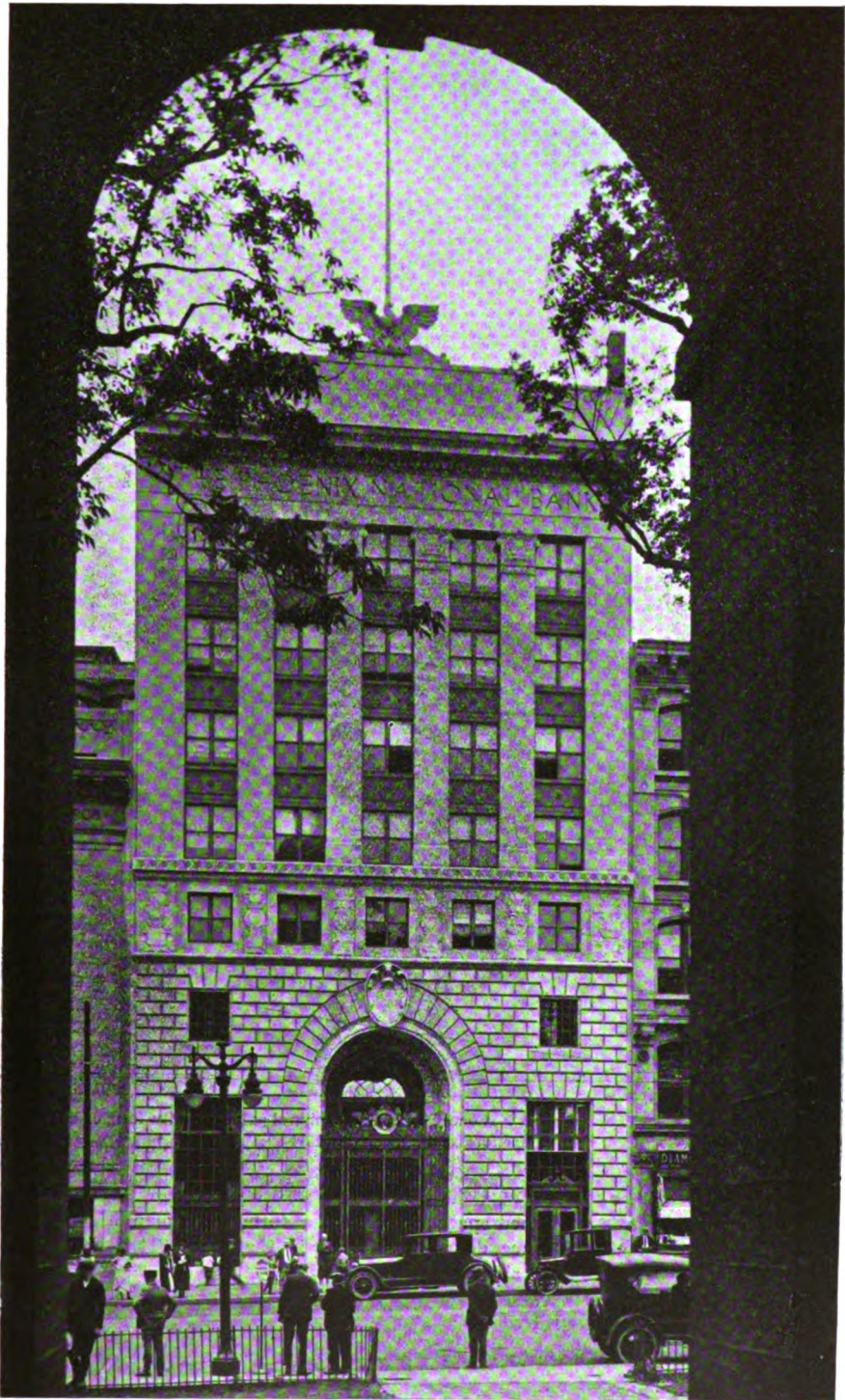
One of the most striking details of decora-



Main entrance doorway of Phoenix National Bank, showing impressive bronze grilles



Office entrance doorway of Phoenix National Bank



A view of the front facade of the new building of the Phoenix National Bank of Hartford, Conn.



Rear of banking room of the Phoenix National Bank showing mural painting in the form of a map of Hartford as it appeared in 1814

tion in the banking room is an arched space balancing the arched main entrance doorway, and containing a striking mural paint-

ing in the form of a map of the city of Hartford in the year 1814, when the bank was founded.



Banque Commerciale de Bâle



Head office, 96 Rue Franche, Basle

THIS institution, whose head office is at Basle, ranks among the oldest and foremost banks of Switzerland. Called upon to fill the gap of a much-needed larger credit institution whose duty it was at first to assist in financing and furthering the trade of the city of Basle and its surroundings, it was organized in 1863, with an authorised capital of Frs. 20,000,000 by a group of prominent leaders in commerce and industry. Ever since its inception, a policy of sound banking has been strictly adhered to by the management, while at the same

time great care was taken to make all prudent concessions to the constantly changing business conditions.

From a comparatively small beginning the bank has made remarkable advancement since the election of R. A. Koechlin to the board of directors; his untiring activity, character and individuality are in the main responsible for the pleasant business rela-



Entrance to managers' offices and reception rooms head office



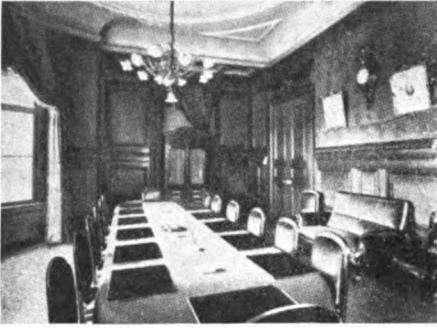
Chairman's room at the head office

tions now existing with many local and foreign institutions of great repute.

The fully paid up capital and reserves of the Banque Commerciale de Bâle stand today in the balance-sheet at Frs. 82,000,000 while the yearly turnover has increased from Frs. 4,767,000,000 in 1914 to Frs. 10,119,000,000 in 1923. The balance sheets for the years 1919-1923 show the following figures:

(In Swiss francs)

	Capital	Reserves	Deposits and current accounts	Total of balance sheet
1923	60,000,000	22,000,000	119,445,459	309,949,174
1922	60,000,000	22,000,000	155,711,093	342,715,321
1921	60,000,000	22,000,000	118,790,221	301,228,799
1920	60,000,000	22,000,000	103,828,335	291,631,455
1919	60,000,000	22,000,000	134,363,337	347,959,502



Board room at the head office

The dividends for the last years were 6 per cent. annually.

To facilitate commercial transactions in Switzerland the Banque Commerciale de Bâle has established branches in the cities of Zurich and Geneva. It has special representatives in Alexandria and Cairo, in

Egypt and at Buenos Aires, Argentina. The special representative in New York City is Charles E. Berthoud, at 68 William street.

While the institution carries on a regular commercial banking business, it is devoting special attention to the financing of import and export transactions by granting loans against merchandise in course of shipment or placed in warehouses. It also does an exclusive bond and share business and is equipped to negotiate new domestic or foreign issues.

The results attained in the last twenty years have been principally due to the determination of the directors and officers to give the commercial community and the bank's private clientele a highly useful service. The esteem that the Banque Commerciale de Bâle enjoys at home and abroad makes its management the more determined to put forward all possible efforts so that the bank may maintain a constant rate of progress.

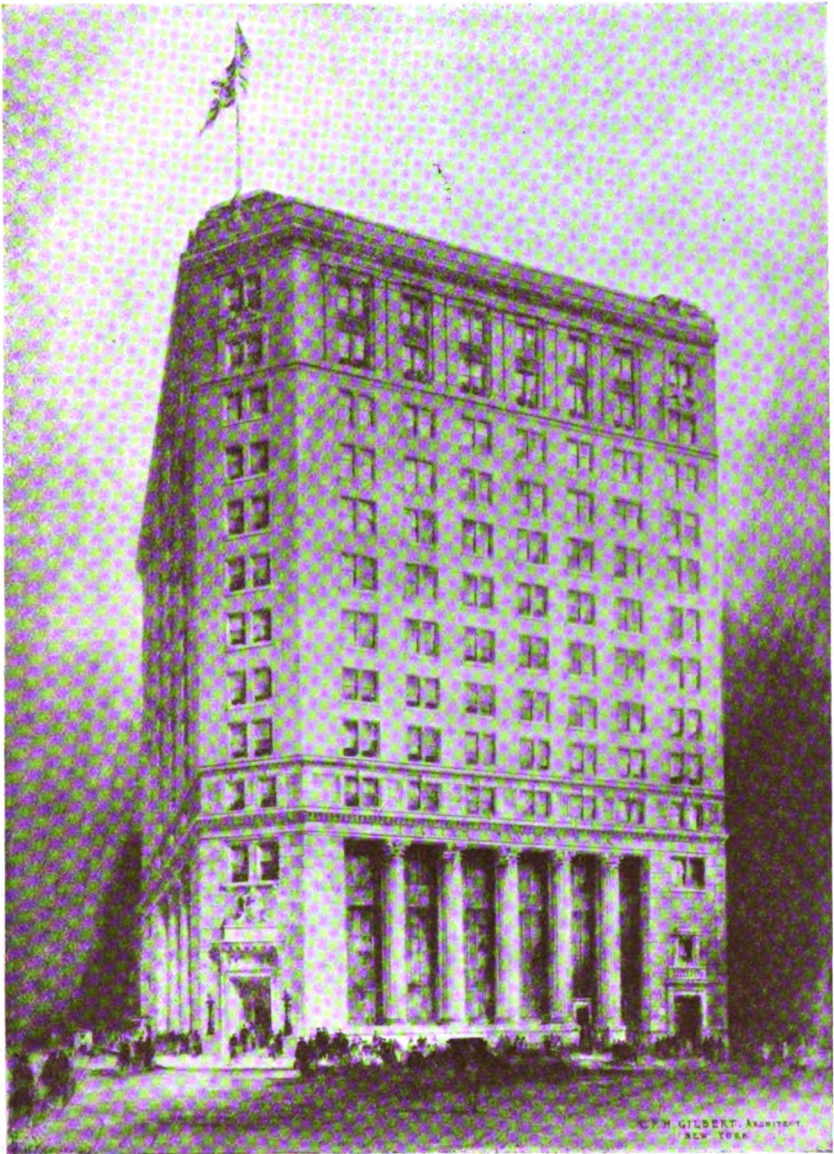


Geneva office, 9-11 Place de la Fusterie



Zurich office, 20 Rue de la Gare





New Home of the Head Office, Italian Savings Bank, New York

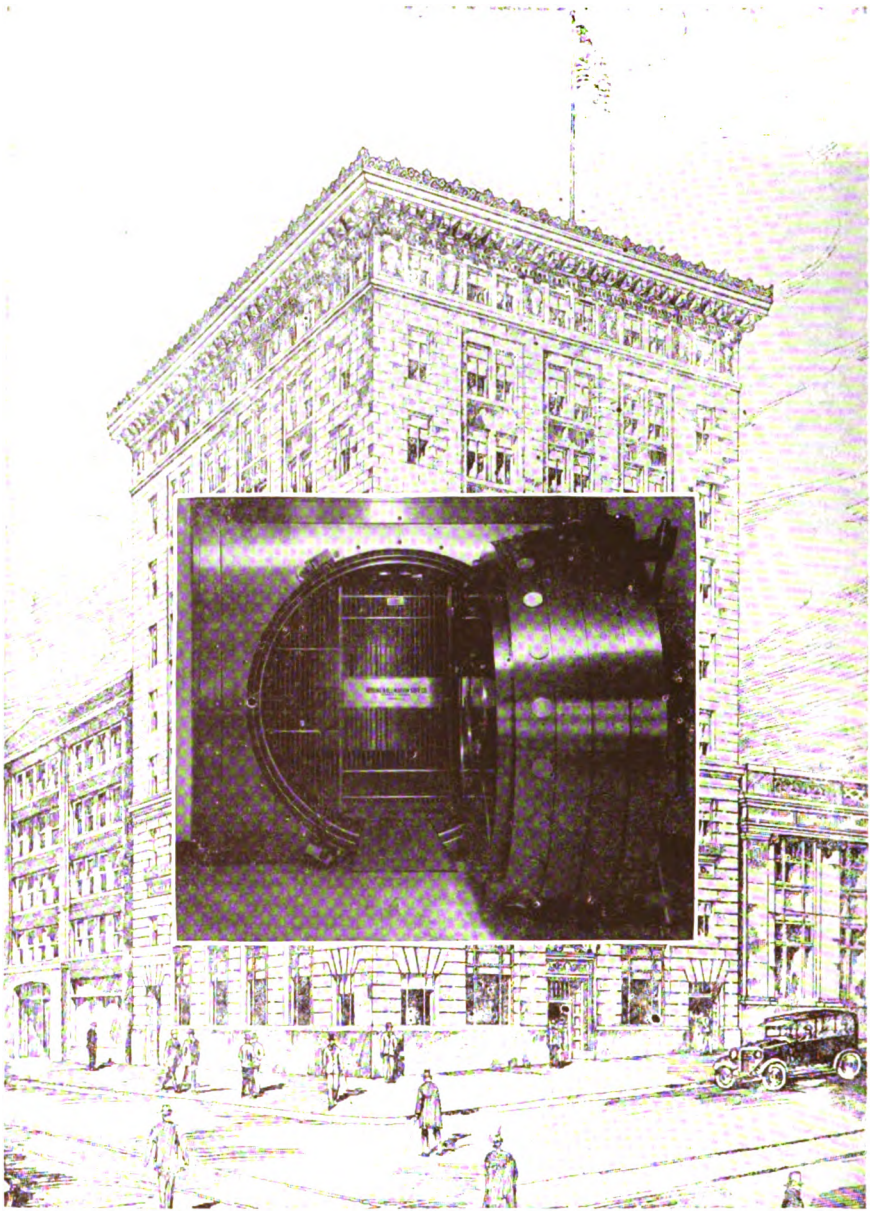
THIS building, situated at the corner of Spring and Lafayette streets (Cleveland Place) is one of New York's newest and most modern bank and office building structures. The bank will occupy the main floor, mezzanine and basement. It was erected and equipped under the supervision of the office of

C. P. H. GILBERT

ARCHITECT

Specialist in Bank Architecture

METROPOLITAN TOWER—MADISON SQUARE—NEW YORK



New building of the United States Mortgage Bond Co., Detroit, Mich., designed by Harry S. Angell, Architect of Detroit. All vault work was 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



Esefjord, Balestrand Logn, Norway

Vacationing in Vikingland

By Ben Blessum

SOME one has said: "See Naples—and die!" Now just why anyone should want to commit suicide by going to Naples, although I fully recognize that the stage is beautifully set for such an event there, I never could understand. I think it much better to see Norway—and *live!* And really life does take on a pleasanter aspect during a vacation in Norway than I have found it to assume elsewhere. It is not only on account of one or two features either; for instance, inspiring mountains or a pleasant climate—but because of a number of things which together make it not only unique among holiday lands but also pre-eminent.

Facilities for Travel

In the first place—and this I want to mention at once, because personal comfort is essential to the enjoyment of anything, and imperatively necessary in the case of a vacation—the communications by land and water are in Norway equal to those of any other country. The steamers plying along the coasts, in the fjords and on the lakes, are, while not luxuriously appointed—although that adjective may fairly be used in connection with not a few of them—very

comfortably fitted up, having plenty of deck space, cozy smoking-rooms, good cabins, ladies' saloons, dining saloons, etc. The trains likewise are very commendable, the seats being almost too luxuriously upholstered—one gets rather lazy lolling about in their sybaritic depths; the windows are large, giving a full view of the beautiful landscapes gliding by in endless procession; the sleeping-cars are generally conceded to be better than the American Pullman; and the dining-car service is—and this is true of the steamers too—of very high merit indeed. The best of meals are served everywhere, afloat, on trains and in hotels. It may be well to mention in this connection that direct sailings from New York to Bergen and Oslo (Christiania) are frequent, also to other ports, and that the ships in this service are equal both in tonnage and appointments to the general run of liners calling at British and Continental points. The cuisine of these vessels is also excellent.

Connecting with all steamers and trains Norway has a great many cross-country automobile services, the machines running on scheduled time. Of course, there is no reason why you may not drive your own car if you prefer, or hire a private car. The regu-



Merok, Geiranger, Norway

lar automobile lines, however, employ in no case the great omnibuses familiar to the American in his own and some other lands. The passenger is in all cases conveyed in seven-passenger touring cars, generally of American make, but some come also from the best European factories.

Splendid hotels and restaurants are everywhere in evidence and the traveler invariably encounters polite and fair treatment, a good bed and the best of meals. In Norway everything will be found as clean and wholesome as the remarkable air of that remarkable country itself. Then, too, the beggar nuisance is unknown.

Museums and Galleries

Being a highly civilized land Norway offers the traveler museums, art galleries, etc. Notable among these is the Historical Museum at Oslo, which contains far and

away the richest collection of articles of Viking times in the world. I wish particularly to point out, among these, the two Viking ships, about twelve hundred years old, there to be seen, together with the many artistic objects found buried in them and the bodies of a great chief and of a queen and her lady-in-waiting. These finds are in their way as notable as those of the tomb of Tut-Ankh-Amen, and prove that the Vikings were far from being barbarians in the ordinary sense. No visitor to Norway should fail to see these interesting relics.

But Norway has two other museums quite different from practically all others and of extraordinary interest: The great Open Air Museums of Norse Antiquities in the outskirts of Oslo and in the charming little city of Lillehammer, five hours by rail from Oslo. Both show a number of buildings of venerable age collected in various parts of



Oslo (Christiania) Norway

the country and perfectly restored and rebuilt. These, completely furnished as they are, give the best possible idea of how the Norsemen have lived from the earliest times up to comparatively recent ones. The home industries of the past, just now enjoying a cheering renaissance throughout Norway, are carried on daily, while ancient music of long ago, and splendid reconstructions of the life of other days—dances, gorgeous weddings, etc.—are shown the visitor at intervals. The collections are in both cases located in beautiful natural surroundings, which makes it very easy for you to put yourself back into the spirit of the ancient and less hustling times.

Norway's Chief Charm

But, of course, the chief charm of Norway lies in its natural beauties. And in such Norway without question excels in point of variety all other lands. It has twelve thousand miles of coastline, sometimes low, smiling and fertile; sometimes stern and rocky, with mighty headlands everlastingly assaulted by the great rollers of the Atlantic or the Arctic; at other times rising thousands of feet out of the sea, into magnificent, snow-hooded and glacier-clad mountains—perhaps the most beautiful as well as the most impressive coast to be found anywhere in the world. And just off the

mainland lie, scattered in chaotic profusion, about one hundred and fifty thousand islands and islets, these forming a natural breakwater between which and the mainland lies an ever placid sea-lane in which the fisherman's little cockleshell is as safe as the greatest liner afloat. Along this great inland sea plow the local ships as well as the great cruising steamers which every summer make merry in the delightful and, naturally, world-famous fjords.

These great fjords—hundreds of them—are long and exceedingly narrow arms of the great Atlantic or Arctic Oceans reaching into the country in every direction. They are rarely more than a couple of miles in width, the smaller ones, which branch off like innumerable fingers from the greater ones, being in many places only a few hundred feet in width. But their depth is something to marvel at: soundings of about four thousand feet have been taken. Then again rising sheer out of the salty waters great chains of mountains lift their tremendous bulk up to the very heavens, their snowclad peaks soaring four, five, six thousand feet above the pigmy-like steamer—even though it were the "Leviathan"—often wreathed in fleecy clouds, while the greatest glaciers in Europe send down glittering rivers of ice almost to the water's edge, and hundreds of waterfalls, some of them thousands of feet



Trogenesater restaurant, Oslo, Norway



Norwegian peasant girls



Norwegian farm houses, Lillehammer, Norway



Fjarlandsfjord, Norway

in height, leap from dizzy precipices through the deep gorges.

But where the mountains have condescended to leave a little soil along the fjord fair fields and rich orchards abound, and the perfume of the lilacs is often wafted miles out upon the waters. The most adorably quaint farmhouses, their sod roofs forming perfect gardens of wild flowers, and their gaily-painted trim and shutters laughing in the sunshine, perch upon every rocky knoll; while nearer, along the dazzlingly white shore, above the gracefully festooned golden-brown seaweed, brilliantly colored boat-houses somnolently seem to nod in the pleasant warmth of the morning; and the gorgeously decorated fishing boats, direct descendants of the mighty Viking ships of old, lie gracefully sprawling, absolutely asleep, upon the white sands. And mingled with the laughter of the littler waterfalls and of the tumbling brooks is the tinkling of the cattle bells among the pleasant trees that thickly and closely hug the steep slope leading up to the everlasting snows.

Then there are the highlands, those illimitable expanses of moors colorful as a Persian carpet, purling brooks, dreamy tarns and silent lakes, reflecting in their mystic depths the glories of the highland skies, and in the distance always the sharp peaks rising out of the very bodies of the vast and shining

glaciers. The paradoxical nature of Norway is everywhere evident, but perhaps nowhere to a greater extent than upon "the back" of the country. For round about your hotel, on the verandas of which you perhaps loll about a great deal more than you really ought to in order to enjoy a pleasant sunbath, the flowers are blooming in profusion and the weather is sometimes just a bit more than warm. At the same time your more energetic companions may perhaps be skating on a frozen lake or skiing on the smooth slopes of the snowfields or glaciers within a very short distance from you. And this in July! And only a short drive off, down among the orchards at the end of the fjord, where the climate is often Riviera-like, lies your yacht in waters that irresistibly entice you to a swim on your return.

Then, again, there is "the Land of the Midnight Sun"—that northern half of Norway along the coast, among the uncounted islands of which you may sail day after day and night after night under a blazing, toward "midnight" gorgeously colored, sun, past a land of fairylike charm, of the most magnificent grandeur, of the pleasantest quaintness, and on the gentlest of seas. And it is not, quite aside from the colorful vessels of "those who go down to the sea in ships," a dead and monotonous sea either;

for the spouting whale, the playful porpoise, the curious eider duck and her numerous brood, and thousands—in places millions—of seabirds offer never-ending entertainment. And when you go ashore you will pinch yourself and wonder if you really are hundreds of miles north of the Arctic Circle, for beautiful gardens, rich farms and considerable forests greet you on every hand. And to make the busy ports of the North still more picturesque the quaint and kindly Lapps, strangely and wonderfully accoutered, smilingly receive you in their villages, show you their lowly but interesting homes, and offer you ravishing furs and most charming souvenirs, often very artistically done, at ridiculously small prices—a Stone Age people in the very midst of a modern civilization. And here too it may be said that another of the features that will appeal to visitors is that, like the Lapp, the peasantry who in western and southern Norway offer the beautiful native silver jewelry, embroideries, tapestries, carvings, etc.,

never badger you, but politely and patiently show you their stock, and wait until you desire to buy. Good manners are universal, and the tourist in Norway is never made to feel that he is a lamb to be shorn and, if possible, skinned.

Another thing that makes traveling in Norway easy and pleasant is that practically everyone speaks English. One needs no interpreter and no guide, except when one desires to traverse the greater glaciers or climb the more difficult peaks. In fact I know of no country in which an English-speaking person can more freely enjoy himself.

But if one desires to "cruise" that too is easily arranged. For several great ships leave New York every summer for Norway, while a great many such have their beginnings at various British and Continental ports. And private yachts, from all parts of the world, may almost be said to swarm in the Norwegian fjords.



National Credit Fund Gains Force

LIKE a great snowball, the National Fund for Credit Protection is steadily gaining force. Preliminary subscriptions totaling many thousands of dollars have already been received from many banks, including several important New York banks. In a few weeks this movement will throw a chill into the hearts of the most intrepid commercial criminals who have heretofore practiced comparatively unmolested. Since the start of this movement over a score of the largest banking and commercial centers of the United States east of the Mississippi River have organized their industrial, commercial, and financial interests in an effort to insure the success of National Credit Protection. This movement has received strong endorsement of a vast number of banking houses and trade associations throughout the country, of accounting institutes, Federal district attorneys, judges, and cabinet ministers.

A study of the interwoven relations of finance and commerce in the nation, makes it apparent that there must be effected some powerful measure which will guarantee security to the credit granters of the country. Not only will a very indirect result be in-

sured by a national system of credit protection, but a decidedly direct benefit may be counted upon. The question of credit protection is not really so much one of individual opinion which decides for this method or that method of securing the greatest commercial safety. It is rather more one of study and appreciation of the affiliations of all business groups throughout the country.

Since credits are inter-trade and national, since prosperities and failures and crimes are, so also must protection be inter-trade and national. In our present commercial system it is hardly possible for a large failure to occur without affecting creditors in many localities. It is seldom possible for one house alone to undertake the investigation, detection, and prosecution of the crook, should such a failure have been fraudulent. Not only does a large failure affect creditors in various localities, but also in various trades. No one commercial class, no one profession or vocation suffers from the operation of this enterprising criminal—all trades and all business suffer and national prosperity is threatened proportionately.



Reconstructed and enlarged building of the Colonial Trust Company, Waterbury, Conn. Alterations were made by the Griswold Building Company, Inc., of New York

Some Recent Bank Building Operations

COLONIAL TRUST COMPANY, WATERBURY, CONN.

THE recent alterations and additions to the Colonial Trust Company of Waterbury, Conn., prove to be interesting both from an architectural and layman viewpoint. Although adhering partially to the architecture of the former one-story building, the new modern home presents such larger quarters and greater facilities that the general aspect of a new home is apparent. The style is Colonial, carried out in white Vermont marble. By doubling the length of the old building another floor has been added, with mezzanines at either end of the building. Abundant daylight has been provided for the main banking room floor by large steel windows.

The interior, in arrangement, equipment, and decoration, is entirely new and modern in every respect. The main banking room floor, with a spacious public lobby 58 by 16 feet, is representative of the carefully planned interior. The public space, with a pink Tennessee marble flooring, is flanked on two sides by counter screens of imported Botticino marble surmounted by handsomely ornamented bronze glass frames, trim, and bronze wickets, while check desks of a marble to match that of the counter screen are equiped with bronze fittings.

The officers' quarters, and the private office of the president at the left of the entrance, are complete with mahogany furniture and wainscotting, with a flooring of rubber tile in imitation marble. These quarters are divided from the public space by a counter,

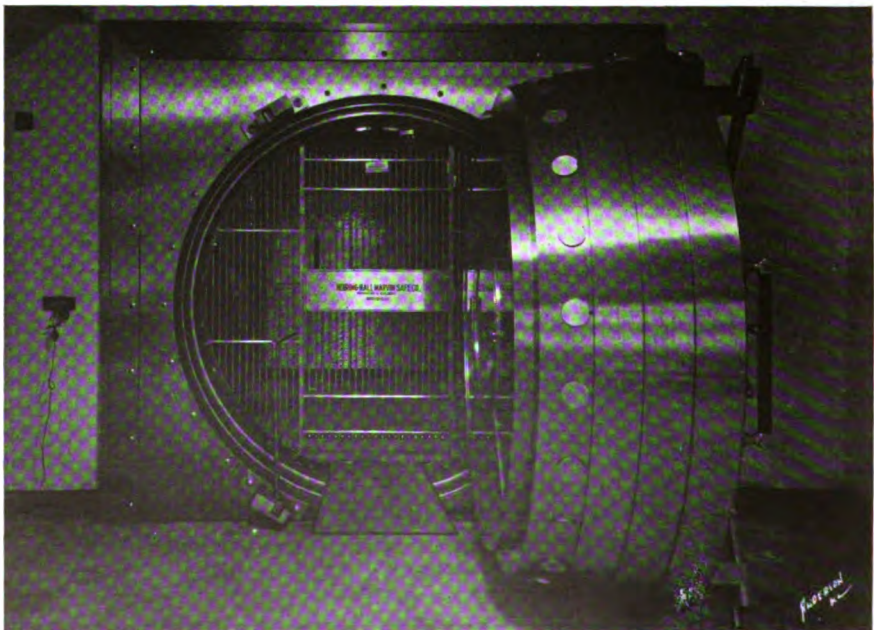
which is a continuation of the counter screen, giving the room a uniform and balanced appearance. To the right of the entrance is a marble staircase leading downstairs to the safe deposit department and safe deposit and security vault. Immediately off the staircase on the main floor is a tastefully appointed ladies' rest and retiring room, with mahogany furniture and wainscotting.

Ample work space is allowed behind the olive painted steel cages. Both work space and cages have a flooring of quarter-inch battleship linoleum. Three large banking room windows and an additional dome-shaped skylight of leaded glass provide plenty of daylight, giving the valuable asset of a bright, cheerful banking-room.

The general decorative scheme of the interior embraces a wealth of carefully studied detail. Fluted pilasters, with graceful Corinthian caps, take their appropriate places about the four walls, supporting splendid cornice work which in its turn leads to the beautifully coffered ceiling. There is a certain symphony in grace which imparts the tone of refinement and dignity to the whole room, while the perfect blending of the delicate color scheme lends that touch of warmth necessary for a home. The tops of the counter screens serve a double purpose in concealing not only the reflector lights which throw the correct line of light on the counters, but also the indirect lighting system employed to illuminate the banking room. This method of lighting sheds a soft, subdued glow which melts into the harmony



Interior of the Colonial Trust Company, Waterbury, Conn. The marble stairway at the rear leads to the mezzanine floor, on which is located the trust department



A modern safe deposit vault similar to one installed in the new building of the United States Mortgage Bond Company, Detroit, Mich. The Herring-Hall-Marvin Safe Company of Hamilton, Ohio, built and installed this vault

of the decorations without losing its real efficiency.

To the rear of the banking room is the rich marble staircase serving the mezzanine floor, on which is located the trust department. The large area given this important branch of the bank is equipped to supply every need of the bank's clients. The department is a complete unit in itself. Directly under this mezzanine floor is located additional work space for the bank. Posting machine rooms, a funds vault, and the elevator serving the two floors of the building find their convenient locations here. A front mezzanine is given over to the large directors' room, decorated and furnished in a style befitting the dignity which the room demands. The floor above this mezzanine was originally intended for work space, but it is being used for renting purposes until need calls for the additional space.

The safe deposit department and safe deposit and security vault in the basement are completely equipped with every convenience for the customer. This department is reached by the marble stairway from the main banking room and the entrance is guarded by a highly polished steel grill. The vault, constructed of eighteen inches of solid reinforced concrete with a laminated steel lining, is guarded by the most modern of electric burglar proof protection, and the bank has an additional daylight-hold-up alarm system. A massive round steel door with sixteen inches of solid steel protects the entrance to this vault. Coupon booths, in mahogany with bronze fixtures, adjoin the vault, and also located near the safe deposit department are two committee rooms for the convenience of the bank's patrons, and a pay-roll room. Other space in the basement is utilized by storage rooms and the bank's heating plant.

The alterations and additions to this modern fireproof building were completed by the Griswold Building Company Inc. of New York City, who are specialists in designing and building banks.

BANK OF CORAL GABLES

PERHAPS one of the most unique and attractive bank buildings in Florida is that of the Bank of Coral Gables at Coral Gables, Miami, Florida. This building, together with the new post-office, occupies a triangular block at Alhambra Plaza, and in this group Walter C. De Garmo, the architect, has achieved a distinctive bit of Mediterranean atmosphere. A shaded cloister with its series of graceful arches surrounds the entire block.

The architecture of the new bank is reminiscent of the early Italian period, with suggestions of Hispano-Colonial style. The interior savors of some of the Basilican churches in Rome. It is a large room, twenty-six feet in height at the sides, the raftered ceiling sloping upward to thirty feet in the center to a tinted glass skylight. Arches and columns, as well as other trim, are of stone of Travertine finish, and the plaster work is of smooth finish. The floor of the bank is of black and white tile, with a black border. The raftered ceiling is decorated in the polychrome finish and design so well illustrated in the decorated wooden ceilings of Spain.

Between the new bank and the post-office lies the patio, which will contain a small pool, trees and tropic growths of interesting variety and color.

The officers of the new bank are Telfair Knight, president; Henry H. Taylor, vice-president, and L. W. Fuller, cashier.

Unique building of the new Bank of Coral Gables, Coral Gables, Miami, Fla. Designed by Walter C. DeGarmo





Final approved plan for the proposed new home of The Equitable Trust Company, New York, to be located on the present site of the well known Mills Building

Proposed new building for the Peninsular National Bank of Cedarhurst, L. I., designed by Alfred C. Bossom of New York, banking engineer



NEW BANK BUILDING FOR CEDARHURST

GROUND has recently been broken for the new home of the Peninsula National Bank at Cedarhurst, Long Island. The building will be of brick and limestone, with dimensions of 60 by 80 feet and will be three stories in height. Its simple Colonial architecture will synchronize with the prevailing style of building in the Long Island communities.

The space provided for banking on the

first floor will have all the facilities of a New York City bank as it has among the depositors many well known residents of the city who have summer homes in the neighborhood. One of the main features will be a large safety deposit department, which is to have about 1500 boxes. The savings department, devoted to time deposits, has an unusually large clientele from all classes in the vicinity. On either side of the banking room will be cages for tellers and cashiers, and a wide space has been pro-



SCHIFF TRUST & SAVINGS BANK, CHICAGO

THIS new building is the fifth occupied by the Schiff Trust & Savings Bank since its inception in 1892. At the time of the opening the bank had just passed the \$6,200,000 mark in resources, having gained \$500,000 in the three months preceding its opening celebration. Alfred S. Alschuler was the architect for the building



TARENTUM SAVINGS & TRUST COMPANY,
TARENTUM, PA.

THIS limestone building has a width of fifty-six feet by a depth of eighty-four feet. Owing to the topography of the town, the side street rising steeply to the rear, an unusually high style of individual bank building was desirable. An unusual arrangement of floor space on the interior has provided room for three active officers with open and private offices; fifteen active tellers; large vaults and safe deposit department on the main floor, and accommodations on a mezzanine floor for directors' room. This building was planned and directed by Morgan, French & Co., Inc., architects and bank engineers, New York



FIRST NATIONAL BANK,
TENAFLY, N. J.

THE exterior of this building is of manufactured stone cast to imitate marble, and is one of the finest examples of this class of stone work ever exhibited. The decorative treatment of the interior is rich and subdued—quite in keeping with the exterior. The officers' quarters are located near the front, easily accessible to the public. On the mezzanine, at the rear, is the directors' room. The building was designed by Holmes & Winslow, bank architects of New York

vided for officers at the right of the entrance. There will also be a completely equipped department for the women depositors. The directors' room will be at the side of the banking space. Apart from all the above mentioned facilities, the bank will also have substantial vaults in the basement for the storage of trunks, family plate and other bulky valuables.

The structure is being erected by Mrs. Katherine J. White of New York and Cedarhurst. It will have living apartments on the two upper stories, and on the street floor will be two stores; one at the side and the other at the rear. The bank has a twenty-one year lease on its space on the first floor and basement.

Every modern facility for banking, it was announced by C. C. Adams, the bank's president, will be provided, and allowance has been made for expansion during the term of the lease. Alfred C. Bossom, of New York City, banking engineer, is the architect.

The Peninsula National Bank was organized in 1920 through the efforts of Mr. Adams, who is its first president. Clarence C. Galston is vice-president, and Geo. Wallace Smith vice-president and cashier. W. W. E. Hicks is assistant cashier.

Established on October 13, 1920, the bank serves the communities of Cedarhurst, Lawrence, Woodmere, Hewletts, Inwood, and, in fact, a large area of Long Island which for many years has been known as the "Peninsula," from which the bank takes its name. The institution is now in temporary quarters which it has occupied since its organization.

BOOK TALKS

Special Section of The Bankers Magazine

APRIL 1925

Some Don'ts for Bank Directors

By MARTIN K. FOWLER

In his book entitled "The Cause and Prevention of Bank Defalcations" Martin K. Fowler places a good share of the responsibility for the criminal activities of bank employees on the shoulders of bank directors and executives who permit conditions to exist within the bank that make defalcations possible. This book (Bankers Publishing Company, \$1.50) will be found very instructive by bank directors and the executive heads of banks, both large and small. Following are a few of the "don'ts" which the author suggests for the guidance of bank directors.

DON'T permit the existence of what is known as a "kitty."

DON'T fail to safeguard securities left for safe-keeping by customers. This is a liability of yours.

DON'T permit employees to carry accounts in the bank in which they are employed and don't, under any circumstances, allow employees to draw checks on their own bank, when they have no account.

DON'T allow unclaimed deposits or other loose ends of money to lie around tellers' cages or the vault without some control on the books of the bank.

DON'T permit trading on the stock market by either officers or employees for their own account.

DON'T require tellers to make good short differences. Adjust them as suggested under heading of "kitty."

DON'T ignore the private life of your employees.

DON'T fear being considered over-inquisitive.

DON'T fail to pay your employees a living wage.

DON'T neglect to watch the outside enterprises in which any officer or clerk might be interested. Many banks have been wrecked by this neglect.

DON'T permit the promiscuous paying against uncollected items unless initialed by an officer who can be held accountable for any loss sustained in this way.

DON'T forget to watch the account of the man who stands chatting too long with tellers or the pest who is forever handing in cigars, etc.

DON'T forget to inspect your ledgers for check kiting.

DON'T allow officers or employees to make loans from their personal funds to customers.

DON'T think you can use sharp practises yourself without the youngest employee in the bank knowing it. He may look upon you as an example, and copy your practice in a small way.

DON'T think what happens behind closed doors in the directors' room never leaks out, particularly the things that should not. Employees always seem to learn these things in a mysterious way.

DON'T notify the executive officer of the bank when you are going to make an examination, and don't worry before you start as to how long it will take. Roll up your sleeves and go to work. Tackle the job as though you were working for a living or else resign your position. Don't forget the people who are depending upon you to protect their money.

DON'T fail to learn all about the contents of any safe deposit box kept by officers.

DON'T think your bank is too small to adopt precautions. The writer knows of one bank like this which employed only one man. The bank later found all of their assets in the showcases of a jewelry store owned by this employee's brother.

DON'T depend too much on an official examination. Remember your own responsibility as well as that of the examiner.

DON'T discharge a man on suspicion. Change his position or give him an opportunity to seek other employment or keep him under close observation. Many a man's life has been ruined in this way. Be as fair to him as you expect him to be to the bank.

BOOK TALKS

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

APRIL 1925

Shop Talk

ADVERTISING has done much to popularize the "secret of 15 minutes a day." Publishers of educational literature have done a good work in showing ambitious people how they can improve their spare time by systematic reading and study, and in demonstrating that such spare time study does not of necessity mean making any sacrifice of time devoted to leisure or recreation. There are few of us indeed who can conscientiously say that we do not waste in absolute idleness at least fifteen minutes of our valuable twenty-four hours. Surely there are few of us who would not benefit by converting some of this wasted time into a systematic attempt to gain information that will help to fit us to more efficiently conduct our daily job.



For those who wish a guide to follow for a systematic course of banking reading we recommend the series of articles now running in THE BANKERS MAGAZINE entitled a "Reading Course in Banking." Mr. Munn, the author of this series, has outlined a course of reading covering every subject pertaining to banking which the student will find extremely useful in rounding out his studies.



READERS of BOOK TALKS are reminded of the prize contest now being conducted by THE BANKERS MAGAZINE for the best essays on any subject pertaining to banking. Five hundred dollars in prizes

will be awarded. If you are interested write Contest Editor, THE BANKERS MAGAZINE, 71 Murray street, New York, for complete details.



THE late James B. Forgan says in his book "Recollections of a Busy Life" (Bankers Publishing Company, \$6.00) that in all of his business experience he never asked for an increase in salary. He wrote:

"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.

"In the changes I made the increased pay was, of course, one of the considerations which induced me to make them, but after my salary was fixed in any of the banks I worked for, all increases of pay came to me unsolicited."

Asked to name the reason for his success as a banker Mr. Forgan wrote:

"My business success was, of course, co-ordinate with that of the banks I worked for and their success was attributable in 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."

BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

VALUATION OF INDUSTRIAL SECURITIES. By Ralph Eastman Badger. Prentice-Hall, New York.

THIS one volume provides the principles needed to arrive at an independent judgment regarding the values of industrial securities, whether actively traded in or not. The factors which are responsible for the differences between security prices and security values are demonstrated through clear-cut cases. Both the appraisal process and the good-will methods of valuation are compared.

+

FEDERAL RESERVE SYSTEM IN OPERATION. By E. A. Goldenweiser. McGraw-Hill Book Co., Inc., New York. \$3.00.

A DISCUSSION of the purposes, structures and functions of the Federal Reserve System. The book describes the most important functions of the system, points out the principal problems with which it is confronted and outlines the methods developed or in process of development for the solution of these problems.

The appendices contain a summary of the principal provisions of the Federal Reserve Act, arranged topically, and important data on Federal Reserve Board activities.

+

THE BUSINESS OF LIFE. By Hugh W. Sanford. 2 vols. \$10. New York: Oxford University Press

"THE Business of Life" by Hugh W. Sanford, just issued in two volumes by the American Branch of the University Press, is a rational, well ordered and frankly sympathetic effort on the part of the author to chart the way toward a more intelligent and more ample human happiness by discussing in full detail the constitution of the ideal state. The first section of this work discusses the theory of the gold standard and its relation to wages, prices, supply and demand, circulation, banking and periodic inflation and deflation. The second section presents a full inquiry into the nature and behavior of the principles of profit, wages, rent, land values, etc. These two sections

give a survey of the causes creating the business cycle and are of particular interest to the business man and banker. Then there follow sections dealing with population, its rapid increase, its irresponsible methods of taking up economic slack, and the reader is lead into a discussion of the biological and eugenic side of the problem of creating an ideal state. Mr. Sanford has had many years of practical experience in the industrial world. This work, to be supplemented by a later volume, contains the results of his long study of economics as conditioned by biological laws.



New Books

RULES AND REGULATIONS OF THE STOCK EXCHANGE. By F. J. Varley. London: Effingham Wilson.

+

ACCOUNTANTS' AND AUDITORS' MANUAL. By William N. Stone and others. Scranton, Pa.: International Textbook Co. \$2.00.

+

FINANCIAL INDEPENDENCE AT FIFTY. By Victor de Villiers. New York: Magazine of Wall Street. \$3.10.

+

ADVERTISING AND BRITISH ART. By Walter Shaw Sparrow. New York: Dutton. \$12.00.

+

CENTRAL AMERICAN CURRENCY AND FINANCE. By John Park Young. Princeton, N. J.: Princeton Univ. Press. \$2.50.

+

APPLIED BUSINESS CORRESPONDENCE, AND APPLIED BUSINESS PUNCTUATION. By SoRelle, Rupert Pitt, and Hagar, Hubert Adonley. New York: Gregg Publishing Co. \$1.40.

+

WHO SHOULD HAVE WEALTH: AND OTHER PAPERS. By George Milton Janes. Milwaukee, Wis.: Morehouse Pub. Co. \$1.50.

THE BANKERS MAGAZINE—BOOK TALKS

BUSINESS—A PROFESSION. Foreword by Ernest Poole. By Louis Dembitz Brandeis. Boston: Small, Maynard. \$3.00.

+

STATUTES OF VIRGINIA. Relating to Banks, Trust Companies and the Banking Business with Amendments as enacted by General Assembly of 1924. Compiled by M. E. Bristow, Chief Examiner of Banks. Richmond: Davis Bottom, Superintendent of Public Printing.

+

COAL AND CIVILIZATION. By Edward Charles Jeffrey. New York: Macmillan. \$2.50.

+

VOCATIONAL SELF-GUIDANCE: PLANNING YOUR LIFE WORK. By Douglas Fryer. Philadelphia: Lippincott. \$3.00.

+

REAL ESTATE MANUAL FOR BROKERS, OWNERS AND OPERATORS. Edited by Harry Hall and others. Garden City, N. Y.: Doubleday. \$2.50.

+

THE RELATION OF WEALTH TO WELFARE. By William A. Robson. New York: Macmillan. \$2.25.

+

VALUATION OF INDUSTRIAL SECURITIES. By Ralph Eastman Badger. New York: Prentice-Hall. \$5.00.

+

MANUAL OF INCOME TAX PROCEDURE FOR 1924 RETURNS. By William Burtis Castenholz. Chicago: LaSalle Extension Univ. \$1.50 pap.; \$2.00 flex. fab.

+

AUDITING: AN INTRODUCTION TO PRACTICE. By George Edward Bennett. New York: Macmillan. \$3.50.

+

BOND SALESMANSHIP. By William W. Townsend. New York: Holt. \$4.50.

+

ADVERTISING YEAR BOOK FOR 1924. By John Clyde Oswald. Garden City, N. Y.: Doubleday. \$2.00.

THE FUTURE OF PRICES AT HOME AND ABROAD. By Ransom, William Lynn, and Moon, Parker Thomas, eds. New York: Acad. of Political Science, Columbia Univ. \$1.50.

+

CONSOLIDATION OF RAILROADS. By William Marshall Walter Splawn. New York: Macmillan. \$3.00.

+

COTTON FACTS. A compilation from official and reliable sources of the crops, receipts, stocks, exports, imports, visible supply, sales, prices, consumption and manufacturing output of cotton and cotton products in the United States and other countries for a series of years. Compiled and edited by Alfred B. Shepperson. New York: Shepperson Publishing Company.

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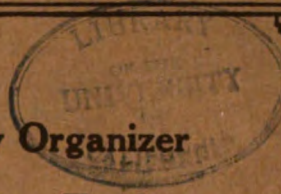
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Vol. CX

MAY 1925

No. 5

MAY 21 1925



The Banker as Community Organizer

Bankers Urge More Foreign Trade

National Banks' Trust Opportunities

Romance of the Rothschild Fortune

Executive Council Meeting A. B. A.

Safe Deposit Companies and the Law

**Campaign of 90 Days Brings Bank
\$11,649,190**

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The Age of a Bank

To be distinguished for age alone is, in a man, a distinction of doubtful value. But age by itself confers eminence upon a Bank, for it implies not only the experience that comes with years, but survival amid competition, and is a guarantee of permanence.

To the Bank of New York and Trust Company belongs the honor of being the oldest Bank in the City. Its Banking Department, founded in 1784, antedates even the Constitution of the United States itself. Its Trust Department was established in 1880, at a time when the wealth of the City was only beginning to be great enough to justify an organization devoted principally to the care of Estates.

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over \$16,000,000

Main Office
52 Wall Street

Foreign Department
48 Wall Street

Madison Avenue Office
at 63rd Street

CHATHAM PHENIX



NATIONAL BANK AND TRUST COMPANY

Main Office
149 Broadway, Corner Liberty Street
New York City

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.

RESOURCES OVER QUARTER BILLION DOLLARS

1864

*Comprehensive
Foreign
Banking
Service*



1925

*Traveler's
Checks
Foreign
Currency*

61 Years

THIS Company offers you its services based upon the experience gained during more than half a century of conservative activities.

- A general banking business.
- A commercial banking business including discounts, acceptances, etc.
- Foreign Exchange, Commercial and Traveler's Letters of Credit, etc.
- Acts as Executor, Trustee, Transfer Agent, Registrar of Stocks and in every Fiduciary Capacity.

President

George W. Davison

Board of Trustees

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 James Brown
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 Johnston de Forest
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CENTRAL UNION TRUST COMPANY OF NEW YORK

80 BROADWAY

NEW YORK

PLAZA OFFICE
5th Ave. & 60th St. *

42ND STREET OFFICE
Madison Ave. & 42nd St.

Capital, Surplus and Undivided Profits over 38 Million Dollars

Member Federal Reserve System

THE HANOVER

NATIONAL BANK OF THE CITY OF NEW YORK

Established 1851

OFFICERS

WILLIAM WOODWARD
PRESIDENT

E. HAYWARD FERRY
VICE PRESIDENT

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WILLIAM H. SUYDAM
VICE PRESIDENT
AND MANAGER

WILLIAM B. SMITH
ASST. CASHIER

WILLIAM H. ALLEN
ASST. CASHIER

Capital \$5,000,000
Surplus and Profits 2,200,000

The "Hanover" is New York Correspondent of over 4000 Banks

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Our all-year-round
Special for Banks

Superior Transit Service

Commerce Trust Company

Capital and Surplus \$8,000,000

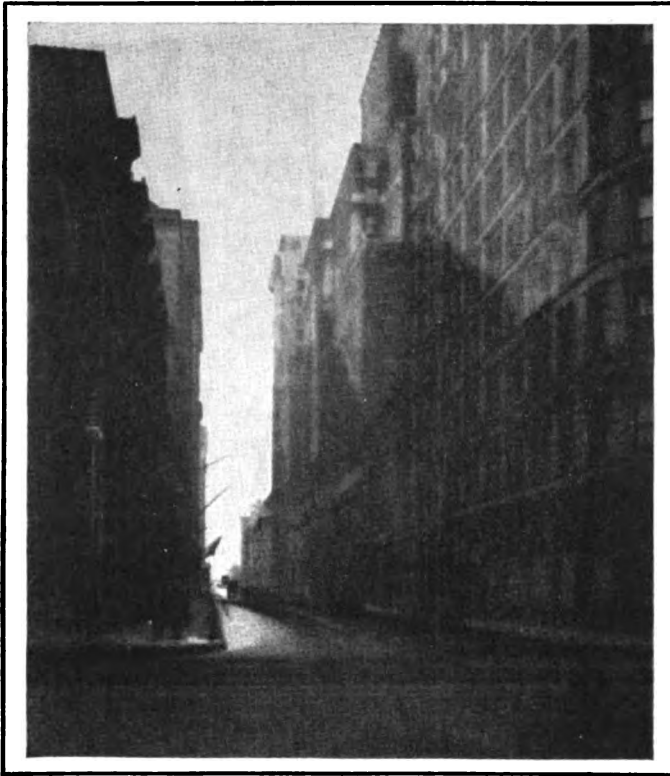
Kansas City

The
COAL & IRON
NATIONAL
BANK
OF THE CITY OF NEW YORK

EYE TO EYE

One of the great advantages in having the Coal and Iron for a New York correspondent is that its officers view the problem of your bank eye to eye as you see them. This is due to their wide familiarity with conditions and customs outside of New York City.

Personal Service Headquarters



A FEW DOORS EAST

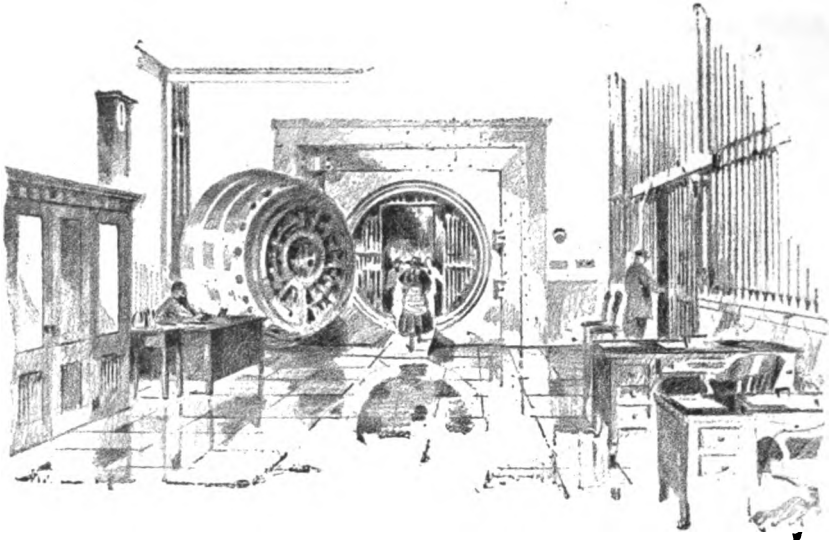
Just a stone's throw east from 5th Avenue almost at the corner of Madison Avenue—on 45th Street—a short walk from Grand Central—is the enlarged bank of the Seaboard Uptown. Our immediate neighbors are the Ritz one block north, the Biltmore one block south, the Roosevelt at the corner. A few doors east of 5th Avenue on 45th Street you will find us—at No. 24. Here you are offered the last word in banking convenience and comfort by an institution familiar to New Yorkers since the early '80's.

THE SEABOARD NATIONAL BANK—*Uptown*

24 East 45th Street

Broad and Beaver Streets

115 Broadway



Associate yourself with this great commercial bank and thus establish a connection with a bank which can care for every phase of your financial interests.

Its broad influence may be of direct personal benefit to you.



**CORN EXCHANGE NATIONAL BANK
PHILADELPHIA**

**MAIN OFFICE
CHESTNUT ST. AT SECOND**

**CENTRAL CITY OFFICE
1510-12 CHESTNUT ST.**

The Publisher's Page

THE possibilities of building bank deposits through the medium of employees' new business contests are constantly being demonstrated by the successful campaigns which banks in various sections of the country have been conducting. The June number will contain an article by W. B. Weisenburger, vice-president of the National Bank of Commerce in St. Louis, entitled "Making Salesmen Out of Bank Employees." This article tells the story of a successful employees' campaign for new business which has recently been brought to a conclusion by the National Bank of Commerce, and which brought in new business amounting to a total of \$6,786,000.



IN the June number will appear the first of a series of articles on "Some Phases of Country Bank Credits," by Frank S. Wettack, cashier of the First National Bank of Coffeyville, Kansas. The purpose of Mr. Wettack's series of articles, which are based on many years experience of a nature both practical and successful, is to outline the credit principles upon which country bank credits should be based. It will be urged that while conditions underlying applications for credit vary greatly, the credit principles are unyielding and constant. Mr. Wettack will endeavor to show in his series that it is practicable to diagnose any application for credit and determine whether or not the risk presented is a proper one. He does not contend that under any system of credits losses can be entirely avoided. After attempting to outline some of the ruling principles in country bank credits, a method is suggested for subjecting applications for credit to an analysis in the light of the principles evolved, to disclose whether or not a proposed loan has the necessary merits to classify it as a proper country bank credit risk.



THE third article of the series which has been appearing in the Banking Publicity Section of THE BANKERS

MAGAZINE on "A Complete Campaign for New Trust Business," by Theodore Tefft Weldon, advertising manager Northern Trust Company of Chicago, will appear in the June number. Previous articles by Mr. Weldon have discussed the subjects of "The Complex Task of Selling the Trust Department to the Public," and "Newspaper Advertising as Part of the Trust Selling Campaign." In his third article Mr. Weldon will take up the subject of "Direct Mail as a Factor in a Campaign for New Trust Business." This article will be divided into four sections: (1.) Subjects to be treated, and the importance of avoiding the text-book variety of approach; (2.) Attractiveness, layout and readability compared in importance to the substance; (3.) Distribution; and, (4.) The tie-up between newspaper advertising and direct mail.



THE final article of the series by E. B. Harshaw, cashier of the Grove City National Bank of Grove City, Pa., on "The Agricultural Department of a Bank," will appear in the June number. In this last article of his series, Mr. Harshaw will sum up the results that a properly operated bank agricultural department can obtain for the bank, for the community, and for the state and nation. Mr. Harshaw pointed out in his article in the May number that, from a standpoint of the community development phase of bank agricultural work alone, "if it were possible for every banker in the United States to get the vision of what it would mean to have his community (meaning his full sphere of influence and not just his town) organized, with his town as a center and a happy community spirit pervading the whole, all would feel that there is scarcely any worth-while project for that community impossible of attainment, and by organizations of this kind co-operating with organizations of similar kinds, adjoining community development could surely be made state and nation-wide."

—At the New York End

THE BANK OF AMERICA has for generations held the custom of substantial families and business houses because it has held their confidence.



THE BANK OF AMERICA

ESTABLISHED 1812

NEW YORK CITY

Capital, Surplus and Undivided Profits over \$11,000,000



Main Office
Fifth Ave. at 32nd Street

The Bank of United States

Member Federal Reserve System

Resources Over
\$64,000,000.00

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

GENERAL Income *and* DEFINITE Expense

Overhead and other expense incident to handling active accounts is not properly chargeable to general income. Each account must earn sufficient return to bear its own share of the costs.

Analysis is the accounting process by which income and expense are apportioned to each account in accordance with available balances and determinable costs for specific services rendered.

Much of the expense can be prevented and many a loss converted into a profit by using our continuously operating Transit and Collection Departments.

All items received at par

THE
PHILADELPHIA
NATIONAL
BANK

Capital, Surplus and Profits, \$17,000,000



CAPITAL and SURPLUS
\$9,000,000.00

YOU WILL FIND THIS BANK an active, well-managed institution. Your financial requirements, whether large or small, will receive the benefits of a strong organization, ready to cultivate an interest in the affairs of its customers and friends.

CENTRAL TRUST
COMPANY OF ILLINOIS
CHICAGO

Banks and Trust Companies are offered the cooperation of this institution in attending to any local matters in which our connections, long experience and familiarity with conditions in and around Chicago might be of benefit.

THE NORTHERN
TRUST COMPANY

Capital and Surplus \$5,000,000.00



LA SALLE AND MONROE STREETS, CHICAGO



THE standing of this bank in the public mind has not come suddenly. It is the result of constant fidelity for more than a half century to the highest principles of banking practice.

Capital and Surplus • Forty-Five Million Dollars

ILLINOIS MERCHANTS TRUST COMPANY

*A consolidation of the Illinois Trust & Savings Bank,
The Merchants Loan & Trust Company and
The Corn Exchange National Bank*

LA SALLE, JACKSON, CLARK AND QUINCY STREETS • CHICAGO

THE FOREMAN BANKS

FOUNDED 1862

We invite the business of banks,
corporations, firms and individuals
on our 63-year record.

*"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

\$10,000,000

HARRIS, FORBES & CO

Successors to N. W. HARRIS & CO. New York

Pine Street, Corner William
NEW YORK

BONDS FOR INVESTMENT

Harris Forbes & Company
Incorporated
Boston

Harris Trust & Savings Bank
Bond Department
Chicago

The CONTINENTAL and COMMERCIAL BANKS CHICAGO

Statements of Condition April 6, 1925

CONTINENTAL and COMMERCIAL NATIONAL BANK of CHICAGO

Resources

Time Loans	\$136,500,584.72	
Demand Loans	114,579,141.62	
Acceptances	8,785,223.97	
Bonds, Securities, etc.	17,806,455.52	\$277,671,405.83
U. S. Bonds and Treasury Notes		42,783,984.00
Stock of Federal Reserve Bank		1,200,000.00
Bank Premises (Equity)		7,900,000.00
Customers' Liability on Letters of Credit		5,804,562.37
Customers' Liability on Acceptances		1,849,116.53
Overdrafts		14,833.52
Cash and due from Banks		130,616,636.05
		\$467,840,538.30

Liabilities

Capital		\$ 25,000,000.00
Surplus		15,000,000.00
Undivided Profits		6,194,631.07
Reserved for Taxes		2,066,856.98
Circulation		50,000.00
Liability on Letters of Credit		6,316,980.41
Liability on Acceptances		2,021,069.36
Deposits | Individual	\$248,369,933.73	
| Banks	162,821,066.75	
		411,191,000.48
		\$467,840,538.30

CONTINENTAL and COMMERCIAL TRUST and SAVINGS BANK

Resources

Demand Loans	\$ 33,294,698.24	
*U. S. Government Bonds and Treasury Notes	35,793,573.19	
*Bonds due in 1925 to 1927 inclusive	23,005,100.28	
*Other Bonds	7,141,987.03	
Cash and Due from Banks	17,957,470.19	\$117,192,828.93
Time Loans		22,170,410.09
		\$139,363,239.02

*Adjusted to cost or market price whichever is lower.

Liabilities

Capital	\$ 5,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	1,377,976.78	
Reserved for Taxes, Interest and Dividends	1,562,858.99	\$ 17,940,835.77
Demand Deposits	\$ 31,071,947.68	
Time Deposits	54,581,260.00	
Special Deposits	35,769,195.17	121,422,403.25
		\$139,363,239.02

Total Deposits \$532,613,403
Total Resources 607,203,777
Invested Capital over 62,000,000



Main Office
**SOUTHWEST CORNER
 FIFTEENTH and CHESTNUT
 STREETS**



PIONEERS~

America's Largest Exclusively Day-and-Night Bank

**FRANKLIN TRUST
 COMPANY**

Southwest Corner Fifteenth and Chestnut Streets

Capital and Surplus \$3,500,000.00
 Resources, over . . \$30,000,000.00

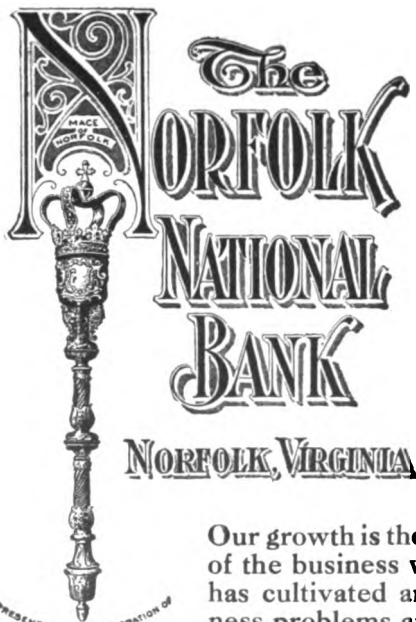
West Phila. Office
 52nd and Market Sts.

Delaware Ave. Office
 Delaware Ave. and Market St.

Centermarket Office
 5708 Centermarket Ave.

Frankford Office
 Frankford Ave. and Paul St.

PHILADELPHIA, PA.



PRESENTED TO THE CORPORATION OF
 NORFOLK BY L^Y GOV ROBERT DINWIDDIE
 185 1753

Organized 1885

UNITED STATES DEPOSITORY

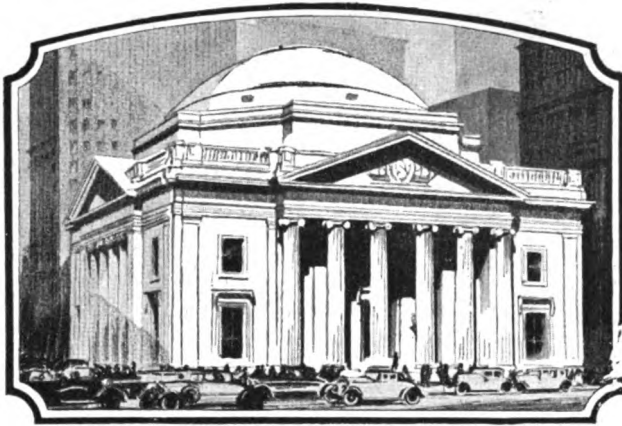
Capital - - - - \$1,000,000
Surplus and Profits \$1,310,000

- W. A. GODWIN President
- A. B. SCHWARZKOPF Vice-President
- J. B. DEY, Jr. Vice-President and Cashier
- C. S. WHITEHURST Vice-President
- I. T. VAN PATTEN Asst. Cashier
- E. D. DENBY Asst. Cashier
- R. H. MOORE Asst. Cashier
- H. B. REARDON Auditor

***The Oldest National Bank
 in Eastern Virginia***

CORRESPONDENTS—National City Bank, New York; National Bank of Commerce, New York; Fourth Street National Bank, Philadelphia; Philadelphia National Bank, Philadelphia; National Shawmut Bank, Boston; Merchants National Bank, Baltimore.

Our growth is the direct result of the confidence of the business world in our bank—a bank that has cultivated an intimate appreciation of business problems and has tried to be helpful in up-building vital business interests of our country.



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 **\$370,000,000**
Corporate Trusts - **\$1,500,000,000**

GIRARD TRUST COMPANY
BROAD AND CHESTNUT STREETS • PHILADELPHIA



FOR one hundred and ten consecutive years the Pennsylvania Company has unfailingly paid a dividend, despite the wars, crises and financial upheavals through which the country and the world have passed.

This institution, chartered in 1812, has through its integrity and enterprise steadfastly proven its capacity for the highest responsibilities.

Since 1872 the Pennsylvania Company has devoted its entire attention to Banking, Trust and Safe Deposit business. Today the Capital, Surplus and Undivided Profits of the Company amount to over \$20,000,000.

The Pennsylvania Company

for Insurances on Lives and Granting Annuities

PACKARD BUILDING, PHILADELPHIA

Equipped to Meet Every Banking Need

Main Office
S. E. Cor. 15th & Chestnut Streets

Down Town Office
517 Chestnut Street



WITH its thirty-six branches located throughout Detroit, with a background of over fifty years banking service—The Peoples State Bank is a definite factor in the development of Detroit.

This widespread activity enables this bank to better serve its correspondents.



THE PEOPLES STATE BANK

Member Federal Reserve Bank

Detroit, Michigan

Branches Throughout Detroit

RESOURCES OVER \$140,000,000



The A B C

of international banking is provided through our 62 branches and offices distributed as follows:

Argentina Brazil Chile

ENGLAND
GUATEMALA
URUGUAY

FRANCE
MEXICO
VENEZUELA
SAN FRANCISCO, U. S.

SPAIN
PERU
COLOMBIA

NICARAGUA
ECUADOR
SALVADOR

ANGLO-SOUTH AMERICAN BANK, LIMITED

and its affiliations

British Bank of South America

and

Commercial Bank of Spanish America

Represented by

**THE ANGLO-SOUTH AMERICAN
TRUST COMPANY**

Incorporated under the laws of the State of New York

49 Broadway, 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.

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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

192



WHEN YOU NEED A MASSACHUSETTS FIDUCIARY

Individuals and corporations having fiduciary business in Massachusetts are invited to correspond with the President or other officers of this Company.

We are prepared to serve in any fiduciary capacity in the State of Massachusetts. We have had 46 years' active experience in this field and render expert service as Executor and Trustee under Will and under Trust agreement, acting as Guardian or Conservator of property, and also as Custodian.

**BOSTON SAFE DEPOSIT &
TRUST COMPANY**
100 FRANKLIN STREET
At ARCH and DEVONSHIRE STREETS

Boston 6

Citizens Bank & Trust Co.

TAMPA, FLA.

Member Federal Reserve System



Capital - - - \$1,000,000.00
Surplus - - - 300,000.00

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W. W. TRICE _____ Vice-President
ISAAC MAAS _____ Vice-President
L. L. BUCHANAN _____ Vice-President
D. H. LANEY _____ Cashier
W. W. BLOUNT _____ Assistant Cashier
EUGENE KNIGHT _____ Assistant Cashier
C. E. HESTER _____ Auditor

Our extensive connections and complete facilities enable us to handle all branches of foreign and domestic banking with the highest degree of efficiency

Collections given special attention, and prompt remittances made

DRESDNER BANK



Head Office:

BERLIN W.

8 Behrenstrasse



*Branches in about 100 towns,
including*

Aachen, Bremen, Breslau,

Dresden, Düsseldorf, Essen,

Frankfurt a/M, Hamburg,

Köln, Leipzig, Lübeck,

München, Stettin, Wiesbaden

Danzig Bucharest

Telegrams: Dresdbank

Amsterdam:

PROEHL & GUTMANN

Telegrams: Dresdagent

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 April 1, 1925.

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; Warren Publications, Inc., 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 25th day of March, 1925

ALEXANDER FUGLISI,

Notary Public.

My Commission expires March 30, 1926.



Capital
\$5,000,000

Reserves
\$7,000,000

Head Office—TORONTO, CANADA

CANADIAN COLLECTIONS—

Special facilities through our Branches and arrangements with other Banks for making Canadian Collections for Banks and Business Houses in United States and Foreign Countries. Our service comprises close supervision and prompt remittance. Information will be gladly furnished when required.

CANADIAN ACCOUNTS AND BALANCES—

Deposits invited. Interest allowed on balances. Close rates of exchange given on amounts transferred.

THE BANK OF TORONTO

INCORPORATED
1827

JOHN R. LAMB
General Manager

Austin National Bank

AUSTIN, TEXAS

Capital \$300,000 Surplus and Profits \$726,000 Resources \$8,622,663

WM. H. FOLTS, President
JOHN H. CHILES, Vice-President MORRIS HIRSHFELD, Vice-President
T. H. DAVIS, Vice-President C. M. BARTHOLOMEW, Vice-Pres. & Cashier
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This old established bank is thoroughly equipped in every department. Its strong financial position, efficient management and reputation commend it to banks, bankers and individuals requiring a good banking connection at the capital of the Union's largest State.

We are at the center of an Empire of Business and would like to represent you here

H. A. WROE, President
R. G. ROBERDEAU, Vice-Pres. L. J. SCHNEIDER, Vice-Pres.
A. D. THOMPSON, Vice-Pres. L. D. WILLIAMS, Cashier
H. PFAEFFLIN, Asst. Cashier D. H. HART, Jr., Asst. Cashier

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Texas Items Direct to the**

American National Bank

AUSTIN, TEXAS

Capital, \$300,000 Surplus, \$800,000

Directors' Responsibility Over \$8,000,000 United States Government Depository
Will remit in New York, Boston, Chicago, St. Louis, Kansas City or New Orleans Exchange when requested. We have unsurpassed facilities for collecting on all banking points in Texas.





ESTABLISHED 1832

Banking Service in Canada, Newfoundland and West Indies

With 265 branches in Canada, 18 in Newfoundland, 10 in Jamaica and 9 in Cuba, Porto Rico and the Dominican Republic, we are well equipped to handle the accounts of banks and corporations wishing to do business with these points.

Capital Paid-Up - - \$10,000,000
Reserve Fund - - \$19,500,000
Total Assets over - \$220,000,000

The Bank of Nova Scotia

GENERAL MANAGER'S OFFICE: TORONTO, ONT.
 J. A. McLEOD, General Manager

NEW YORK AGENCY - - - - 49 WALL STREET
 P. W. MURPHY and F. W. MURRAY, Agents

LONDON BRANCH: 108 Old Broad St., E. C. 2

CORRESPONDENTS

**LONDON, ENG.—Midland Bank Limited, Bank of England,
 Royal Bank of Scotland**

**NEW YORK—Bank of New York & Trust Co.
 National Bank of Commerce in New York**



New York Office

*One
of the
World's
Largest
Banks*

THE resources of this Bank exceed Six Hundred Million Dollars. 544 Branches cover Can-

ada from coast to coast and over 112 Royal Bank offices serve Cuba, the West Indies, Central and South America. Branches are also operated in New York, London, Paris and Barcelona.

We can be of material assistance to those who do business with Canada or with any of the countries in which we are represented.

Our New York Office at 68 William Street, will be pleased to obtain data regarding markets and tariffs, for all those who are seeking to extend the scope of their markets.

**The Royal Bank
of Canada**

HEAD OFFICE—MONTREAL

Capital and Reserves 41 Million Dollars

Established 1878

Imperial Bank of Canada

HEAD OFFICE, TORONTO

Capital (Paid Up) \$7,000,000
 Reserve Fund 7,500,000

PELEG HOWLAND, PRESIDENT
 SIR JAMES WOOD, VICE-PRESIDENT
 A. E. PHIPPS, GEN. MANAGER G. D. BOULTON, ASST. GEN. MANAGER
 H. T. JAFFRAY, ASST. GEN. MANAGER

Agents and Correspondents

UNITED STATES

New York—Bank of the Manhattan Co.
 Boston—National Shawmut Bank.
 Philadelphia—Fourth St. National Bank
 Buffalo—Marine Trust Co.
 Chicago—First National Bank.
 San Francisco—Wells Fargo Bank &
 Union Trust Co.
 Seattle—Seattle National Bank.
 Minneapolis—First National Bank.

GREAT BRITAIN and IRELAND

England—Lloyds Bank, Limited.
 Scotland—The Commercial Bank of Scot-
 land.
 Ireland—Northern Banking Co., Limited,
 Belfast, and Branches.
FRANCE, BELGIUM and
SWITZERLAND
 Lloyds & National Provincial Foreign
 Bank, Ltd.

Having as its correspondents the largest and strongest banks throughout the world, the Imperial Bank of Canada is in a position to afford the most efficient banking service.

With 312 branches in Canada our facilities for handling business throughout the Dominion are unexcelled.

Bank of Liverpool & Martins Limited.

Head Office: 7, WATER STREET, LIVERPOOL.

London Office: 68, LOMBARD STREET, LONDON, E.C. 3.

	\$=£1
Capital Subscribed	\$93,955,600
Capital Paid Up	11,744,450
Reserve Fund and Surplus Profits.....	9,209,310
Deposits, etc., at 31st Dec., 1924	306,450,100

370 BRANCHES AND SUB-BRANCHES.

All descriptions of Banking, Trustee and Foreign Exchange Business Transacted.

The Bank is prepared to act as Agents for Foreign Banks on usual Terms.

Banca Nazionale di Credito

Capital - - Lit. 300,000,000

HEAD OFFICE: MILAN, ITALY

Over 60 Branches and Agencies Throughout Italy

Correspondents

in all the Principal Cities of the Kingdom

Every Description of Domestic and International
Banking Business Transacted

Special Travelers' Letters of Credit and
Money Order Departments

Inquiries and Correspondence Solicited

AFFILIATED BANKS

BANQUE ITALO-FRANCAISE DE CREDIT
Paris Marseilles Tunis

ITALIAN DISCOUNT & TRUST COMPANY
New York City

BANCO ITALO-EGIZIANO
Alexandria Beni-Mazar Beni-Suef
Cairo Fayum Mansura
Mit-Ghamr Port Said Tantah

BANCA DALMATA DI SCONTO
Zara Sebenico

BANCA COLONIALE DI CREDITO
Asmara Massaw

In Every Important Italian Market

IN EIGHTY commercial and industrial centers of Italy a branch of the Banca Commerciale Italiana performs all the functions of a local bank, with its services closely interwoven with the business affairs of the community it serves.

The New York Agency of this institution, therefore, brings to American bankers and business men an intimate knowledge of Italian commerce and industry obtained by constant and direct relationship with these eighty Italian business centers. Foreign branches and affiliations extend our service to England, France, Switzerland, Poland, Czecho-Slovakia, Austria, Hungary, Roumania, Jugoslavia, Bulgaria, Turkey and throughout South America. Facilities thus provided for American foreign trade are of exceptional breadth and scope.



Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital Lire 500,000,000

Paid in Lire 410,000,000 Surplus Lire 300,000,000

NEW YORK AGENCY, 62-64 WILLIAM STREET

Telephone John 1000

Recently organized

Banca Commerciale Italiana Trust Company

Capital \$1,000,000

Surplus \$500,000

62-64 WILLIAM STREET, NEW YORK

Telephone John 4666

All Banking Facilities

A Native Bank in Peru
for all Banking Operations
BANCO ITALIANO

LIMA, PERU

Established 1889

Capital Fully Paid Lp. 400,000

Surplus Lp. 450,831

BRANCHES

Callao—Arequipa—Chilca Alta—Mollendo—Trujillo
Representatives for the U. S. A.

Banca Commerciale Italiana

Agency in New York

62-64 William Street

Phone: John 1000



In Rhode Island
—the Industrial Trust

Branch offices in the principal centers throughout the state, and headquarters in Providence, equip the Industrial Trust for prompt and satisfactory service. Your first transaction with us will prove this to you.

INDUSTRIAL TRUST COMPANY

Member of Federal Reserve System

Main Offices: Providence, Rhode Island

Commerz-und Privat-Bank**Aktiengesellschaft****BERLIN**

Founded 1870

HAMBURG*Capital and Surplus R.M. 63,000,000***Branches at:**

Altona	Dortmund	Hagen	München
Augsburg	Dresden	Halberstadt	Nürnberg
Barmen	Duisburg	Halle	Offenbach a/M.
Bochum	Düsseldorf	Hannover	Osnabrück
Braunschweig	Elberfeld	Kiel	Plauen
Bremen	Erfurt	Königsberg i/Pr.	Regensburg
Breslau	Essen	Leipzig	Remscheid
Cassel	Frankfurt a/M	Lübeck	Sonneberg (Thür.)
Chemnitz	Fürth i/B	Magdeburg	Stettin
Cöln	Gelsenkirchen	Mainz	Stuttgart
Cottbus	Görlitz	Mannheim	Suhl
Danzig	Guben	Mülheim	Zwickau

And 175 Other Places Throughout Germany

Cable address: "HANSEATIC" for all branches

The National Bank of New Zealand, Ltd.

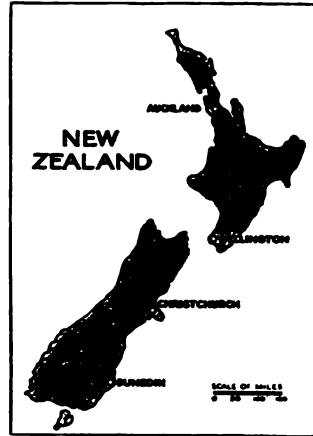
Authorized Capital, \$30,000,000
 Subscribed Capital, \$22,500,000
 Paid-up Capital, \$ 7,500,000
 Reserve Fund, \$ 7,350,000

Head Office
 8 Moorgate Street, London, E.C. 2

Manager, ARTHUR WILLIS

Chief Office
 In New Zealand at Wellington

General Manager, ALFRED JOLLY



80 Branches and Agencies Throughout New Zealand.

**Bills of Exchange Collected. Wool and Produce Credits Arranged.
 All Classes of Banking Business Undertaken.**

The Anglo-Egyptian Bank, Limited

(Affiliated with Barclays Bank, Ltd.)

Subscribed Capital	. .	£1,800,000
CAPITAL PAID-UP	. .	£ 600,000
Reserve Fund	. .	£ 720,000

Head Office : 37 to 39 King William Street
 London, E.C. 4

BRANCHES

EGYPT. Alexandria, Cairo, Port-Said, Suez, Tantah,
 Zagazig, Mansourah, Assiut, Beni-Suef, Minieh,
 Musky.

SUDAN. Omdurman, Khartoum, Port Sudan, Makwar,
 Wad Medani.

PALESTINE. Haifa, Jaffa, Jerusalem, Nazareth.

MEDITERRANEAN. Malta, Gibraltar.

The Bank transacts every description of Banking business in Egypt and other Countries where it has branches, grants letters of credit and affords facilities to travellers proceeding to Egypt and elsewhere. Deposits received for one year at rates to be ascertained on application.



THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

Head Office: TAIPEH, JAPAN

Capital Subscribed.....Yen 60,000,000
Capital Paid UpYen 52,500,000
Reserve Funds.....Yen 13,780,000

KOJURO NAKAGAWA, Esq.
 President

HIROZO MORI, Esq.
 Vice-president

Directors

GUNJI KAWASAKI, Esq.
DENKICHI TAKITA, Esq.

TADASU HISAMUNE, Esq.
MASAKAZU SHUTO, Esq.

Branches :

JAPAN—Tokyo (General Manager's Office), Kobe, Osaka, Yokohama.

TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Mako, Nanto, Shinchiku, Taichu, Tainan, Takao, Tansui, Taito, Toyen.

CHINA—Amoy, Canton, Foochow, Hankow, Shanghai, Swatow.

OTHERS—Hongkong, London, New York, Singapore, Semarang, Soerabaia, Batavia, Bombay, Bangkok, Calcutta, Dairen.

New York Office: 165 Broadway

K. YAMAMOTO, Agent

London Office: 25 Old Broad Street

Cable Transfers, Drafts, and Letters of Credit issued; the Negotiation and Collection of Bills of Exchange and other Banking Business transacted through our various Branches as well as correspondents in all parts of the world; offers exceptional facilities for handling transactions in the Far East.

The Sumitomo Bank, Limited

Cable address: "Sumitbank" ESTABLISHED 1912
(Successors to The Sumitomo Bank)

Capital Subscribed Yen 70,000,000
Capital paid up " 50,000,000



Head Office : OSAKA, JAPAN

BARON K. SUMITOMO, President

K. YUKAWA, Esq., Managing Director S. YOSHIDA, Esq., Managing Director
N. YATSUSHIRO, Esq., Managing Director

New York Agency, 149 Broadway, New York

G. HIGASHI, Agent

HOME OFFICES

Osaka (11)	Tokyo (15)	Yokohama	Kobe (3)	Kyoto (2)	Nagoya
Shimonoseki	Moji	Hiroshima (2)	Hakata	Hyogo	Niihama
Kurume	Kure	Wakamatsu	Kokura	Yanai	Onomichi

Foreign Branches—Shanghai, New York, London, Hankow, San Francisco, Los Angeles, Bombay
Affiliated Banks—The Sumitomo Bank of Hawaii, Ltd., Honolulu, T. H.; The Sumitomo Bank of Seattle, Seattle, Wash.

Bankers—National City Bank of New York, New York;
Lloyds Bank, Ltd. London; Lloyds & National Provincial Foreign Bank, Ltd., Paris.

Correspondents in All Important Places at Home and Abroad

The Bank buys, sells and receives for collection drafts and telegraphic transfers; issues Commercial and Travellers Letters of Credit available in all important parts of the world, and acts as Trustee for Mortgage Bond, besides doing general Banking Business.

THE MITSUI BANK, LTD.

Capital Subscribed Yen 100,000,000.00
Capital Paid-Up Yen 60,000,000.00
Reserve Funds (June 1924). Yen 47,100,000.00



Head Office : TOKYO, JAPAN

(No. 1 Suruga-cho, Nihonbashi-ku)

President

G. MITSUI, Esq.

Managing Directors

S. IKEDA, Esq.

N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq.

R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

Home Branches :

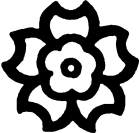
Fukuoka, Hiroshima, Kobe, Kyoto, Marunouchi (Tokyo), Moji,
Nagasaki, Nagoya, Nihonbashi (Tokyo), Osaka (4), Otaru,
Shimonoseki, Wakamatsu (Kyushu), Yokohama

Foreign Branches :

Bombay London New York Shanghai

The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 80,000,000
Capital Paid-Up . . .		Yen 50,000,000
Total Resources . . .		Yen 660,000,000

Head Office, Keijo (Seoul), Chosen (Korea)

Governor, K. NONAKA

Deputy Governor, S. SUZUKI

Y. KATAYAMA

Directors
I. IUCHI

M. HASHIMOTO

FOREIGN DEPARTMENT: TOKYO

(All communications relating to the arrangements of correspondents and the Bank's general foreign business to be addressed to the Foreign Department)

Principal Branches:

CHOSŌN: (Korea) Chemulpo, Pyengyang, Wonsan, Fusan, Taiku.
MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung.
JAPAN: Tokyo, Osaka, Kobe, Shimonoseki.
CHINA: Shanghai, Tsingtao, Tientsin, Tsinat.
SIBERIA: Vladivostok.

New York Agency, 165 Broadway

H. YAMASHITA, Agent

The Kajima Bank, Limited

Established in 1898

CAPITAL SUBSCRIBED . . .		Yen 30,200,000.00
CAPITAL PAID UP . . .		18,875,000.00
RESERVE FUNDS . . .		5,600,000.00
DEPOSITS (Dec. 31, 1924) . . .		168,531,134.00

Keizo Hirooka, Esq., President
 Chusuke Yoshii, Esq., Managing Director
 Seijiro Gion, Esq., Director
 Tadanosuke Emura, Esq., Director
 Manroku Matsui, Esq., Auditor

Yukinori Hoshino, Esq., Managing Director
 Seishichi Kawakami, Esq., Managing Director
 Hikotaro Ohmura, Esq., Director
 Kyuemon Hirooka, Esq., Auditor
 Kin-ichiro Hoshijima, Esq., Auditor

Head Office, Osaka, Japan

Principal Branches:

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

**General Banking, Foreign Exchange and Trust
 Business Transacted**

New York Correspondents

Yokohama Specie Bank, Ltd.
 Bank of Taiwan, Ltd.
 American Express Co.

London Correspondents

Yokohama Specie Bank, Ltd.
 Bank of Taiwan, Ltd.
 London & Brazilian Bank, Ltd.

SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG STOCKHOLM MALMÖ

Branches
In All Parts of Sweden

PAID-UP CAPITAL AND RESERVES
KR. 182,000,000

Telegraphic Address: Kreditbolaget

Foreign Exchange bought and sold, bills collected, deposit
and current accounts opened and all kinds of banking
business transacted

Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

Head Office: Athens

*Branches: Piraeus, Argos, Pyrgos, Patras, Corfou, Cephalonia, Nauplie,
Vostizza, Calamata, Syra, Chio, Candia, Volo, Salonica, Larissa,
Triccala, Mytilene, Canea, Zante, Plomari and Tripolitza*

ASSOCIATED BANK in LONDON

The Commercial Bank of The Near East, Ltd.

4 London Wall Buildings, E. C. 2

with branch in CONSTANTINOPLE

*Correspondents in the principal towns of Greece and in foreign countries
throughout the world*

GENERAL BANKING BUSINESS TRANSACTED

Collections, Letters of Credit, Cable Transfers, Current
and Term Deposits, Etc.

Capital and Reserves . . . Dr. 58,106,143

of the above Dr. 25,000,000 are represented by assets of £1,000,000 evaluated at Dr. 25

Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

Capital Paid up.....f.80,000,000 Neth. Currency (£6,666,666)
 Statutory Reserve Fund.....f.20,045,032 " " (£1,670,419)
 Extraordinary Reserve Fund f.22,660,000 " " (£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

Branches in the NETHERLANDS INDIES: BATAVIA, SOURABAYA, SAMARANG, MEDAN, and further Principal Ports.

Branches in the STRAITS SETTLEMENTS, BRITISH INDIA, CHINA and JAPAN: SINGAPORE, PENANG, RANGOON, CALCUTTA, BOMBAY, HONGKONG, SHANGHAI and KOBE.

Grant Drafts and Issue Letters of Credit on all their Branches and Correspondents in the East, on the Continent, on Great Britain, Africa, America and Australia, and transact Banking Business of every description.

**LONDON CORRESPONDENTS :
 The National Provincial Bank, Ltd., LONDON.**

DEUTSCHE LAENDERBANK

Aktiengesellschaft

Head Office :

78, Unter den Linden (corner Pariser Platz)

BERLIN N. W. 7

Telephone: Zentrum 10130/39. Trunk Calls: Zentrum 13640/44

Branch Office: 2, Börsenbrücke, HAMBURG

Telephone: Roland 2000/7. Trunk Call: Roland 2008

Telegrams: Länderbank

Codes used: ABC (5th Ed.) Marconi's, Rudolf Mosse, Bentley's, Lieber's (Five Letters)

***Every kind of Banking Business transacted
 Property Administration***

NATIONAL PROVINCIAL BANK

LIMITED
Established 1833

(£5=£1)

Subscribed Capital - - -	\$218,085,400
Paid-Up Capital - - -	47,397,080
Reserve Fund - - -	47,397,080

Head Office: 15, BISHOPSGATE, LONDON, E. C. 2

UNION BANK OFFICE: 2 Princes Street, London, E. C. 2

OVER 1,100 OFFICES in ENGLAND and WALES

The Bank offers special facilities for the conduct of accounts of
Colonial and Foreign Banks

AFFILIATED BANKS

COUTTS & CO., GRINDLAY & CO., LTD.

AUXILIARY: LLOYDS and NATIONAL PROVINCIAL FOREIGN BANK LIMITED

The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

Capital Authorized and Issued.....	£9,000,000
Capital Paid-Up	£3,000,000
Reserve Fund	£3, 50,000
Reserve Liability of Proprietors	£6,000,000

Head Office—71, CORNHILL, LONDON, E. C. 3

Manager—W. J. ESSAME Assistant Manager—W. A. LAING
Secretary—F. H. McINTYRE

193 Branches throughout Australia and New Zealand, viz.:—

*In Victoria, 47; In South Australia, 15; In New South Wales, 43; In Western
Australia, 20; In Queensland, 19; In Tasmania, 3; In New Zealand, 46.*

Agents and Correspondents in all parts of the World

The Bank offers facilities for the transaction of every description of
Banking business in Australia and New Zealand.

Bills negotiated or sent for collection. Commercial and Circular Credits
issued available throughout the World.



Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

HEAD OFFICE, SYDNEY



Head Office
Sydney, N. S. W.

Branches in all the principal towns and cities of Australia, at London (2), and Rabaul.

A Savings Bank Department at all Branches and 3,826 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

Agents and Correspondents throughout the World

Banking and Exchange Business

of every description transacted within the Australian Commonwealth, United Kingdom, United States, Canada and Abroad

June 30th, 1924

General Bank Deposits	-	-	\$159,574,511.84
Other Items	-	-	35,222,469.96
Savings Bank Deposits	-	-	205,355,496.00
Note Issue Department	-	-	284,451,125.00
			<u>\$684,603,602.80</u>

Cable Remittances made to, and drafts drawn on United States, Canada and foreign places direct

Letters of Credit issued to any part of the World


Bills Negotiated or Forwarded for Collection

Current Accounts Opened Interest on Fixed Deposits

Advances made against approved Securities

JAMES KELL, Esq., Acting Governor

EVERY BANKING FACILITY AFFORDED By



THE NATIONAL BANK OF AUSTRALASIA LIMITED.
 458 Offices and Branches throughout Australia
 London Office. 7, Lothbury, E.C.2

CAPITAL & RESERVES EXCEED \$30,000,000.
GROWTH OF THE BANK'S ASSETS

1914. \$ 73,059,300
 1924. \$ 191,046,130

CORRESPONDENTS IN EVERY IMPORTANT CITY IN THE WORLD
 \$5 = £1

English, Scottish & Australian Bank, Limited

Authorized Capital	\$15,000,000
Paid-up Capital	\$7,500,000
Further Liability of Shareholders	\$7,500,000
Reserve Fund	\$9,100,000

HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3
and 370 Branches and Agencies in Australia

Chief Office in Australia—Collins Street, Melbourne

BANKING AND EXCHANGE BUSINESS of every description transacted with Australia. **BILLS NEGOTIATED** or sent for **COLLECTION**. **REMITTANCES** made by **TELEGRAPHIC TRANSFER**. **WOOL** and **PRODUCE CREDITS** arranged. **LETTERS of CREDIT** and **DRAFTS** issued on all the Branches of the Bank.

Chief Agents in United States

- NEW YORK—Guaranty Trust Company of New York.
- CHICAGO—First National Bank.
- SAN FRANCISCO—Crocker National Bank.

E. M. JANION, Manager.



THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

Paid-up Capital £4,000,000
Reserve Fund £3,700,000
Reserve Liability of Proprietors
under the Charter £4,000,000
£11,700,000

Head Office, 4 Threadneedle Street, London, E. C. 2

EDMUND GODWARD, Manager

West End Branch, 17 Northumberland Avenue, London, W. C. 2

Branches in Australia

<p>VICTORIA Melbourne: 394 & 396 Collins St.; 384 Elizabeth St.; 71 Collins St. East Brunswick Burling Coburg Collingwood Elsternwick Malvern Middle Brighton Port Melbourne Prahran St. Kilda Williamstown Balmaceda Ballarat Benalla Bendigo Bright Castlemaine Charlton Chiltern Cobram Corryong Drouin Euroa Fish Creek Foster Geelong Katamatite Kingston Korait Korong Vale Korumburra Leonnatha Mirboo North Mooroopna Morwell Nathalia Numurkah Port Fairy (Belcast) Rutherglen St. James</p>	<p>Victoria, Contd. Sale Shepparton Stawell Stony Creek Strathmerton Tallangatta Terang Traralgon Tungamah Walwa Warragul Warrnambool Wedderburn Wodlespool Wycheproof Yaokandandah Yarram Yarrowonga</p> <p>NEW SOUTH WALES Sydney: Martin Place: 85 Pitt St.; 555 George St. So.; Westworth Ave.; 236 William Street Bondi Junction Hurstville Kogarah Leichhardt Marrickville Newtown North Sydney (84 Mount St.) Petersham Albury Ballina Bathurst Bega Bellingen Berrigan Blayney Broken Hill Cessnock Cootamundra</p>	<p>N. S. Wales, Contd. Corowa Crookwell Dorrigo Dubbo Forbes Glen Innes Goulburn Grafton Grenfell Hamilton Howlong Jerilderie Kempsey Kyogle Lismore Maitland (West) Maitland (East) Moree Murwillumbah Murrumbidgee Narabri Narromine Newcastle Nowra Orange Parkes Peak Hill South Grafton Stroud Tamworth Tullamore Wagga-Wagga Wee Waa Young</p> <p>QUEENSLAND Brisbane Cairns Charters Towers Chillagoe Cooyar Crow's Nest Herberton Hughenden Ipswich</p>	<p>Queensland, Contd. Kingaroy Longreach Maryborough Oakey Richmond Rockhampton Roma Toogoolawah Toowoomba Townsville</p> <p>SOUTH AUSTRALIA Adelaide Kooringa Mount Barker Port Lincoln Port Pirie Wirrabara</p> <p>WESTERN AUSTRALIA Perth Albany Beverley Bunbury Fremantle Gnowangerup Kalgoorlie Moora Northam Wagin Wickiepin</p> <p>TASMANIA Hobart Burnie Deloraine Devonport Fingal Latrobe Launceston Sheffield Stanley Ulverstone Wynyard</p>
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Branches in New Zealand

<p>Wellington Ashburton Auckland Christchurch Dannevirke Dunedin Eltham Featherston Feilding Gisborne Gore Hamilton</p>	<p>Hastings Hawera Invercargill Kaikata Levin Manaiā Mangonui Marton Masterton Matamata Morrinsville Napier</p>	<p>New Plymouth Otaki Palmerston Nth. Patea Raetihi Rotorua Stratford Taihape Taumarunui Tauranga Te Aroha Te Kuiti</p>	<p>Temuka Te Puke Timaru Waipawa Waipukuruan Waioae Wanganui Waverley Whakatane Whangarei</p>
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Principal Correspondents in North America

<p>CANADA: Bank of Montreal Canadian Bank of Commerce</p> <p>UNITED STATES: Bank of New York & Trust Co., New York Hanover National Bank, New York National Bank of Commerce, New York</p>	<p>UNITED STATES, Contd.: National City Bank of New York Continental & Commercial Nat. Bk. of Chicago Illinois Merchants Trust Co., Chicago National Bank of the Republic, Chicago Fourth Street National Bank, Philadelphia Wells Fargo Bank & Union Trust Co., San Francisco</p>
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Offer facilities for the transaction of every description of Banking Business in Australia and New Zealand. Negotiate or Collect Bills. Issue Telegraphic Transfers, Letters of Credit and Drafts, also Circular Notes and Circular Credits, on all parts of the world

THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the
AFRICAN BANKING CORPORATION, LIMITED)

Bankers to the Government of the Union of South Africa
in Cape Province; to the Imperial Government in
South Africa; and to the Administration of Rhodesia.

Authorised Capital -	£10,000,000
Subscribed Capital -	£8,916,660
Paid-Up Capital -	£2,229,165
Reserve Fund -	£2,893,335
Uncalled Capital -	£6,687,495
	£11,809,995

BANKING BUSINESS TRANSACTED IN ALL PARTS OF THE WORLD

HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.

London Wall Branch : 63, London Wall, E. C. 2

West End Branch : 9 Northumberland Avenue, W. C. 2 (Opposite the Royal Colonial Institute)

Rotterdam Branch : 15, Coalingel

Hamburg Agency : Bank of British West Africa, Ltd., 49-53, Schauenburgerstrasse

Branches and Agencies Throughout
SOUTH and EAST AFRICA

New York Agency: 67 Wall Street

ROWLAND SMITH and R. GIBSON, Agents

Representing in { Bank of British West Africa, Ltd.
New York { Bank of New South Wales

The New York Agency

offers to Bankers and Merchants throughout the United States and
Canada its unsurpassed service for facilitating trade with
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

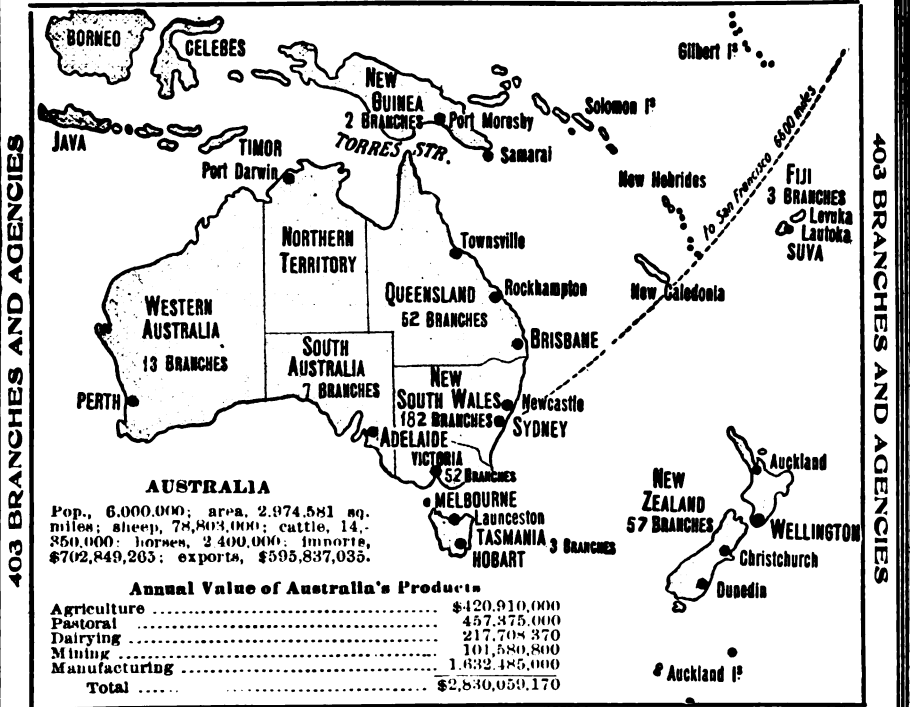
BANK OF NEW SOUTH WALES

AUSTRALIA

Paid-up Capital . . .		\$30,000,000
Reserve Fund . . .		20,750,000
Reserve Liability of Proprietors . . .		30,000,000
		\$80,750,000

Aggregate Assets, 30th Sept., 1924, \$370,242,890

OSCAR LINES, General Manager



Head Office—George St., Sydney London Office—29 Threadneedle St., E. C.

403 BRANCHES AND AGENCIES

In all the Australian States, New Zealand, Fiji, Papua (New Guinea) and London

Cable remittances made to and drafts drawn on Foreign Places DIRECT

Foreign Bills Negotiated and Collected.

Letters of Credit Issued.

NEGOTIABLE THROUGHOUT THE WORLD

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

Agents in New York: Standard Bank of South Africa, Ltd.
 National City Bank of New York.

Agents in San Francisco, Bank of California National Association, Crocker National Bank and Anglo and London Paris National Bank

Guaranty Trust Company of New York

NEW YORK

LONDON

PARIS

BRUSSELS

LIVERPOOL

HAVRE

ANTWERP

Condensed Statement, March 25, 1925

RESOURCES

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers.....	\$109,793,257.00
U. S. Government Bonds and Certificates.....	38,793,120.76
Public Securities	20,462,391.12
Other Securities	22,353,197.29
Loans and Bills Purchased.....	372,779,251.18
Real Estate Bonds and Mortgages.....	1,731,000.00
Items in Transit with Foreign Branches.....	7,490,120.44
Credits Granted on Acceptances.....	40,231,824.98
Real Estate	8,063,296.04
Accrued Interest and Accounts Receivable.....	6,393,938.54
	<u>\$628,091,397.35</u>

LIABILITIES

Capital	\$ 25,000,000.00
Surplus Fund.....	15,000,000.00
Undivided Profits.....	4,559,461.77
	<u>\$ 44,559,461.77</u>
Accrued Dividend.....	702,000.00
Accrued Interest, Reserve for Taxes, etc.....	7,122,766.38
Acceptances	40,231,824.98
Outstanding Treasurer's Checks.....	9,125,522.86
Deposits	526,349,821.36
	<u>\$628,091,397.35</u>

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

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Editorial Comment

France's Financial Difficulties

RECENT events in France have emphasized the difficulties that country is experiencing in bringing about financial stability. As is usual where inflation has taken place, there has been of late an almost irresistible demand for an increase in the note circulation. While it was pointed out that this demand arose from the needs of commerce and not of the state, it must be seen that the previous heavy borrowings of the state and the consequent inflation were largely responsible for the rise in prices which in turn called for more money to meet "the needs of commerce." But for the antecedent inflation, for which the state was responsible, these needs would have been much smaller.

Following the war France was under the immediate necessity of making tremendous outlays to repair the devastation wrought by German guns. Whole cities had been wrecked, thousands of homes destroyed and farms almost ruined. The restoration had to be hurriedly done. It could not await the slow processes of levying and collecting taxes. Hence resort was had to loans. Inflation followed with its inevitable evils. Was a different course possible in view of all the circumstances? Would any government in France have been able to maintain itself in power had the work of restoration not been hastened, and had heavy enough taxes been imposed to meet the required outlay? These are questions which only French statesmen are qualified to answer. It is the French contention that failing to receive reparation payments sufficient

to provide the funds necessary for the work of restoration, they had to be provided by France herself, and that loans were a necessity.

Granting all this, one may not be sure that France would not greatly have profited by sooner facing financial realities. The illusions of the "recoverable budget" were perhaps too long sustained. And these illusions seemed to spread throughout the national life. They are no doubt justly chargeable with having long maintained a false idea of financial security. Worse yet, they begot a scale of national and individual expenditure which the actual situation did not warrant.

When Mussolini seized power in Italy, he addressed the people in words something like these:

"The pathway to prosperity is the way of hard work, of discipline, sacrifice and suffering. There is no other."

The French are industrious. No people are more so. Their capacity for sacrifice and suffering, as displayed in the Great War, the whole world can witness. It is perhaps unreasonable to expect, after the terrible sacrifices which the war entailed, that the same spirit could be kept alive in a time of peace. But may it not have been wrong, or at least a mistaken policy, to encourage the belief that there could be exemption from a great measure of sacrifice and suffering long after the conflict had closed? May this much not be said in the friendliest spirit, and with no other thought than to help in setting France on the pathway of complete financial recuperation?

France would no doubt have found

it profitable had she faced her domestic financial situation and her foreign debts with more of frankness than has been displayed.

American criticism of French finance is not likely to prove acceptable, because France attributes her difficulties partly to our failure to join with Great Britain in a security pact, and further to our debt policy. The different way in which the logical mind and the practical mind faced the debt question is illustrated by the action of England and France. There were many people in England who believed that the United States should cancel or greatly reduce the amount of the British debt. Finding that America thought differently, the English, as a practical minded people, made arrangements to pay. France showed, by apparently irrefutable logic, that the money America lent was part of a common fund jointly contributed by the various nations for a common purpose, and should be viewed by this country in the same light. Nevertheless, French Government authorities have declared repeatedly that the debt would be paid. But the long delay in taking even the preliminary steps essential to putting these declarations into effect has greatly weakened them, and has not helped French credit.

The illusions about the French financial situation must be brushed aside. Stern actualities must be faced. Truth must be told, however unpleasant. The United States and many other countries are vitally concerned in helping France back to financial health. They can do so only when France herself realizes the gravity of the situation and the need for drastic remedies.



Managed Credit and Managed Currency

THE approaching restoration of the gold standard in England has given rise to a discussion as to whether this form of a monetary standard is preferable to what has been styled

“a managed currency.” This latter device apparently contemplates a regulation of the volume of the currency by the Government or a Treasury board of some kind in accordance with trade fluctuations and the price level. It evidently assumes that the price level is dependent upon the volume of currency instead of numerous other market influences which economists and practical financiers have recognized as being of equal or greater importance. Where the gold standard operates unhampered, as it has hardly done in any country since August, 1914, the theory is that, so far as the price level is affected by monetary supply, there will be a tendency toward readjustment through the free movement of gold; in other words, that gold will automatically go where it will buy the most, so that if general prices in one country are higher than in another, the latter will gain gold at the expense of the former, until the equilibrium of prices is substantially restored.

Bankers and economists of high reputation have recently expressed strong condemnation of “a managed currency,” which they regard as a disguised form of fiat money.

In the United States we have thus far, in the main, escaped the evils of cheap money, and have been able to retain the gold standard. But while we do not have “a managed currency,” it appears that our present attempts to manage credits with reference to the price level are open to some of the objections that may be justly urged against a currency of the sort mentioned.

Formerly it was the apparent aim of the Federal Reserve Banks, through their open market operations, to control the supply of credit with reference to the price level. More recently, in the realization that an attempt to regulate prices might encounter serious objections, the declared policy has been to handle the open market operations with reference to the general commercial and credit situation. While this is less specific, no doubt the general aim has not

been changed. With certain aspects of this policy no quarrel can be had. There are conditions which plainly call for the utilization of the power of the Federal Reserve Banks in influencing credit conditions—times when funds should be released to the market by the purchase of paper and securities, and others when funds should be withdrawn by the sale of some of the contents of the portfolios of the Federal Reserve Banks. There are, of course, also occasions when the discount rates should be altered in conformity to the demand and supply of credit, and with reference to the gold situation. The wisdom of a policy that looks to the control of the price level by similar means is less clear. It may be pointed out in rejoinder that the Federal Reserve Banks, through the exercise of this policy, have been able to maintain a relatively stable price level at a time when gold was pouring into the United States in an unexampled volume. This was done by impounding the gold in the Federal Reserve Banks, and also by using gold as a basis, not for an enlarged volume of credit, but for additional gold certificates which went into general circulation.

This policy, while instrumental in keeping down the price level, has tended to interfere with the automatic working of the gold standard referred to above. Had the gold been permitted to exercise its full and unhindered effect upon general prices, they would have risen to a point which would have hastened the return to a gold standard in England and some other European countries.

It was quite natural that the Federal Reserve Board should be less concerned about the automatic functioning of the gold standard than about keeping down the price level in the United States. For had the impact of the flood of gold not been diked by the policy of the Federal Reserve Banks, there would undoubtedly have been a rise of prices here that would probably have entailed serious wage disputes.

The more or less artificial expedients

resorted to by the Federal Reserve Board, under all the circumstances, may have been desirable, though it is questionable whether when more normal conditions return it will be desirable to continue them. Management of credit properly rests with those who wish to buy credit and those who have it to sell. Under ordinary circumstances, the price will be determined by the higgling of the market. The Federal Reserve Board may exercise the functions of a guide, but can hardly dictate credit terms to the country.



The Inconvenience of Being Rich

POETS and philosophers are fond of descanting on the embarrassments following upon the acquisition of great wealth. Probably, in most cases, never having themselves experienced inconveniences proceeding from this source, they are only reproducing creations of their fancy. Fortunately, what they have said does not appear to have materially diminished the activity of individuals in their efforts to pile up as much wealth as possible. But apparently a halt must be called on this activity so far as it applies to those who are sending their surplus dollars abroad in the hope that they will earn greater profits than can be had at home. The reason lies in the actual or supposed difficulty of collecting the interest which will presumably soon begin to flow to Americans as a result of their foreign investments. A question has arisen as to how this interest is to be paid. It is generally assumed that foreign debtors will be unable to pay in gold, and furthermore that if they were able to discharge their debts in this form, we should not want the gold. As things now are, these assumptions are well founded, but we can not be sure that conditions will remain the same. It may be that Europe, slowly accumulating gold, will at no distant day be able to part with it as

needed, and it may be also that the time will again come when America will wish to import gold. Should we neither want the gold nor be able to obtain it if wanted, the common opinion is that no alternative exists but to enlarge our imports of goods from the debtor countries. But this opinion, while in the main correct, admits of important qualifications. We can get value from foreign countries in other ways than by importing goods. Banking, shipping, insurance and other services already represent a large sum, which may be increased provided such services can be better rendered by foreign instruments than by our own. Tourist expenditures, mounting year by year, constitute an offsetting outlay of no small proportions. There has been, in fact, some intimation from a source that should be well-informed that even with the annual interest due from Europe, the items mentioned will, with a few others, make the United States actually a debtor on foreign account. But this hardly appears possible if we maintain our present excess of exports over imports.

Should we be required to receive payments of interest and principal on our foreign debt in some form of commodities, this does not necessarily imply that the commodities thus received will be competitive in character. The countries indebted to us may exchange their manufactured products for tropical fruits, coffee, sugar, tea, silk, cocoa, rubber, etc., sending these products to America where they are not produced at all or on an insufficient scale to meet the domestic demand. As a practical matter, if the investment of American capital abroad is to continue, those who expect to keep on borrowing will have to find a way to pay interest. If our markets will not take gold or competitive goods, the debtors will be compelled to find an acceptable mode of payment; otherwise the lending will stop. Trade and finance are fertile in expedients. Obstacles are frequently overcome that at first sight appear insuperable. You have to build a very high tariff wall to

keep nations from trading with each other.

But if the worst fears of the high protectionists are realized, and we are compelled to import an enlarged volume of foreign goods, this may be less disastrous than imagined. It may prove a real economy and contributory to our prosperity to import some classes of goods that can be made cheaper and better abroad than here, thus giving us more time, capital and skill to employ in producing such goods as we can make best.

When a man saves and invests enough so that his income enables him to command more products, this has been looked on as something very desirable, and is in fact the universal goal toward which practically every member of the human family is struggling. Must it be supposed that it is quite moral for the saver to buy domestic goods and altogether immoral for him to buy those produced in foreign countries? And must we also assent to the view that exportation of American products is a virtue worthy of intense cultivation while the importation of foreign products is a vice to be abhorred?

Protection has become a settled American policy, and will probably outlast political changes; but it may have to adapt itself to the altered conditions of the times. A country rich enough to make heavy investments abroad hardly needs high tariff duties.



Proportion of Bank Deposits to Currency

A STATEMENT recently published runs to this effect: "Individual bank deposits in the United States totalled \$42,954,121,000 on January 1, 1925. Yet if the depositors were all to demand currency for those deposits at once, only about one-ninth of them could be satisfied even if the total money in circulation

in the United States were doled out to them."

The unthinking may conclude from this statement that if the proportion of currency to deposits is so small, they had better get their money out as quickly as possible. If this notion should once get into the public mind, it might cause a run on the banks. The publication of the above was made for no such purpose, but with the object of showing the rapid turnover of credit, and the great extent to which the banks are trusted. Nevertheless, the statement is open to the interpretation indicated, and like assertions have been frequently made for the express purpose of showing that the banks are insolvent.

It is well known to any one familiar with bank statistics that deposits in the banks are several times larger than the total stock of money in the country. But this does not prove that the banks are insolvent. There is no requirement, either of law or practice, for the banks to hold 100 per cent. cash reserves against their deposit obligations. Such a requirement would practically deprive the banks of their usefulness to the community. It has been found in practice that the flow of cash into the banks about equals the disbursements of money. Should withdrawals on any given date exceed deposits, the banks have their reserves, and if this tendency persists the banks can call in their demand loans, or they may rediscount with their Federal Reserve Bank.

Comparisons of the volume of currency and individual deposits in banks give no accurate idea of the actual status unless several factors are taken into consideration. In the first place, a large part of the deposits may not be payable on demand but on time. No small sum of these deposits is the product of demand loans, and should the payment of the former be required, the payment of the latter could also be demanded. Loans enter to a large extent into the composition of deposits, and

while the latter may be theoretically payable principally on demand and the element of time may enter more largely into the liquidation of loans, borrowers at the banks are not accustomed to withdraw at once all their balances. As a matter of fact, when a bank fails the notes which the bank holds against its depositors act as offsets to the deposits.

When it is considered how largely bank deposits are created by loans, the disproportion between the volume of deposits and currency is seen to be less important than otherwise appears. Another factor of great weight is that these deposits are not created for the purpose of procuring cash, but to facilitate the transfer of bank credit. Cash figures very little in the transaction.

While depositors trust the banks by depositing with them, the banks trust the depositors by lending to them in turn. The relation is one of reciprocal confidence.

Although the deposits in banks greatly exceed the volume of money, the probabilities are that the total monetary circulation of this country tends toward redundancy rather than scarcity. At all events, no reason exists for increasing the currency so that banks will be immediately able to pay off all their deposits in cash on demand. No such demand will be made.



A Halting Business Attitude

THERE is no disguising the fact that the rosy business expectations of last autumn are not being fulfilled. Plenty of evidence of this may be found outside the security markets, though this should be sufficient. After the election, when speculation became buoyant, and prices rose steadily, this movement was hailed as the sure harbinger of prosperity. The result of the election had shown that the bait of radicalism had been rejected, while the "safe and sane" policies of Mr. Coolidge were assured a continuance:

therefore, stocks rose and kept on rising until a few weeks ago.

It will be seen that the rise in stocks was brought about by mental processes alone. Nothing had actually happened, to increase the earnings of banks, railways, industrial and mercantile concerns. It is not to be denied that what are called psychological influences affect the security markets and the conduct of business generally to an important extent. Usually, however, unless there is some really grave menace impending, these influences are of a temporary character. The speculation in Wall street, lasting from early November to the ides of March, was engendered in the brains of the optimists, and has proved to be as fleeting as visions of wealth and prosperity often are.

Could we be assured that no real reason exists for the present hesitant attitude in business, we might console ourselves with the thought that the present situation likewise has been brought about through mental processes which will soon alter for the better. Unfortunately, there is a good deal of evidence to sustain the view that conditions are less satisfactory than could be wished. Foremost among these indications are commercial failures for the first quarter of the year—with two exceptions exceeding the record. Then there has been the Chicago, Milwaukee & St. Paul receivership, which may have

been due to special circumstances and conditions, but which nevertheless constitutes an unfavorable factor in the situation. A decline of fifty cents a bushel in the price of wheat in the first half of March followed the sensational rise earlier in the year. Building activity has perceptibly slackened, but bank clearings continue at or near record figures, and there is little unemployment. Depression in the textile industries continues. General trade is fair.

If we recur again for a moment to the realm of psychology, we shall see that there are few clouds discernible. Europe appears to be settling down to a steadier course, politically and economically (the French financial situation excepted), no disturbing legislation threatens, and the disposition of the Government toward business promises to be more reasonable.

In short, as there was no real reason for the outburst of speculation in November, there are few reasons now for the prevailing pessimism, and none at all for distrust of the fundamental soundness of our commercial, industrial and financial situation. The factor of major importance in the near future—the crops—can not now be appraised; but since seedtime and harvest have rarely failed, we have here greater justification for hope than for despair.



“Concentrate all your thoughts upon the work in hand.

The sun's rays do not burn until brought to a focus.”

—Alexander C. Bell.

The Community Development Phase of Bank Agricultural Work

Article V of a Series on the Agricultural Department of a Bank

By E. B. Harshaw

IN putting on an agricultural program it is essential that the interest of the entire community be aroused. On the development of a co-operative and constructive spirit among all the people of the community depends the success of the program.

In the larger cities of course it is practically impossible to have closely co-ordinated development of the community spirit between the city dweller and the farmer, but the members of farming communities adjoining the city can develop this spirit among themselves to advantage. As a rule they do not depend entirely upon the city proper for their needs, but more upon the outlying districts of the city which are nearer to the farming sections. In situations of this kind the banker in the outlying districts is really the "go-between" and can be of great service.

In the beginning of an agricultural program in which the banker takes part in any community, there is bound to be more or less suspicion of him. The first question which arises among the farmers is "What does the banker get out of it for himself?" There seems to be a feeling generally among the farmers in any kind of a program in which the banker is interested that he is going to gain something at the farmers' expense.

The writer would suggest, therefore, that before beginning on a development program the banker be very careful to make it very clear to the farmer that what he is doing is first of all for the benefit of the farmer and the betterment of his community, and that the banker's reward will come from the larger, better and more complete community development.

The banker will make a mistake in this work if he starts out by making a

development program purely an advertising scheme for his bank. For this very reason it seems to the writer that if it is at all possible for the bank to start the program without employing at the start an agricultural agent, it will be more satisfactory.

An agricultural agent employed by the bank, feels first of all that he must be a solicitor for his bank, and the farmer feels that as soon as he accepts the services of the agricultural agent he is obligated to the bank. The bank will reap much greater benefit if it will do this work in a broader way, such as through the organizations already formed and through the county agent, with the purpose of benefiting the community as a public-spirited institution rather than seeking primarily to gain publicity for itself.

What Is "Community Spirit?"

Just what is this "community spirit" about which we talk? For the town it means that it must become the specialized service station for the larger community. It will be an easy matter for each community to select the service which it can render most satisfactorily. Each should specialize on the one thing most suitable and then take up others as secondary matters.

No one town can render every service efficiently, but if the town and its surrounding community can work out a plan with other communities whereby each individual community centers its attention on the certain service which is peculiar to it, we have an ideal situation.

The farmer for his part must realize that the town which is his community center is really his community, and that the borough line does not stop as such.

He must realize that his welfare is tied up with the welfare of every resident of that community, both rural and urban, and that he cannot hold strictly to a family or neighborhood group, but that he must become a part of the whole and take an active part in it.

By the farmer's becoming a unit of this larger community organization his own interests will be safeguarded and made a part of the interests of his town.

To establish such a system as this will require co-operation and patience on the part of both the farmers and townspeople, and an earnest endeavor on the part of each to understand the problems of the other.

Almost every town, no matter how small, has some business men's organization which represents the business interests of that town. Many towns have several such organizations.

Advantages of a Single Organization For All Interests

The ideal plan is for one organization to represent all of the interests of the town. I know a community which for fifteen years was represented in all of its activities by a single organization called the Commercial Club. This club took into its membership every profession, business, and craft, including farmers. No problem was too small or too large to be brought before the club for discussion, and being discussed before such a large body brought out the views of all the different classes in the community. In this way the right solution was usually reached after a full and hearty discussion, and the support of the entire community assured.

This ideal condition can easily be spoiled by the organization of additional clubs of limited membership. They often divide the interest of the membership and the community, which should be united interest and should be directed for the bringing about of this community spirit of which we have been speaking.

There are many instances in which the farmer will benefit by assuming this

community spirit and becoming interested in the problems which interest every citizen of the entire community. One of these problems is the good roads problem. The demand for good roads is such that it is impossible to serve every section of an organized community, but with the farmers and townsmen of the same community organized and discussing their plans and ideas together, a definite and fixed program satisfactory to all sections can be harmoniously worked out and the community spirit strengthened.

The marketing problem is also of vital interest and can be just as easily solved under the same plan.

The "Confidence Cycle" An Important Factor

Another important factor in the development of this co-operative and constructive community spirit is what may be called the "confidence cycle;" the confidence of the men in town in each other, the confidence of each farmer in every other farmer, and the confidence of the men in town and the farmers in each other.

In some communities that the writer has known, the business men and merchants do not work together, there being a certain feeling of jealousy and friction among them. I once read, in an article dealing with this same subject, of a town in which the merchants and business men decided to declare a Wednesday half-holiday. One of the grocers went to the golf links and while there he began to have a feeling of suspicion about his competitor across the street. He felt sure that his competitor's store was wide open and drawing some of his own good customers, so he hurried to town as rapidly as possible and sure enough the store across the street was open and doing business while he was out enjoying a game of golf, but that was his last game of golf. And there were no more Wednesday half-holidays. Thus it was that the lack of co-operation on the part of one and suspicion on the part of the

other made it impossible for the rest to carry out the program.

This feeling of jealousy is very often found among farmers. Many a farmer will keep one eye on his own work and the other on his neighbor. Each will work for himself as has been his custom. The farmer does his own producing and marketing, and if his neighbor raises better products and gets a better price he is jealous.

It is the aim of the bankers through their agricultural program to overcome this situation and cause the farmer to realize that his business is not separate from that of his neighbor, but that they are one, and by working together they will be able to produce better materials and obtain a much better price, and that it will be much easier for all of them if they can all work together. If, then, harmony in the town and harmony in the country can be combined we have an ideal situation.

Usefulness of a Publication in Promoting Community Spirit

Many banks have found that one of the best methods of promoting the community spirit and keeping the different activities of the community before the people is a paper published by the bank, often in conjunction with the county agent. What is going on on one farm is brought to the attention of other farmers, and the improved methods of one section are brought to the attention of other sections.

The writer notes that some papers make it a feature of their publication to write up some special activity or achievement of some particular place or group.

Some papers are also used as clearing houses for different products or merchandise for sale or exchange, and by making particular towns the service centers for farmers and making the service adequate for every possible community need, both the business and population of the communities are built up.

There are many different ideas regarding a bank paper and what should

go into it. As well as being of great service to the community it should also be one of the greatest advertising mediums of the bank. I do not think, however, that it should be so much filled with "bank" that it is uninteresting to the general public. But, properly handled, it can be a useful means of educating the readers in banking matters and methods.

I do not advocate the use of clippings from other papers, unless they pertain to matters of real importance. There are at times clippings which it may well be advisable to publish in the bank paper.

Where the bank paper has a wide circulation throughout the community, many people are desirous of using the space for advertisements, but the writer does not think it advisable to permit the filling of the paper with paid advertisements. There are usually other local mediums for this kind of advertising.

A page might also be devoted entirely to the boys' and girls' work throughout the community. This is especially interesting where there are clubs of different kinds. It arouses interest among the boys and girls and a sense of healthy competition.

We have found that the things of most interest to the general community are news items mentioning outstanding achievements of individuals in the community, and reports of the different associations.

Each month we publish in our paper, *The Grove City National*, the cow-testing report, which is of great interest to the farmers. Both the farmers and the townspeople are always interested in the monthly financial report of the Grove City creamery, which is run on a co-operative basis. Then each month the Accredited Dairy Cattle Show and Sales Association publishes a list of the cattle it has for sale, with short descriptions.

Financing the Farmer

The financing of the individual farmer is a problem which faces every country

banker and upon its proper solution depends the success of the farmer and the larger success of the bank.

All of the farmer's problems at some point touch his proper financing, and always his local bank must be his main source of supply. Often however, the bank's resources are not sufficient to meet the demands made upon it, especially at harvesting time. The farmer's turnover is not rapid enough to give the banker a liquid loan.

The farmer needs three kinds of credit—long-term, intermediate, and short-term. By means of the joint stock land banks and the Federal farm loan banks, the farmer's long-term credit can now be satisfactorily provided for, but in order that he may take advantage of the opportunity, it is the duty of the banker to post himself on credit conditions and advise his farmer patrons accordingly.

Besides being of great assistance to the farmer, it is also an advantage to the banker to keep himself informed regarding the credit situation in enabling him to rid his portfolio of long-term non-liquid loans which should be taken care of and which properly belong in the mortgage class.

Through the joint stock land banks and the Federal farm loan banks the farmers are benefited for the reasons that no commission can be charged, and the rate must not be more than 6 per cent., while the mortgage is refunded at the rate of 1 per cent. per annum on the principal borrowed, and is made for thirty-three years, with the privilege of paying all or any amount at any interest period after five years.

To take care of the farmers' intermediate credits, an act was passed in March, 1923, known as The Agricultural Credits Act of March 4, 1923. Under this act credit corporations are authorized to discount or purchase notes, drafts and bills of exchange drawn for agricultural purposes, which have a maturity at the time of discount of not more than nine months. The loans must be secured by warehouse receipts or other documents giv-

ing title to non-perishable and readily marketable farm products, or a first lien on live-stock for market or for breeding purposes.

These banks may also invest not over 20 per cent. of their capital and surplus in the stock of rediscount corporations organized under this act. They may charge interest at the rate allowed by the laws of the state in which such corporation is located, but not in excess.

Financing Through Credit Corporations

Credit corporations may issue debentures with a maturity not exceeding three years, for which obligations held by these corporations are the security. Practically all of the details in connection with the issue of debentures are under the direct control of the Comptroller of the Currency, but the Federal Government assumes no liability for these debentures.

Another feature of the credit corporations is that every one of them must keep on deposit with the Federal Reserve Bank of the district, United States Government obligations equal to 25 per cent. of its paid-in capital, or $7\frac{1}{2}$ per cent. of its indebtedness, depending on whichever sum is the larger.

Agricultural production is seasonal, but the farmer's products are consumed the year round, and if they are thrown on the market immediately after harvesting in a lump the market is over-balanced, while if they can be financed by the producers or their organizations, the crop can be marketed in an orderly way, thus stabilizing the whole industry.

The third need, or short-term credit, must of necessity be cared for by the local banker, but we should be very careful as to just how this is done.

In our over-enthusiasm it is easily possible to extend to the farmer more credit than is good for him. By making the obtaining of credit too easy the farmer is liable to overstay his market, and with the additional cost of storage or feeding, plus his interest, may lose money.

The farmer needs credit, and ar-

rangements should be made to make money available to him if he is sure he can use it to his advantage. It is the writer's opinion, however, that taking it by and large, the farmer has often been extended too much credit both for his own good and for the good of the industry. We can point out many instances where farmers would have saved thousands of dollars if the banks had refused to lend them money. These experiences teach a most valuable lesson, and that is that the greatest care must be exercised when money is loaned for the purpose of enlarging farm activities or for the purpose of holding crops. Credit properly used is most excellent, and is necessary to permit agriculture to be carried on to the best advantage, but it is easy to secure credit that will in the end prove harmful to the borrower.

A very successful method of financing dairy farmers is the plan of advancing them money for increasing their herd or making needed improvements, the farmer in turn assigning the bank a certain per cent. of his monthly cream check. The creamery is usually glad to co-operate in this as it receives great benefit. It also makes an unusually safe proposition for the bank.

Financing Boys' and Girls' Club Work

The financing of boys' and girls' club work is another worth-while plan. It is usually done by loaning the boy or girl enough money to buy a calf, pig or some farm animal, with the endorsement of his father or some other responsible person, with the understanding that the boys and girls are to pay it out of their income from or sale of the animal. This ties the boy or girl as well as the parent to the bank, and eventually they will become its best customers.

All things being considered, the farmer is entitled to equal consideration with others, but we should be careful to understand his problems and give him the same treatment we would the manufacturer or merchant.

To help to a thorough understanding of farmer financing, many banks are endeavoring to persuade the farmer to keep accounts and are furnishing books for that purpose.

An editorial in *Commercial West* for March 14 says: "Economists know that there is no permanent success in business of any kind unless there be system. The merchant who starts in business without means of keeping account of his transactions is likely soon to be in the bankruptcy courts. Yet more than 80 per cent. of the farmers have failed to realize the importance of simple accounting in their business of farming.

"Agriculture should be run on the same business basis as the bank, the factory or the hardware store. Thanks to the income tax laws, the farmer is changing his methods, and in order to keep straight with Uncle Sam, must make an annual accounting. Thus it is necessary that he keep books. He is finding that he is gathering some useful knowledge which in the past he considered a non-essential in his agronomic affairs. He finds that he is fully as interested in costs and profits as is the banker, the grocer or the butcher. As the farmer becomes interested in the simple ways of keeping accounts, he discovers that there are many important and interesting phases of farm accounting, and he sees where in the past he lost much through his lack of system.

"Just now there are thousands of farmer students throughout the United States. Last year at the annual meeting of the American Bankers Association an impetus was given farm accounting by the inauguration of a plan to carry on the work through the various state bankers' associations.

"Bankers realize that it is important to them that farmers be efficient in their work. It is important that the dairyman know how much it costs him to produce milk. He should also know the individual cattle that are not profitable. He can not know this unless he keeps 'tab' on his herd. The wheat-grower should know how much it costs

to grow an acre of wheat, corn, rye or other crop. He can not know how much is profit, or what is his loss, unless he 'keeps books.' The work of the bankers' associations is sure to prove profitable to both the bankers and the farmers. Let the good work proceed. Every banker in an agriculture community should be a committee of one to encourage the farmers to become members of the biggest student body which has been created mainly through the efforts of the agricultural committee of the American Bankers Association."

If it were possible for every banker in the United States to get the vision of what it would mean to have his

community, (and by community I mean his full sphere of influence and not just his town,) organized with his town as the center, and a happy community spirit invading the whole, all would feel that there is scarcely any worth-while project for that community impossible of attainment, and by organizations of this kind co-operating with organizations of similar kinds adjoining community development could surely be made state and nation-wide.

As the banker has the money needed for community development, and understands the community's needs and possibilities, he can safely stand back of the program and direct its progress.



Reducing the Expenses of Government

From *The Index* published by the New York Trust Company

IN view of this country's continuing growth it cannot be hoped that the expenses of Government will be reduced much below the present point, except by reduction of service on the public debt.

Nevertheless, a considerable increase in expenditures need not take place if the program of economy is adhered to and if the activities of Government are not unnecessarily extended.

The problem of the surplus will in all likelihood be an acute one during the next few years. With general increase in business activity, Government revenues will also increase. Whether this surplus shall be absorbed in increased expenses or in a reduction in taxation will have to be decided by Congress.

In the fiscal year 1921, the last pre-budget year, expenditures by the Federal Government (exclusive of the amount applied to reduction of the public debt) were \$5,116,000,000. In 1922, the first year of budget control, they were \$3,373,000,000; in 1923, \$3,295,000,000; in 1924, \$3,049,000,000; in 1925 it is estimated that they will be

\$3,062,000,000. The 1925 total includes \$120,000,000 expenditure on account of the World War Adjusted Compensation Act.

The budget for 1926 provides for expenditures (excluding payments for reduction of the public debt) amounting to only \$2,783,000,000. Thus the planned expenses of Government were reduced 34 per cent. in the first year and will have been reduced 48 per cent. in five years.

How the Bureau has contributed toward bringing about these reductions is shown by the fact that estimates for the five years including the fiscal year of 1926, after being submitted by the executive departments, were reduced by a total of \$1,528,000,000. This represents an average reduction, brought about solely as a result of the efforts of the Bureau of the Budget, of nearly 10 per cent. a year from the original estimates. The reductions were not effected by horizontal scaling down but by painstaking inquiry into the individual needs of departments.

Convention of the Bankers' Association for Foreign Trade Proves Organization's Usefulness

ALTHOUGH not a large organization, the Bankers' Association for Foreign Trade, which held its fourth annual convention at Cincinnati, Ohio, April 2 and 3, has established itself as a useful one. It has the definite purpose of sponsoring the well-being of the foreign departments of interior banks through the medium of co-operative effort on the part of the association. The convention sessions were filled with interesting discussions of problems facing the foreign department heads of American banks. Several constructive policies were resolved upon.

Aside from the convention discussions and the resolutions that were evolved from them, the sessions were made doubly interesting by the caliber of the speakers. The outstanding address was delivered by Sir George Paish, the noted British economist, whose speech constituted a brilliant presentation of the British viewpoint with regard to foreign trade; namely, that a country must buy if it desires to sell. He pleaded with the United States to become a great trading nation, not merely a selling nation.

Other interesting addresses were delivered by O. B. Iles, president of the International Machine Tool Company, on "Effect Produced by American Financing of German Industries;" by Dr. W. F. Gephart, vice-president of the First National Bank in St. Louis, on "The International Flow of Capital and the Present Position of the United States;" by Hon. Judge John Weld Peck, formerly judge of the United States district court of Cincinnati, on "International Justice;" and by C. M. Parker, American representative of Westminster Bank, Ltd., London, on "British Branch Banking."

There are at present sixty-two mem-

bers of the association which it is expected to increase to 100 in the coming year.

Paish Urges that United States Become Great Trading Nation

"Buy from other nations as well as sell to them," was the plea of Sir George Paish in his eloquent speech.

"America has become a great creditor nation, a great banking nation, one of the great banking nations of the world. From the point of view of the amount of money that you have to lend on investment account, you are today the greatest banking nation in the world. This last year you have lent many times the sum that we in Great Britain have lent. You are the great banking nation. But you have become that because you have paid attention to only one side of your account.

"You have been desirous of selling your products, and you have taken vast quantities of securities in payment. But remember, when you take security in pay, it merely means a postponement of the debt. The world still owes you for the produce you have sold. Do you want to be paid? Do you want to be paid even the interest on the securities that you have taken? If you do, then you must buy the world's produce or you cannot be paid.

"You have now become a world banker. That means that you must also become a world trader if you are to remain a world banker. You will say 'But we are already world traders.' No, no, no! You are not world traders today, you are world exporters. All your thought is devoted to export, not to import. You will become traders when you are both exporters and importers, when you devote as much time to thinking out the things that you shall buy as

you devote to the things that you should sell.

"Why, your attention today is concentrated on how to prevent things from coming into this country! I am not exaggerating; it is true. If something is coming in, some industry here says it's coming in in competition with them—keep it out! Just lately, as you know, there has been a commission go to Denmark because Denmark was sending you some butter. Before that commission was appointed, care wasn't taken to discover how much Denmark was buying from you, to realize that it couldn't go on buying unless you bought something back. Your thought was to keep out a very small quantity of Danish butter, and you weren't thinking that you were going to keep your own produce in because Denmark couldn't buy.

"What is happening in America is happening in other countries. That is why the world still is in distress.

"I hope and I believe that you are going to remain a great world banker. I do not believe that this is an evanescent matter. I believe you are out there for good, for your good and for ours. I believe that you will supply the world with the capital it needs and help the world to buy your products. I believe, too, that you have come to the time when you are not only going to be an exporter but an importer, when you will become a real trader—the two things combined: A great international banker and a world trader."

Iles Criticizes Financing of German Industry by American Bankers

If Sir George Paish favored a free flow of American capital abroad to finance governments and industry, the strongly opposing voice of American business was heard also criticizing the action of American bankers in financing German industry. The subject was "Effect Produced by American Financing of German Industries;" the speaker, O. B. Iles, president of the Interna-

tional Machine Tool Company of Indianapolis.

"The announcement recently," said Mr. Iles, "of a ten million dollar loan to the German Krupp organization by United States bankers and, almost immediately following this, announcement that the Krupps had taken over a big Spanish organization including plants, mines, etc., and thereby had transferred large orders for machinery and equipment to German industries have created considerable discussion among the executives of United States industries relative to the action of our bankers in making such loans."

Mr. Iles accused the Germans of unfair competition, long credits of an unbusinesslike nature and price slashing below the cost of production. He declared he had read a report that the English found, when they came to examine the German business records at Hongkong during the war, that British banks, through acceptance credits, had been financing the German trade war against English products in the Far East. He declared that his information was that there were indications of German government subsidies for this German campaign for business no matter what the price.

"The manufacturers of machine tools in the United States," continued Mr. Iles, "are willing to take their chance in competition with the manufacturers of machine tools in any country of the world if they have an equal opportunity to get the business. Due to the natural mechanical and designing ability of the machine tool engineers of the United States, backed up by the demand of manufacturers of metal products in the United States for rapid production machinery, the machine tool industries of the United States are able to offer machine tools to the world that have no equal.

"We believe that there is more value to the United States in the exportation of one million dollars' worth of machinery or equipment than there is in



Left to right: H. G. P. Deans, vice-president Illinois Merchants Trust Company, re-elected president Bankers' Association for Foreign Trade, and Dr. W. F. Gephart, vice-president First National Bank in St. Louis and W. B. Millen, manager foreign department Merchants National Bank of Minneapolis, vice-presidents Bankers' Association for Foreign Trade

the exportation of one million dollars' worth of wheat or coal or raw material, for the reason that in the export of the raw material or the wheat, there is only the cost of its production to be considered; in the export of the machinery there is the cost of production of the raw material plus the refinement, the skill, the engineering ability and the labor necessary to manufacture this machinery for shipment. There is approximately two-thirds more of real wealth which has been distributed among the citizens of the United States in the way of wages, salaries, etc.

"We think there is an opportunity under present conditions for the bankers to be of real constructive service to the manufacturers of machinery and equipment in the United States. When money is furnished to build and equip a railroad, have a thought for the welfare of the manufacturers of railroad equipment and machine tools in the United States. Insert a clause in the contract that this equipment be bought in the United States if possible, and give all manufacturers in the United States a chance at the business. We question the moral, ethical and economical right of our bankers to furnish the capital to

injure our business and to make such loans without a thought for our welfare and indirectly the welfare of our whole business."

Zurlinden Gives Banker's View of Trading Problem

Following the address by Mr. Iles, F. J. Zurlinden, deputy governor of the Federal Reserve Bank of Cleveland, who was acting as chairman of the meeting, touched on the problem from the banker's standpoint.

"If we don't cancel our debts, how do we expect them to be paid?" he asked. "We cannot here in the United States think for a moment that we can be sellers only to those foreign countries. That won't work. England, Germany and other countries built up their foreign trade in the past through rendering capital assistance to the nations or the countries in which they are selling their products. The best thought on the subject seems to be that America, with her great capital, her excess of capital, must do something along the same lines. That she has been doing something along these lines is shown by figures furnished in a recent address by Dr. Julius Klein, Director Bureau of

Foreign and Domestic Commerce. The United States has gained in exports to South America, China, Japan and even India since 1913, whereas the percentage of the business formerly held by England and Germany with these countries has been reduced."

Gephart Speaks on International Flow of Capital

The next address was by Dr. W. F. Gephart, vice-president of the First National Bank in St. Louis, Mo., his subject being "The International Flow of Capital."

"We entered the war as a debtor nation; that is, we owed the world somewhere in the neighborhood of \$5,000,000,000 in the form of securities of various descriptions," said Dr. Gephart. "In addition, considerable property was owned in the United States by foreigners. Balanced against this debt, private American citizens owned foreign securities and other property of various kinds estimated to be worth \$1,500,000,000. In substance, then, we owed the world a debt of about \$3,500,000,000 in 1914.

"The World War produced changes of the most far-reaching character in our relations not only with the nations engaged in the war, but with the entire world. The United States was called upon to supply not only the deficiency in production of the countries at war, but also the deficiency in neutral countries resulting from the decreased exports to them from the belligerents. To pay us for these goods which they bought they used every available resource. One of the first things they did was to mobilize their American security holdings and liquidate or pledge them on the American market. When this source was exhausted, we began accepting the promises of other countries for the goods which we were sending to them; that is, we extended credits, as a result of which we quickly became a creditor nation. When the ability of these countries to obtain credits be-

came difficult they were compelled to resort to their last line of reserves and ship gold in payment for goods. Since the beginning of the World War our total net gold imports have amounted to over \$2,245,439,042. Today we are not only the world's greatest creditor nation, but we are also the nation with the strongest bank reserves.

"The banking position of the United States from the international standpoint is a matter of only very recent development. We are still novices in this field. Our present commanding position in international finance was secured not as a result of a careful and scientifically planned development of comprehensive facilities to serve in this position but as a result of abnormal and accidental conditions developed during the war.

"With the adoption of the Dawes Plan, hopes for the restoration of Europe's economic system began to be re-established, and in the past year the gradual flow of capital from this country witnessed an enormous expansion. How the volume of foreign loans in the United States has been increasing in recent years is illustrated in the following table:

FOREIGN LOANS OFFERED IN THE UNITED STATES

1919	\$ 670,000,000
1920	634,000,000
1921	628,000,000
1922	846,000,000
1923	390,000,000
1924	1,243,000,000

"We cannot follow any narrow, selfish policy of exclusion if we are to become in reality a great international trading and investing nation. In the final analysis permanent international trade must rest upon a mutually profitable exchange of goods and we shall, therefore, do well, looking forward to our international position, in arranging our commercial policy so that if we expect to have a large foreign market we must also be willing to accept goods in exchange for, at least, a considerable part of their payment. We have had

some valuable experience during the war period, but the field is yet a comparatively uncultivated one, and as American business continues its expansion in foreign fields, the American banker must be ready to contribute his share to the success of our newly acquired position in world trade and finance."

C. M. Parker, American representative of the Westminster Bank, Ltd., London, spoke briefly on "British Branch Banking." He stated it as his belief that the argument that branch banking would lead to poorer service for the public, which had been advanced by opponents of the system in the United States, was not sound as judged by the English experience.

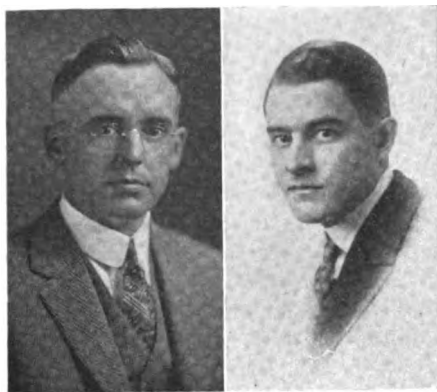
"You know it has often been contended," he said, "that only the citizens of London receive the best attention from a large bank with branches scattered all over the country. I think that is not true. Take the case of a little place where there may be three or four branches—the competition between those branch managers to try and show a profit is so acute that they must render the highest service imaginable. I would say that the customers of branches have every bit as good attention as the customers of the head office."

Resolutions Adopted by the Convention

Probably the most interesting developments at the convention, aside from the addresses, had to do with the enactment of several resolutions. One, especially, having to do with through export bills of lading, indicates the determination of the interior banks not to turn over the management of export business initiated in their territories to the coast banks. This resolution, which was adopted, follows:

Whereas, The Bankers' Association for Foreign Trade is vitally interested in promoting direct trade relations with the rest of the world, and

Whereas, The through export bill of lading enables exporters in the interior of



Left to right: F. B. Tedford, manager foreign department Union Trust Company, Chicago, newly elected secretary, and Fred W. Allen, manager foreign department Northern Trust Company of Chicago, retiring secretary, Bankers' Association for Foreign Trade

the United States to ship their goods directly to a foreign port and enables their bankers to negotiate drafts thereunder without the intervention of coast banks, and

Whereas, A certain prejudice exists in some foreign countries against the through bill of lading without adequate reason; therefore, be it

Resolved, That this association place itself squarely on record in behalf of the through export bill of lading, and

That the attitude of the association be made known to the foreign correspondents of member banks, and

That the association itself use its influence to allay foreign and domestic prejudice against the through bill of lading.

A considerable amount of discussion preceded the adoption of the above resolution. Foreign department managers who had investigated the question reported that the railroads and freight forwarders in their cities were approximately unanimous in stating that the through bill of lading would not cause a delay at seaboard of goods shipped from interior points. The old custom of having the papers sent to the interior bank's seaport correspondent so that the transfer of the goods from rail to steamer might be supervised was stated as being no longer necessary. All that is required is educational propaganda to cause some of the old customs to be changed, it was declared. The

effect of such customs, it was pointed out, was to keep the foreign trade of the country in the hands of the seaport banks.

Other interesting resolutions adopted had to do with the maintenance of an open discount market, with the establishment of standard minimum charges for banking services in the foreign departments and with a campaign for new members. The first and the second resolutions follow:

Maintaining an Open Discount Market

Resolved: That the open discount market for bills created in both foreign and domestic trade is vital to the successful carrying on of this class of financing and that this market should receive at all times consistent support and active participation from the banks represented in the membership of the Association.

Charges for Banking Services

Resolved: That competition has caused a condition which is constantly increasing the services rendered by banks for customers without adequate and warrantable recompense for such services:

Therefore, the members of this association in each community should endeavor to bring about a reasonable standard minimum charge for services rendered in connection with travelers' letters of credit, travelers' checks issued on a guarantee basis, acceptance credits based on the importation or exportation of goods or the domestic shipment of goods, or the storage of staples, foreign collections payable outside of the United States and Canada.

In the latter case the minimum charge should be over and above the charge made by foreign correspondent banks for their services.

In connection with efforts to increase the membership of the association, it is not planned to urge bankers not directly interested in foreign trade to join. The purpose, however, is to develop a mem-

bership comprising at least one representative from every bank having foreign banking business, up to the number of one hundred. No bank may have more than two members.

Election of Officers

The following officers were elected for the ensuing year:

President—H. G. P. Deans, vice-president Illinois Merchants Trust Company, Chicago, re-elected.

Vice-president—Dr. W. F. Gephart, vice-president First National Bank in St. Louis, Mo., elected to succeed F. M. Horton, Central National Bank Savings & Trust Company, Cleveland, Ohio.

Vice-president—W. B. Millen, Merchants National Bank, St. Paul, Minn., elected to succeed G. M. Mosler, president Brighton Bank & Trust Company, Cincinnati, Ohio.

Secretary—F. B. Tedford, manager foreign department Union Trust Company, Chicago, elected to succeed Fred W. Allen, manager foreign department, Northern Trust Company, Chicago.

Treasurer — George Zimmerman, First National Bank, Detroit, Mich., elected to succeed F. C. Clifford, American National Bank, Milwaukee, Wis.

Editor of Letter Box—Roderick P. Fraser, manager foreign department, Peoples State Bank, Detroit, Mich., re-elected.

The directors include the following: A. L. Eaton, Buffalo; T. L. Johnson, Chicago; C. A. Frese, Toledo; H. H. Salinger, Chicago; W. C. Haas, Milwaukee; R. T. White, Cleveland; C. B. Fergus, Pittsburgh. All but the first three named are newly elected. Retiring directors are W. B. Millen, St. Paul; J. Z. Miller, Kansas City; R. P. Fraser, Detroit; F. J. Zurlinden, Cleveland; W. E. Guerin, Cleveland. 1.



Trust Departments of National Banks

By Nicholas Dosker

Vice-president National Bank of Kentucky, Louisville

IN past years national banks have seen very profitable business of old and valued clients slip away to some trust company qualified to render fiduciary service. Much time and money are spent to build up the banking patronage of substantial persons and firms with whose personal and business affairs the officers of the bank are intimately acquainted. Lack of fiduciary powers defeats further profitable service to this valuable clientele. There is a growing tendency now to name corporate fiduciaries to act as executors or co-executors, and administrators of wills and to create trusts under wills, most of which was, not so long ago, done largely by individuals. The accumulated knowledge gained by a bank in the handling of its customers' business affairs during their lifetime, if it has a properly organized trust department, makes it a splendidly qualified agency to distribute or manage the customer's estate in accordance with his wishes.

When trust powers became available to national banks through the Federal Reserve Act the banks were slow to make application for such powers or to act under them to any great extent after they were granted except for corporate trusteeships. In fact, there was considerable doubt in the minds of many of the old time bankers as to whether it was quite consistent with the dignity and traditions of national banking to disturb its serenity by adding to their duties the troubles and worries accompanying general trust work with its never ending stream of problems. But as reports of successful use of trust powers began to come in from the path-finding banks the list grew until now there are a large number of national banks which are proving by successful and profitable operations that there is nothing inconsistent between the busi-

ness of a national bank and general trust work.

The field of trust service performed by the corporate fiduciary has been so widened that today the latter performs a multitude of services for individuals and corporations. The field of activity for the corporate trustee is really only limited by the ingenuity of trust officers and the willingness of the public to place its affairs in their hands.

Surface of Possibilities Scarcely Scratched

Up to this time the surface of the possibilities of trust services has hardly been scratched. The wide advertising by trust companies and banks and by the Trust Company Division of the American Bankers Association is making people who have estates to leave think as never before of the advantages of having a corporate executor or trustee instead of an individual. The number of estates which are being handled by corporate fiduciaries is on the increase, but to convince ourselves that trust companies have no monopoly on estate administration it is only necessary to watch the probate news and see in what large proportion of wills disposing of sizeable estates individuals only are named. It is undoubtedly true that the corporate executor and trustee has not yet gained the full confidence of the public.

While great strides have been made in recent years in persuading the people to establish voluntary living trusts, its possible development has likewise only begun. The same is true of corporate trusteeships, agencies and other well established trust activities.

The most important thing that corporate fiduciaries can do to insure their permanent success is to gain and keep the confidence of the public. Every

now and then in some community or other a corporate executor or trustee will make some serious mistake of judgment or be careless in some duty with the result that the whole affair is aired in court, broadcasted by the newspapers and kept alive by drawing-room gossip to the injury not only of the bank or trust company involved but every corporate fiduciary in the community. It behooves trust officers to act with the utmost care to avoid such unfortunate occurrences. Public confidence in the fidelity and absolute integrity of trust companies or banks exercising trust powers is the very life blood of the business. To give a competitor a veiled thrust or an open jab in soliciting trust business whether true or not is likely to react in the mind of the prospect to the injury of the whole business.

*Development Slow But Opportunities
Plentiful*

But while there is business enough for all, let no national bank starting out to exercise trust powers assume that it is an easy business or that the public or even its own customers are going to stampede it with offerings. The development of a trust department is slow, hard work at best. Trust work is highly specialized business with many pitfalls for the inexperienced, and it is very necessary that the trust officer be well qualified for his job. If a well located national bank goes into the trust work with a determination to succeed, a willingness to wait for its efforts to bear fruit, a proper organization and full co-operation of the officers of the banking department, there is no reason why it should not build up a profitable trust

business regardless of the keenness of the competition.

National banks are new in trust work and can profit greatly by the experience and co-operation of older trust companies. Trust companies should not feel aggrieved because national banks are now invading preserves which they have held exclusively for so long a time. Did they not invade the preserves of commercial banking? There is room and profit for all in the trust vineyard. We are reminded of the New Testament parable of the householder who went out early in the morning to the market place to hire laborers in his vineyard for a penny a day. Later at the third and sixth hours he hired others and sent them into his vineyard. Again at the eleventh hour he found others still idle in the market place and sent them into his vineyard. It is then recorded as follows: "So when even was come the lord of the vineyard saith unto his steward, 'Call the laborers and give them their hire beginning with the last unto the first,' and when they came that were hired at the eleventh hour they received every man a penny, but when the first came they supposed that they should have received more and they likewise received every man a penny, and when they had received it they murmured against the good man of the house, 'these last have wrought but one hour and thou hast made them equal unto us which have borne the burden and heat of the day.' But he answered one of them and said: 'Friend I do thee no wrong. Didst thou not agree with me for a penny? Take that is thine and go thy way. I will give unto this last even as unto three.'"



The Romance of the Rothschild Fortune

By Withers Woolford

(Illustrations by Burriss Jenkins, Jr.)

HAD the great lords and ladies of his father's court seen the boy, Prince William of Hesse, at play with a pauper son of a despised race, they must have looked down their noses in distress at such unprincely conduct. But when Mayer Anselm and Prince William were thrown together and played for a few brief hours in the castle yards of Hesse, none remarked the event, save those sylphs and sibyls who see all things, and seeing, understand. Smilingly, they must have watched the gods at play, and observed the mutual dependency which was to be the fate of these two boys.

Undoubtedly, as the boys separated, the one returning to his lowly home in a tenement, the other to his father's castle, some invisible spirit must have made note that the poor son of an itinerant Jewish merchant should some day far excel his prince in all the goods of this world—in wealth, power and influence. This spirit must have seen that long after the prince was forgotten the name Rothschild would be a word with which to conjure, and before it many princes greater than William of Hesse would prostrate themselves in suppliance.

The Rothschild fortune has become almost legendary. Its magnitude is so appalling that the very name of Rothschild is all but synonymous with fame, fortune and power.

When one thinks of money, Rothschild is almost the first name that comes to mind. What was the source of this great wealth? How has this fortune been continued? How has this money been used and what manner of people have had the direction of such great power? These are perfectly reasonable and recurring questions. They demand to be satisfied whenever one encounters any of the many intriguing myths which have sprung up about this family.

The Jews are an intense, a joyous race; they love life and they love people. They are not pioneers, but they are builders. In the vanguard of civilization where men live in isolation and all is wilderness and a howling, the Jews would be desolate. Their lives are tied up with people. Always they are to be found where life is most intense and crowds are densest. In the Ghetto, the most over-populated and teeming section of a great city, they live and love, work and renew life.

* * * *

In the Ghetto of Frankfort-on-the-Main, Mayer Anselm was born in 1748. His birth place, a tenement in the swarming Juden-Gasse, was identified by a bright red shield painted over the doorway. The then existing laws of Germany forbade the use of family names to Jews. The two names by which this boy was known meant that he was Mayer, the son of Anselm.

Anselm Moses, the father of Mayer, was a peripatetic merchant. He was often away from home on business trips into the great outside world; a world never seen by the members of his family. When his father returned from his trips, little Mayer would listen wide-eyed to his glowing accounts of life outside the Ghetto. It was all so wonderful, so inspiring, so unbelievable. The boy made up his mind to follow his father's business, that he too might travel and see this great world which he so loved hearing about.

In his boyhood Mayer's parents planned for him to become a rabbi, but he objected strenuously, insisting that he wanted to be a merchant. He was finally taken on several trips that he might learn his father's business. On one of these trips, business took them to the castle of the prince. The young

Prince William and Mayer were both too youthful to appreciate social distinctions. So while their fathers discussed works of art the two boys played together in the castle yards. The royal stables delighted Mayer exceedingly, and the prince greatly admired the yellow badge of a Jew, which Mayer was compelled to wear. They became very good friends, though their elders would permit no continuation of the friendship. After Mayer had gone, it is said, the prince gave his father a very disagreeable half-hour because he wanted to wear a yellow arm band, like the one Mayer wore. This was the first meeting between Mayer Anselm and the prince he was to serve so well in later years.

Mayer enjoyed these trips with his father and showed such aptitude for the business that he was placed as a clerk in a bank at Hanover. He soon learned the rudiments of money lending and in a few years returned to Frankfort, where he started a business of his own in the old house of the red shield. Here he bought and sold on commission or on his own account, and he loaned money on anything of value.

In all his business transactions Mayer was scrupulously fair. His judgment was good and he constantly applied himself to business, giving careful consideration to the details of every transaction. He prospered exceedingly well and his reputation spread until through all the city he was known as the "Honest Jew."

* * * *

The fear of a prince and his consequent flight before an advancing army gave Mayer Anselm his first big opportunity in life. When the French under Bonaparte invaded Germany Prince William of Hesse fled the country in fear of his life. Dreading that his wealth would be confiscated, the prince entrusted it all to the Frankfort money lender for safekeeping.

Mayer Anselm realized the danger of attempting to keep all this wealth in Germany, so he immediately devised

plans to get it out of the country. Many Jews were fleeing before the oncoming army, most of them intending to settle in England. Wherever possible the wealth of the prince was converted into money and this money, done up in small packages, was entrusted to the Jewish emigrants, to be transported to England. Mayer's second son, Nathan, was sent to England to receive these packages as they were brought into the country.

After the French had retired Prince William returned to his homeland, expecting to find all of his property lost. His joy was so great when he found that not only was his property safe but that the money had been invested in England at 5 per cent., that he left his wealth with the "Honest Jew" to manage for a percentage. He also granted Mayer Anselm the right to assume a family name. The name selected was Rothschild—or red shield—from the emblem on his house. The patronage of his prince attracted much favorable attention to "The Rothschild." His fame spread, and his business grew phenomenally.

Nathan Rothschild, who had been sent to London to handle the investments made for William of Hesse, had established, in that city, a branch of the banking house of Rothschild. "The Rothschild" had four other sons. The oldest, Anselm, he kept in Frankfort. The others were sent to various countries of Europe to establish offices similar to the one in London. Of these sons, Solomon went to Vienna, Charles to Naples and James to Paris.

Soon after the branches of the Rothschild business were established, war again was rampant in Europe. This desolate wanton, while ravishing whole countries, once more showed her whimsicalness by upsetting the cornucopia into the laps of the Rothschilds.

* * * *

When Bonaparte met Wellington on the plains of Waterloo Nathan Rothschild conceived the idea that it would



A messenger watched the battle from a distant hill-top and sped with the news to London

be to his advantage to have early knowledge of the result of this herculean struggle. He arranged to have post horses along the road from London to the English Channel; a fast boat was waiting on the French shore, and a messenger, provided with relays of horses, watched the battle from a distant hill-top. When it became evident which

way the battle was going this messenger flew with all haste to London and reported to Nathan Rothschild. Acting on this early information Rothschild bought Consols at a price which netted him a profit estimated at \$2,500,000. There is a rumor which says that Rothschild gave out misinformation as to the result of the battle so as to favor his

purchases, but there seems to be no evidence to substantiate this as fact, and it was quite contrary to the character of the man to give out information of any kind—mis or otherwise.

The next great addition to the Rothschild fortune was brought about by war between England and the American colonies. England was beset by enemies, and had not sufficient troops properly to pursue the war in America. Mayer Anselm, "The Rothschild," in Frankfort, arranged through Prince William of Hesse for England to employ Hessian mercenary troops to fight her battles with the colonies. For this service it is said Rothschild received many millions of dollars.

In this way the fortunes of the House of Rothschild advanced until in 1800 the English branch, through Nathan Rothschild, was able to advance \$60,000,000 due from Great Britain to her German allies under the Treaty of Raplitz.

All branches of the Rothschild business, except the one in Naples, were continued for many years. The Naples house had been in existence but a short time when Charles Rothschild died and the business was discontinued. The Frankfort house ceased operation in 1901. The banking house of Rothschild still operates in London, Paris and Vienna.

* * * *

At the death of Mayer Anselm the Rothschild estate was left to the family as a whole. It was not put in trust, but was tied up by verbal agreements and contracts which were binding on the family and prevented the dissipation of the estate. Because of close family unity and singleness of purpose these agreements held for many years without violation. It was arranged that each son should continue the business he had been operating, but in case of dissension all sides of the dispute should be submitted to the mother and her decision was to be final. It seems never to have been necessary to appeal to this court of last resort, though

gradually, because of his stronger personality and exceptional judgment, Nathan Rothschild assumed the leadership of the family. As a further safeguard for the estate, the rule was established that all marriages should be confined to the family circle. This rule was rigidly observed for many years, but now it has been abolished. It was found that while absolutely maintaining the unity of their family fortune there were objections to a too close consanguinity which more than offset its advantages.

During the nineteenth century the House of Rothschild stood out as the most vital force in international finance. It is safe to say that the United States was the only nation in the world that did not court the Rothschilds for aid. And it is suggested that the only reason for this exception was America's inability to forget the part of "The Rothschild" in supplying England with Hessian soldiers in the Revolutionary War.

Of recent years, however, the House of Rothschild has relinquished its leadership to others. In 1900 Elbert Hubbard said: "Such authorities as John D. Rockefeller, James J. Hill and J. Pierpont Morgan told me, 'that while interesting in an historic way, the Rothschilds are no longer looked upon as a world power.'"

Many honors have been conferred on all branches of this family by the governments of Europe. The most interesting branches, however, are those in London and Paris.

The first great honor bestowed on the Rothschilds was in 1822 when the Emperor of Austria made Nathan Rothschild a baron. But he did not assume the title as he wished not to be marked by any emblem of rank. His son Lionel was the first Jewish member of the British Parliament. He was several times elected to this body but was unable to take the oath "on the true faith of a Christian gentleman," so he could not be seated until the law was changed in 1858.

When Great Britain wanted to pur-



"Perhaps, Lord Rothschild, you did not understand, my name is——." "Very well," replied the Lord,— "take two seats then."

chase the Egyptian share of the Suez Canal in 1876 Lionel de Rothschild advanced the British Government \$20,000,000 to effect the purchase. His eldest son was made a peer in 1885, with the title of Lord Rothschild. He was the first Jew to be seated in the House of Lords.

* * * *

Lord Rothschild was noted for a

curtness of manner so objectionable that it bordered on rudeness. The following story is told of him. Once when a very distinguished stranger called on him at his office, he invited him to take a seat, and went on with his work. After waiting patiently for some time the stranger got up and said, "Perhaps you did not understand, my name is——." Lord Rothschild looked up and blurted out,

"Very well, take two seats then." And he went on with his work.

The other two sons of Lionel de Rothschild were very different in temperament. Alfred, the second son, was a bachelor. He had two hobbies, his art collections and band music. He had the distinction of keeping a private band for his own entertainment. This band he loaned generously on all occasions. Of the three brothers Alfred was probably the most popular with the British people.

Leopold, the youngest of the brothers, was very fond of sports. It was he who maintained the Rothschild colors on the turf. Leopold was one of the first to marry outside the family; contrary to custom his wife was not born a Rothschild, but was a member of the prominent Perugia family of Trieste.

* * * *

James Rothschild, the first of the family in Paris, was not particularly loved by the people. It was he Balzac caricatured as Baron Nucengent in "Pere Goriot." He had three sons. The oldest was Baron Alphonse Rothschild.

The Paris Rothschilds were never so active as their English cousins in politics, but in the artistic life of Paris they have been true leaders and their vast philanthropies have been limited to no race or creed.

When quite a young man Baron Alphonse Rothschild, lost one eye at a

shooting party. A friend of his made the unfortunate shot which necessitated the removal of the eye. It is said that when the Baron was being operated on he was heard to groan, "My God, what must my friend suffer."

Baron Alphonse married the daughter of Lionel de Rothschild of London. Their Paris residence had once been the home of Emile de Girardin. It was number 13 Rue St. George. Baron Alphonse was superstitious and he offered to give \$5000 to charity if the authorities would allow him to change the number. His offer was accepted and the house has since been known as 11 bis. For years this house, as well as their country home at Ferrieres-sur-Marne, has been the favorite resort of many celebrated authors, artists, and musicians.

During the Franco-Prussian War, the country home of the Alphonse Rothschilds served as headquarters for Emperor William and his staff. The family still preserves the guest book which all these personages, including the Emperor, Moltke, and Bismarck, signed before leaving the chateau.

War, the grim visitor that contributed so much to the upbuilding of the Rothschild fortune, has once more visited this family and collected her debt with interest. Two of the London Rothschilds fell fighting side by side in Mesopotamia—one the son of Leopold de Rothschild, another his cousin, the son of Lord Rosebery.



High Lights in Deposit Building*

By W. R. Morehouse

Vice-president Security Trust & Savings Bank, Los Angeles

BANKS are leaders in all community development. A community grows only when its banks grow and prosper. Establish a progressive bank in a dead town and the town begins to take on new life.

My first suggestion is that you use every means at your command to impress upon the minds of the people of your community that they actually help themselves when they take an active interest in the growth of your bank.

Pass out over your counters to your depositors folders and booklets calling attention to the various services you have to offer them, and suggest that they commend your bank to their friends.

Enclose with every dividend check to your stockholders a slip calling to their attention the fact that if they will use their influence among their friends they will be instrumental in increasing the bank's business and will profit proportionately.

Assemble your officers and employes occasionally for the purpose of considering ways of increasing the bank's business. Point out that the advancement of each officer or employe depends largely upon whether or not the bank grows and prospers. Be frank and state that the best way for them to advance in rank and to increase their salaries is to help increase the bank's profitable business.

The Dangers of Personal Solicitation

The practice of personal solicitation of accounts is gaining headway. Banks not only "wink at it" but they openly endorse it. Bank representatives are going up one side of our streets and down the other side ringing door bells. Some of these representatives are work-

ing on a commission. Personally I regret this, for I can but feel that bank business-getting with certain banks has fallen to the level of methods used in selling books, photographs and brooms. House to house solicitation, if permissible at all, should be done only by an employe of the bank working on a salary and not on a commission. This will insure a higher type of solicitation. If done by irresponsible persons working on commission, there is certain to be a lot of kick-back to it. Naturally more undesirable business will be secured than desirable, glowing promises will be made which cannot be kept by the bank, concessions will be pledged which cannot be fulfilled, satisfied customers in other banks will be made suspicious and dissatisfied, and confidence will suffer a general break-down.

If clean sweep methods of personal solicitation are employed the results will be equally unsatisfactory. Besides securing undesirable business the bank's present customers will be solicited and will feel offended upon being apprized of the fact that evidently their bank was unaware of their patronage. If personal solicitation is engaged in, a bank should use only those of its employes who have proved themselves capable representatives of the bank. This type of solicitor will secure desirable business and will build up confidence wherever he operates. He will be able to answer correctly and intelligently nearly all questions asked concerning his bank, a service not possible where the solicitor is a comparative stranger in the city.

*Extracts from an address delivered in San Francisco before the Western Regional Conference of the Savings Bank Division, American Bankers Association.

Employees' Business-Getting Contests are Effective

This brings me to employees' business-getting contests, considered by many bankers as the most effective method used today to secure new business through personal contact. Imagine the advantage of having every employee of your bank looking for new business. Observe that this kind of work develops rapidly into an endless chain. An employee secures the co-operation of his relatives, friends and customers, his relatives, friends and patrons secure the co-operation of their relatives and friends, and so the sphere of influence widens and widens almost without limit.

The results are not entirely confined to new business. Almost simultaneously with the starting of an employees' business-getting contest the bank's service to its depositors begins to improve. Another consideration of importance is the permanency of the business secured. By actual tests it rates about 20 per cent. better in this regard than business which comes in in response to other mediums. Last but not least in importance, the small amount which a bank pays to its employees for new deposits, only about one-fourth of 1 per cent., goes practically 100 per cent. to its own employees.

How to Get News Items Published

Any news item in which the name of a bank is prominently mentioned arouses unusual interest from the average reader, because a large majority of newspaper readers have bank accounts. To most of them a bank is their financial headquarters.

The big stumbling-block which so many bankers encounter is getting news items published. In each case there is probably a good reason for their failure. Likely, the banker and the publisher are not on the most friendly terms. According to the admission of a certain banker, with whom I discussed this same problem, he had been fighting the editors of his local papers for three

years, trying to force them to run news items. I sensed his trouble in an instant and told him that had he spent the same three years in cultivating the friendship of these editors instead of fighting them, he would be running news items today. He followed my suggestion, and today he is fairly successful in placing news items. Here are a few suggestions on getting news items published:

1. Advertise in the newspapers.
2. Cultivate the friendship of the publisher.
3. See that all items sent in contain news of general interest to the public.
4. Give every publisher an exclusive story by re-writing each item published in different papers.
5. Never over-work the privilege.
6. Invite the publisher to revise all items—never insist on sticking to your copy.
7. Keep items down to 350 words or less.
8. Tip-off publishers occasionally on where and how they can get good news stories, although your bank is not concerned therein.

Observe these suggestions and it will surprise you what whole-hearted co-operation you will receive from editors.

Mailing Lists and Central Files

Direct-by-mail advertising properly handled is very effective. Improperly handled it is very wasteful. Success or failure of direct-by-mail campaigns largely rests with the mailing list or central file. In other words, a good mailing list is more than half the battle. Too often the failure of a direct-by-mail campaign is charged to the literature used, when as a matter of fact, it is chargeable to the condition of the mailing list or the central file. A mailing list or central file to be effective needs constant attention. Many banks have gone through the sad and expensive experience of building up a mailing list or central file only to find themselves confronted with the perplexing problem of finding a continuous use for it. The

reaction of this embarrassing situation has been to seriously hurt the reputation of direct-by-mail advertising.

If you have decided to use direct-by-mail advertising, and you are inexperienced in the use of the medium, be sure to secure the assistance of a specialist. Never go to the expense of building up a list or a central file until it has been definitely decided what use you will make of it, not once, but over and over again. Give full consideration to its upkeep. Unless you are convinced that it can be kept reasonably free of dead timber, don't go ahead with it until you are. One thing is certain, that unless a way is provided for keeping the dead names culled out, and the addresses on others revised, it will soon become a total loss. Having satisfied yourself as to the utility of a list, the next step is to count the probable cost of using it, not only once, but for months and perhaps years. Direct-by-mail is a very

effective medium when properly used. Except when used on a small scale, it should be under the supervision of a specialist; otherwise the results will not justify the cost of operation in time, effort and money.

Fix Responsibility for Securing New Business

If your bank does not have a specialist in charge of new business, and conditions do not fully justify one, select some person in your institution who the management feels has ability along business-building lines and let him assume all responsibility for the new business activities of your bank. If this person is inexperienced in business-building or has only a limited knowledge of such work, he can acquire a fair knowledge by reading articles and books treating of the subject and through correspondence with bankers who are experienced.



Business and Friendship

By Richard W. Saunders

AT the present time, when movements are being started right and left to make business men better acquainted with each other, it may serve some useful purpose to consider carefully just what results are likely to ensue. The various business clubs that are being organized, the many societies that have as their avowed object the better acquaintance that such association brings about between the various members, and even the game of golf, which is looked upon not only as a physical exercise, but also as a means of social intercourse, are all contributing to this purpose. How far can such movements go without becoming, in the end, more harmful than beneficial?

It is one of the peculiar facts of life, in all its phases, that the solution of any problem brings in its turn problems of its own. The introduction of the sparrow to war against insect life has resulted in the question as to how best to control the sparrow. The intimate knowledge of each other gained in social intercourse, has resulted in the question how best to protect ourselves against the selfish designs of those who thus present themselves under a guise of friendship and seek to capitalize such intimacy. One is, as a rule, happy to further extend one's acquaintanceship. It adds variety and companionship and, if the persons thus known are in the public eye, it is a matter of self-

gratulation to mention casually that in a conversation with such a person the other night, he expressed such and such an opinion on an important public question.

The trouble is, however, that when a basis of acquaintanceship is laid, we, to a certain extent, let down the bars of caution and reserve that protect us against fraud and misrepresentation. The avenue to our hearts and pocket-books is open to the approach of the man with an axe to grind. We listen more readily to his suggestions, especially if the approach is made with the skill such persons readily acquire. We never stop to inquire whether or not such suggestions are based upon a study of our frailties and are made in the manner best calculated to win an affirmative reply. "He is our friend," we say, and some of the steps that would ordinarily be taken to investigate the proposition, are omitted.

Possibly this line of thought is the consequence of reflection on the dear elderly gentleman who gained access to our office to condole over the premature death of a mutual friend, and left after making a small "touch" which was to be repaid promptly on the following Tuesday. Possibly the investment in certain oil stock, made through the strong recommendation of a business associate who had personally investigated the affair and had, to our knowledge, himself invested a considerable sum, but which investment had quietly faded away, has had its influence. Possibly one or two other similar cases, introduced through the same "friendly" sources, each of which, alas, carried its

little losses, have had their effect in the conclusion being reached, cruel though it may seem to be, that "investment suggestions made by friends must be investigated more carefully than any others."

Much has been made of the idea that a man with a good investment in mind will be only too happy to let his friends in on the ground floor. If a man has a really good thing, he is more likely to keep it to himself. Few people are interested in the financial success of others. Most people have about all they can do to achieve success for themselves.

It is admitted there may be exceptions to the rule, but they are only exceptions. A person having funds to invest should go to disinterested banks or business concerns and thus carefully check up the suggestions made before following the advice of his friends. The friend who comes with a scheme for making you wealthy may well be doing so because he expects to use you to become wealthy himself.

There is no question that the extension of one's circle of friends adds to the joy in life, but—it also brings dangers and possibilities of sorrow. The only way one can protect oneself is by being careful and even more careful. Kipling said in "If."

"If neither foes nor *loving friends* can hurt you."

If one is prone to look upon this advice as a jaundiced view of human nature, it will not be long before any man in business life will find out its truth. "Friendship stops when business begins" seems to be the rule and the way of the world.



Safe Deposit Companies and the Law

By Henry S. Fraser

PERHAPS one of the most perplexing problems coming before the courts today is the legal status of that comparatively recent innovation, the safe deposit company. Much of the confusion in the law on this subject is due to the application by judges of rules of law developed long ago in cases bearing only the faintest analogy to those now constantly arising. And this branch of the law will continue uncertain and unsatisfactory until the fundamental problem of the legal status of the safe deposit company is determined.

The two relationships most closely corresponding to the situation are those of bailor and bailee, and lessor and lessee (landlord and tenant). The courts in all jurisdictions have favored the principle of bailment as the line of least resistance, although some recent New York cases hesitate to call it an out and out bailment. In a true bailment the possession and control of the property is turned over to the bailee, and he thereupon acquires certain limited rights in the goods bailed and can bring suit for their conversion by a third party. He is also held to varying degrees of liability depending on the terms of the contract of bailment. The bailee has these rights and answers to these liabilities because he has the possession. Now does a safe deposit company have the actual possession of its customers' valuables so that it can be held to the rights and duties of a bailee?

A Court Opinion on the Legal Status of Company and Customer

In *People v. Mercantile Safe Deposit Company*, a case in 1913 in the Appellate Division of the New York Supreme Court, the court expressed itself as follows: "The relation between the defendant and its customer may have some elements comparable to those

in a case of bailment, but the legal status of the parties seems to me to bear a closer analogy to that arising from the relation which exists between tenants of a general office building and the landlord thereof, who keeps within his control and under his care and protection the common means of access to the building and to the suites of offices therein, but as to which, subject to any regulations that may have been established by the landlord, the rights of the tenant are exclusive. So far as I can see, the defendant in this case had no more 'possession' of or 'control' over the securities contained in the box in question than such a landlord has over securities contained in a safe belonging to one of his tenants and contained in the private office of the latter. The situation of the defendant with respect to securities contained in safes or other receptacles of deposit rented to its customers was manifestly different from the relation which it occupied toward those who made physical deposit of valuables with defendant, for which a receipt was issued. In every such case the defendant was clearly a bailee, having physical custody of the articles with power to control the delivery thereof."

In studying this problem it is very important to have in mind a detailed description of the vault of a safe deposit company. Take, for example, the ordinary trust company with a safety vault department. Within and on the floor of the vault stand large blocks of steel compartments of various sizes. There will be perhaps twenty compartments, each with a little door, in a block; these blocks are arranged beside and upon each other and sometimes soldered together. Two keys, one in the customer's possession, and a master key in the bank's possession, are necessary to open the door of a compartment.

Neither key alone will open the door. Inside the compartment is a metal box in which the property is kept, which box is removable.

Important Elements of a Bailment Lacking

Under these circumstances it cannot be too strongly emphasized that some of the most important elements of a bailment are lacking. The safe deposit company rents a particular compartment in a particular place; it cannot shift or move the lessee's property in any way; it does not have that control, care, and management of the property necessary to constitute possession; its sole duty is to exercise a certain guard and protection over the vault; and it does not have the possession of the box within the compartment, because the customer's key is indispensable to open the door. Nor should it be said that the customer does not have the possession of the box in the compartment because he cannot get to it unless the bank cooperates in opening the door of the compartment. The bank can never compel the customer to use his key, whereas the very terms of the contract are that the bank must use its key when the customer applies in due form. To be possessed of a chattel does not mean that one must have it in his pocket or under his eyes. Household articles are none the less in the possession of the owner because he happens to be absent and the house in charge of servants with orders to admit no one except the owner on his return. For the same reasons, the box and contents within the compartment are not lost from the renter's possession because he contracts with the bank to admit no one but himself or authorized agent. As one judge expressed it, "There is no magic in two keys."

The Case of Silcott v. Louisville Trust

The importance of this whole question is at once apparent when actual cases are examined. *Silcott v. The*

Louisville Trust Company, 265 S. W. Rep. 612, a recent Kentucky case, presents an interesting set of facts. The trust company maintained a typical safety vault department, renting boxes and using the usual two key system for the protection of its customers. The plaintiff, who rented one of the safe deposit boxes, while using a coupon room, discovered on the floor a Liberty bond of the par value of \$1000. According to his petition he thereupon notified the agent and employee of the bank, and turned the bond over to him, under an agreement that if the owner were not ascertained by the end of six months, the bond would be surrendered to him, the finder. The bank refused to give up the bond at the end of the agreed period, and the plaintiff brought his action. Neither party to the suit claimed ownership, and the only question was, as between them, which was entitled to its custody. The Appellate Court held that since the bond was discovered in a private room of the safety vault department of a trust company, a room to which only a limited class of persons was admitted, namely customers who rented boxes, the bond must necessarily belong to some customer. If it then belonged to a customer, the bank had the custody of the bond at all times, since the company was "in a broad sense" the custodian of such valuables as were left in its vault by customers. Thus the bond was never out of the bank's custody, and hence the agreement with the plaintiff was of no legal significance.

The result reached above by the Kentucky court would have been different if the relationship between the bank and its customers had been regarded as a lease instead of a bailment. The bond, under this hypothesis, having been in the owner's exclusive possession, was lost therefrom, and the custody of the bond would have to be given to the finder, just as in the case of property lost on the floor of a hotel, bank, or store where the public in general is invited. As the

court said in the Kentucky case, "in such circumstances the proprietor of the premises occupies no relationship of agent or fiduciary toward the owner, and the right of custody of the finder is therefore superior to his." But safety deposit departments claim that only a special class frequents their quarters, namely their customers. Such was alleged in the defendant's answer in the principal case. But it would seem that before safe deposit companies can urge exemption from the general rule of loser and finder, they should make their practices conform more closely to their professions. Deposit companies regard themselves as business concerns, and do not prohibit everyone except customers from passing their gates, entering their vaults, and using their coupon rooms, for the reason that it would be poor business to deal too strictly with a potential new customer. Thus, it is apparent that a bond could be dropped in the department by a person not a customer of the company.

Replies from a large number of

questionnaires sent to safety deposit companies in many sections of the United States reveal the greatest variety in their actual practices. All the banks permit children to accompany a customer into the vault and into a private booth. All permit an adult, a total stranger, if accompanied by a customer, to enter the vault and a booth. To the question "How many strangers would you admit accompanying one customer?" various answers were received. One bank replied, "We would leave that to the discretion of the customer;" another said, "If the customer was well known to us, there would be no limit;" another never admitted more than two strangers with a single customer; while a fourth will admit "any reasonable number." None of the banks requires such strangers to sign the register, and hence they have no record of their visit. Under circumstances such as these, is it accurate to say that only a limited class passes the gate, and that a bond found on the floor must of necessity belong to a customer?



A New Departure in Armored Bank Cars

A NEW departure in armored bank cars, combining protection and safety with the attractiveness of a closed passenger car, is marked by an armored car designed and built by the Detroit Branch of the Cadillac Motor Car Company for the Wayne County and Home Savings Bank of Detroit.

In the transportation of funds and securities, financial institutions heretofore have had but two alternatives. For speed and for the sake of the dignified appearance associated with the banking business some have used standard touring cars, depending upon well-armed sharpshooters for protection. At the

other extreme have been those who sought armor-plate protection regardless of weight and appearance.

The newly designed bank car follows the exterior lines of the Cadillac custom-built suburban. With its closed body and small windows it has more of the appearance of a jeweler's delivery car than of the traveling fortress which it really is. While it affords all of the protection of the heaviest armored vehicles, it is but 1000 pounds heavier than the passenger car model and has similar speed and flexibility in traffic. It is finished in Duco, with the name of the bank across the upper part of the

body in gold letters. The wheelbase is 145 inches and it has disc wheels.

The exterior panels, like those of Cadillac custom-built cars, are of aluminum. The interior lining is of bullet-proof steel made for this express purpose according to a special formula by one of the Eastern steel mills. The space between is packed with a material which is bullet retarding.

The driver's compartment is entirely

rear and one at the front looking into the driver's compartment, are all small, of bullet-proof glass, and placed above steel-guarded port holes through which a rifle or riot gun can be used from the inside. The steel covers of these port holes may be locked in any desired position by an attendant on the inside. In this compartment, also, collapsible seats are provided for guards. The steel money box has several divisions, each



Armored car built for the Wayne County and Home Savings Bank of Detroit by the Cadillac Motor Car Company

enclosed as to windows and the one-piece windshield with laminated, bullet-proof glass. It is upholstered with patent leather and will comfortably seat three men. A full door at the rear is approached by a step which folds up when the door is closed. There is also a door forward at the right side of the tonneau which for safety has a handle on the inside only.

As a further protection, the six windows in the tonneau, or money compartment, two on each side, one at the

provided with individual steel lid and snap lock.

All the portals in the armored cruiser are equipped with automatic locking devices which can be operated from within. Equipment for service includes rifles, sawed-off shotguns and revolvers. In addition to the guards stationed inside, one or two more ride with the driver. The new bank car is the second one built by the Cadillac Detroit Branch for the Wayne County and Home Savings Bank.

Manufacturing Activity in 1925

LATEST indications as to the activity of the manufacturers of the United States suggest that their record of outturn in the current year 1925 may materially exceed in value that of any earlier year. While a large proportion of the material used in our manufacturing industries, says the Trade Record of the National City Bank of New York, is the product of our own mines and fields, the proportion of material required by our manufacturers, for which they are dependent on other countries, is so great that a distinct increase in the quantity of foreign material being imported for such use suggests a further enlargement of the outturn of the factories of the country.

A dozen important articles produced in other parts of the world are required by our manufacturers, including India rubber, hides and skins, cotton, silk, wool, colors and dyes, certain grades of tobacco, certain grades of lumber and timber and other materials necessary to the outturn of our factories. A comparison of the importations of these various great articles in the seven months ending with January of the current year with those of the corresponding period of last year shows in nearly all of the important articles large increases in the quantity brought into the country. The figures of the total value of raw manufacturing material imported show a very material increase, standing at 756 million dollars in the seven months ending with January 1925 as against 679 millions in the same months of last year, while partly manufactured materials for use in manufacturing also show a slight increase in the current year as compared with the preceding year, but the increases in quantities imported are even more suggestive.

Take India rubber, as an example, which now forms such an important factor in certain of our great manufacturing industries, notably automobiles. The quantity imported in the seven months

ending with January is 446 million pounds against only 305 millions in the same months of the preceding year, while the single month of January shows 74 million pounds imported against only 50 millions in January, 1924. A large proportion of this big requirement of our manufacturing industry comes to us from the other side of the globe. From the British East Indies, which would include not only India, Ceylon, Burma, but also the Straits Settlements, the total imports of rubber in the seven months ending with January were 282 million pounds against 208 millions in the same period of last year, while from the Dutch East Indies the total is 81 million pounds against 58 millions in the like period of last year. This increase not only characterizes the whole seven months' period but is equally apparent in the month of January and suggests clearly that the industries utilizing this material are preparing for a year of unusual activity and probably one which will exceed in outturn that of any earlier year.

Another product of the Orient of equal importance in our great industries is raw silk, of which the importation in the seven months ending with January is approximately 37 million pounds against 31 millions in the same months of the preceding year and in the single month of January 5½ million pounds against 4½ millions in January of the preceding year. Nearly all of this big importation of raw silk comes from the Orient, especially Japan and China, the total quantity from Japan alone in the seven months ending with January being 32 million pounds against 21 millions a year earlier.

Wool also shows a large increase in importation, the total quantity imported in the seven months ending with January being 139 million pounds against 94 millions in the same months of last year. All of the great classes of wool show increases in the current year.



The Merchants National Bank Building,
Cedar Rapids, Iowa

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Banking and Commercial Law

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

Contract Against Responsibility for "Failure or Delay in Col- lecting or Remitting"

Isler & Guye v. National Park Bank,
New York Court of Appeals,
February 25, 1925.

IN those states in which a bank, receiving paper for collection, is held liable for the negligence of its correspondents, or collection agents, the bank may protect itself against such liability by an agreement to that effect with its depositor. But a contract of this kind is strictly construed against the bank and will not be extended beyond its exact terms.

In the present case it was held that an agreement against liability for "failure or delay in collecting or remitting" would not protect the bank where a loss resulted from the negligence of a correspondent in delivering a bill of lading without collecting the attached draft.

The plaintiffs drew a draft for \$1,085.48 on a party named Zeballos at La Paz, Bolivia, against a shipment of strawbraids. They delivered the draft for collection, together with the bill of lading and other shipping documents to the defendant bank. The documents were accompanied by a letter which contained the following instructions: "Documents must only be delivered against payment. In case of non-payment, notify us at once and have your correspondents cable for instructions. The goods would have to be properly warehoused and insured against all risks for our account. Charges thus incurred to be collected from the consignee if he should subsequently pay the draft and take the goods."

The bank acknowledged the receipt of the letter and documents and in its letter dated July 15, 1919, made the following statement as to its liability: "Collections are accepted by us only upon the express conditions that no responsibility is assumed by us for any failure or delay in collecting or remitting." The defendant bank forwarded the papers to its correspondent, the Banco Nacional de Bolivia.

The Banco Nacional de Bolivia made a

serious mistake. Instead of holding the bill of lading until the draft was paid, it delivered the bill to Zeballos upon the acceptance of the draft. Zeballos thereafter disappeared without paying the draft and took all of his assets with him, including the goods which had been shipped by the plaintiffs. In an action by the plaintiffs against the bank to recover the amount of the loss sustained, it was held that the bank was liable.

OPINION

By the law of this state the defendant is liable for this negligence of its correspondent unless it has agreed with the plaintiffs to the contrary.

The defendant and the courts below have found such an agreement in the words contained in its first letter dated July 15, 1919, reading: "Collections are accepted by us only upon the express conditions that no responsibility is assumed by us for any failure or delay in collecting or remitting."

We are of the opinion that the phrase "failure or delay in collecting or remitting" does not cover this case. "Collecting" is defined by Webster's Dictionary as meaning "to demand or obtain payment of an account or other indebtedness." Here was something more than failure to demand and collect an account which was due. Possession of property was turned over to the alleged debtor, and the loss was created, not by failure to collect an outstanding account, but by this neglected delivery of property to him.

If upon demand Zeballos refused to pay the draft when due, or to pay for the goods when the bill of lading was to be delivered, the shipment was to be returned to the plaintiffs or stored for their account, according to the instructions in their letter of July 14, 1919. The loss thus occasioned would be the freight charges, insurance, storage, etc. This minor loss might be occasioned by the failure of the defendant's agent to make demand or to collect the money, and for such minor loss the defendant would not be liable. Likewise the defendant would not be liable if its agent, having collected the money, failed to remit. These omissions or neglects were covered by this exempting

clause. The words, however, cannot be extended to cover the agent's negligence in creating the loss by wrongly giving possession of property to which Zeballos, the purchaser, was not entitled.

Suppose, for instance, that the plaintiffs held a bond secured by a mortgage upon property in La Paz, Bolivia, and delivered it, together with a satisfaction piece, to the defendant for collection. This the defendant bank undertook to do, agreeing, as in this case, not to be liable for the failure of its agent in La Paz to collect or remit. However, the agent not only failed to collect, but through its negligence gave up the satisfaction piece to the mortgagor without payment, whereupon the mortgage lien was lost, canceled of record and the security rendered worthless. Could it be said that the negligence in thus causing a loss of the mortgage security or the lien upon the real property was no more than a failure to collect or to remit? Such is the case here. The plaintiffs had title by the bill of lading to the shipped goods. The defendant's agent in La Paz, by indorsement, held this title. Through its negligence it lost the goods, lost the title, or what amounted in substance to a vendor's lien upon the goods. The loss has been occasioned, not through the failure to collect, but through negligence in delivery.

If the defendant desired to relieve itself from liability for the acts of its agent, whether negligent or not, it could very well have used words about which there would be no misunderstanding, and which would fully cover the case. In *McBride v. Illinois Nat. Bank* (163 App. Div., 417, 419) the bank fully protected itself by an agreement which relieved it from all liability for the acts of its agent. The words were: "In receiving and forwarding paper outside of this city, this bank acts only as your agent, using its best efforts in selecting its correspondents, and will assume no responsibility except for its own acts."

When, as in this case, a bank is liable for the acts of its agent in the absence of some special agreement, the agreement exempting it from liability should be so clearly stated that its customers may know in the exercise of ordinary intelligence the extent of the exemption. The contract in this case would not indicate to a fairly prudent business man that failure to collect included a wrongful delivery of securities or merchandise.

Judgments reversed, etc.

Action by Bank to Recover Stolen Bonds

First National Bank of Philmont v. Goldman,
Supreme Court of Rhode Island,
128 Atl. Rep. 206

The plaintiff bank sued defendant to recover possession of five negotiable bonds of foreign countries of the par value of \$1000 each. The defendant testified that he purchased the bonds in his office from a stranger who stated that he had been sent to the defendant by Louis Widner. The defendant had previously purchased Liberty bonds from Widner. He bought the bonds in question from the stranger for \$5000 which was slightly below the market price. The defendant produced his canceled check for the purchase price and testified that he had agreed to resell the bonds to the stranger in sixty days for the same price as he paid, less an interest charge. It was held that the defendant had sustained the burden of proving that he purchased the bonds in good faith and for value and that the bank was not entitled to recover possession of them.

Suit by the First National Bank of Philmont against James Goldman and others. From a decree of dismissal, complainant appeals. Affirmed and remanded.

OPINION

RATHBUN, J.—This is a bill in equity brought against respondent Goldman, two banks, and a safe deposit company to restrain the transfer of five stolen bonds, and to obtain a surrender of said bonds to the complainant.

The cause was heard by a justice of the superior court, who found that respondent Goldman was a bona fide holder for value and entered a decree dismissing the bill, and the cause is before us on the complainant's appeal from said decree. The reasons assigned for the appeal are that the decree is against both the law and the evidence, and that said justice erred in excluding certain evidence. The bonds were stolen from the custody of the complainant on March 22, 1922, and were purchased by respondent Goldman on May 9, 1922. The bonds were negotiable bonds of foreign countries, and each bond was of the par value of \$1000. Goldman testified that he purchased the bonds in his office from a stranger who stated that his name was John Raoul, and

that he was sent to Goldman by Louis Widner. Goldman further testified that he had previously purchased Liberty Bonds from Louis Widner, and that, on April 19, 1922, he purchased from the same person two foreign bonds; that these two bonds were negotiated by Goldman and no defect in their title appeared, and that Widner stated that he was a fruit dealer in Westery. Goldman testified that he paid \$5000 for the bonds in question, and he produced a canceled check for \$5000, which was payable to the order of John Raoul. Goldman also produced a canceled check for \$2000, dated April 19, 1922, payable to the order of Louis Widner, in corroboration of Goldman's testimony that on said date he purchased bonds from said Widner. It may be taken as established beyond question that Goldman, on May 9, 1922, sold Liberty bonds through a brokerage firm to obtain \$5000 to deposit in his bank for the purpose of paying the check for \$5000 to Raoul.

The bonds having been stolen, the burden was upon Goldman to prove that he took them in good faith and for value, and that at the time of purchase he had no notice of any defect in the title of the vendor. See sections 62 and 65, ch. 227, G. L. 1923. The price paid, while slightly below the market quotation at the time, was not grossly inadequate, and as Goldman agreed to resell the bonds to Raoul at the end of sixty days for the same price as Goldman paid, less a certain interest charge, the transaction was in substance a loan of \$5000 on the security of these bonds. Goldman's testimony was corroborated in many of its details. Opposed to his testimony and that of witnesses produced by him, there is very little except suspicion caused chiefly by the fact that neither Widner nor Raoul was known in Westery. The testimony of Goldman and witnesses produced by him was, in the main, consistent and not unreasonable. The fact that it was found upon investigation that neither Raoul nor Widner was known in Westery is a suspicious circumstance, but after a careful reading of the transcript we are unable to say that the finding of the trial justice was unwarranted.

At the trial in the superior court complainant's counsel, suspecting that Louis Weinstein, a witness appearing for respondent Goldman, and Louis Widner, the person to whom the check for \$2000 for two bonds was payable, were one and the same person, caused Weinstein to write the name "Louis Widner" in order to compare his hand-

writing with the signature on the back of said check payable to Louis Widner. It appeared that said check was delivered by Goldman to the police department, and was, without fault on his part, lost. The front and back of the check were photographed before it was lost, but the photographic copy of the back of the check was not produced at the trial. A photographic copy of the front of the check was produced, and adhering to the back of this copy was a photographic copy of the name "Louis Widner" in writing. It may be conjectured that some one cut said photographic copy from the photographic copy of the back of said check, but there was no evidence to that effect, and no evidence whatever to connect said copy of the name "Louis Widner" with said check payable to Louis Widner. The trial court ruled correctly in excluding the testimony of a handwriting expert that the person who wrote the original of said photographic copy of the name "Louis Widner" is the person who wrote the same name at the request of counsel.

The appeal is dismissed, the decree appealed from is affirmed, and the cause is remanded to the superior court, for further proceedings.

Drawer Liable to Purchaser of Check Signed in Blank and Wrongfully Transferred

Northern Pacific Railroad Co. v. Spokane Valley Growers' Assoc., Supreme Court of Washington, 223 Pac. Rep. 691.

Where a check, which has not been completely filled out, is wrongfully taken and transferred, it cannot be enforced against the drawer, even by a holder in due course.

This rule is expressed as follows in §15 of the Negotiable Instruments Law: "Where an incomplete instrument has not been delivered it will not, if completed and negotiated, be a valid contract in the hands of any holder, as against any person whose signature was placed thereon before delivery."

But the loss in a case of this kind may be placed upon the drawer where it appears that he has been guilty of negligence in the premises, as where it is shown that, after signing a check in blank, he did not use

reasonable precaution to keep it from falling into improper hands.

The Spokane Valley Growers' Union, plaintiff in the present case, which handled a large amount of produce for its various members was somewhat behind in computing and remitting to members, the amounts due them. The rules of the union required that its checks be signed by its president and its treasurer. About the middle of July, 1923, in order to catch up with the making of remittances, it was agreed that these two officers and the bookkeepers would meet at the union's office on the following Sunday, compute the amounts due and make remittances accordingly. In order to facilitate the contemplated work, the president and treasurer, a few days prior to the proposed meeting, signed in blank an entire book of checks. This was done because of the possibility that one of the officers might not be present at the Sunday meeting. The book of signed checks was then placed in the office safe. Before the day of the meeting arrived, the bookkeeper who had access to the safe and whose duty it was to fill out checks drawn by the union, with the exception of the signature, took several of the signed bank checks from the check book. He filled in his own name as payee on each check, wrote in various amounts and negotiated them to various innocent holders.

It was held that the union was liable on the checks. By its own negligence it was estopped from asserting that the innocent purchasers of the checks did not secure good title thereto.

Action by H. C. Clark, Sheriff of Spokane County, against the Northern Pacific Railway Co., Spokane Valley Growers' Union, and others, in which the first named and other defendants filed cross-complaints against second named defendant. From judgments rendered, the second named defendant appeals. Affirmed.

OPINION

PARKER, J.—The sheriff of Spokane county, having in his hands money amounting to \$1,149.90, to which he makes no claim, being a mere stakeholder thereof, and being advised that the defendants, railway company and others, might have claims of interest therein, commenced this action in the superior court for Spokane county to have their interests therein determined and himself relieved from responsibility with reference thereto, at the same time deposit-

ing the money with the clerk of the superior court to abide such determination. The \$1,149.90 was by the sheriff taken from the person of one Paulson, a bookkeeping employee of the defendant, Spokane Valley Growers' Union, upon his arrest; that sum and an additional amount having been unlawfully obtained by him from the railway company and others upon checks of the union. Paulson voluntarily surrendered to the sheriff the \$1,149.90, consenting that it be applied towards the payment of the checks as the rights of the holders may appear. The railway company and four others from whom the money had been so unlawfully obtained in various sums filed their cross-complaints against the defendant union praying for judgment against the union in the respective amounts which had been obtained by Paulson from them upon the checks, and for the application of the \$1,149.90 deposited with the clerk of the superior court toward the payment of such judgments. The defendant union answered these cross-complaints upon the merits, resisting the claims for personal judgment made against it, though not resisting distribution of the \$1,149.90 to the cross-complainants deposited by the sheriff with the clerk of the superior court. The defendant union did not challenge the jurisdiction of the court to try the question of its liability upon the checks and render judgments accordingly in this action. A trial upon the merits resulted in the rendering of judgments distributing the fund among the cross-complainants in proportion as their rights appeared, and awarding personal judgments in favor of each of them against the union for the respective balances so found to be due them upon the checks. From this disposition of the cause the union has appealed to this court, challenging the correctness of the judgments, in so far as recovery was thereby awarded against it.

In July, 1923, and for some time prior thereto, Paulson was and had been in the employ of appellant union as a bookkeeper, having access to its books and records. Appellant was at that time handling a large amount of berries for its various members, and was somewhat behind in its computing and remitting the amounts due to them. The rules of appellant required its checks upon its bank account to be signed by Peirce, its president, and Nelson, its treasurer. About the middle of July, 1923, in order to catch up with the making of such remittances, it was agreed between these

two officers and the bookkeepers of appellant that they would meet at the office of appellant on the following Sunday and compute the amounts due its several members and make remittances accordingly. In order to expedite the contemplated work, as it is claimed, Peirce and Nelson, as president and treasurer, a few days prior to the contemplated Sunday meeting, signed in blank an entire book of checks of appellant upon its bank account. This was done in contemplation of the possibility that one of them might not be present at the Sunday meeting. The book of signed checks was then placed by them in the office safe of appellant, Paulson having as free access to the book of signed blank checks as the officers themselves. Thereafter, on July 18, before the contemplated Sunday meeting, Paulson took from the book several of the signed blank checks, filled in the blank spaces his own name in each of them as payee and the amounts aggregating considerably more than the \$1,149.90 above mentioned. He then presented these checks to and received cash in the amounts of their full face value from several respondents respectively; they each then becoming innocent holders in good faith for full value of the checks so received and cashed by them. Soon thereafter Paulson's wrongdoing in connection with the checks was discovered and he was arrested, when there was taken from his person by the sheriff the \$1,149.90. Paulson thereupon voluntarily signed a paper stating in substance that this money was proceeds of the checks so cashed by the respondents, and consenting that it should be returned to those from whom he had so received it. So far we have related the facts in substance as they are related by appellant's own counsel in their brief. We note, however, another fact which they seem to have overlooked. Peirce, the president, testified with reference to the duties of Paulson as bookkeeper that "he as a rule wrote out all the checks except the signature, because that was a part of his duties."

It is plain that all these checks, when received by respondents, were complete and did not upon their face indicate in the slightest degree that they were other than the genuine checks of appellant, were signed by the genuine signature of appellant by its officers duly authorized to sign and issue such checks, and that respondents paid the full face value of each of the checks when acquiring them. Counsel for appellant contend that, since the checks were completed

by filling in the amount and the name of the payee in each and put into circulation by Paulson without authority, they were void and of no effect as evidencing obligations of appellant, though they have fallen into the hands of respondents in due course as innocent holders. It is the settled law of this state that:

"Where the instrument is in the hands of a holder in due course, a valid delivery thereof by all parties prior to him so as to make them liable to him is conclusively presumed." Section 3407, Rem. Comp. Stat. *Angus v. Downs*, 85 Wash. 75, 147 P. 680, L. R. A. 1915E, 351.

So, for purposes of our present inquiry, we have here genuine checks of appellant as to signatures, and also as to delivery in so far as the checks were capable of delivery for appellant. Thus our inquiry becomes limited to the question of appellant becoming bound to respondents as innocent holders in due course by the acts of Paulson in completing the checks; that is, in filling in the amount and the name of the payee in each. We have seen that Paulson "as a rule wrote out all the checks except the signature, because that was part of his duties"; that he was one of appellant's bookkeepers having as free access to the safe and the signed blank checks as the officers themselves had; and that among his duties was that of aiding in computing and determining the amounts for which such checks were given.

Were not appellant's officers guilty of such negligence in signing the blank checks and leaving them in the safe to which Paulson had access as much as they had, in other words, in placing the signed blank checks as much in Paulson's possession as in their own possession, as to now estop appellant from asserting that the checks were then drawn and put in circulation without its authority? We think this inquiry must be answered in the affirmative. The decisions of the courts, it must be conceded, are seemingly not in harmony touching the liability of the signer of blank checks which have found their way into the hands of innocent holders under circumstances more or less similar to those here shown. We think, however, a considerable portion of such seeming want of harmony has been the result of the varying facts of the particular cases as much or more than the want of harmony in views as to the fundamental principles brought to the aid of the solution of the problem in each particular case. In *Snodgrass v. Sweetser*, 15 Ind. App. 682, 44

N. E. 648, there was drawn in question the liability of the signer, Snodgrass, by her agent, of a blank check upon her bank account. After being so signed with other blank checks in a book, it was left upon or in a desk in her agent's office, in any event not under lock. It was secretly taken therefrom by a stranger, the amount and payee being thereafter filled in; it being put in circulation and finding its way to the bank and paid in due course, the bank becoming the holder or rather the payor in due course and innocently. Holding that Snodgrass became liable upon such check, in view of the manner in which it was completed and put in circulation, as a result of the negligence of herself and her agent, Justice Ross, speaking for the court, said:

When the appellant, Snodgrass, signed and delivered to her agent, Stiltwell, the blank checks, she was bound to know that they were liable to be lost or stolen, and that, if they fell into the hands of unscrupulous or dishonest persons might be filled in with the name of a payee and a definite sum, and presented to the appellees for payment. It is well settled, as a general rule, that the payment of a forged check, draft, or order must be borne by the party paying it. But, when the party disavowing the obligation has been guilty of negligence which is the immediate and direct cause of misleading the payor into paying it, he must reimburse such payor, for his act or omission was the cause that induced its payment. It was appellant's own negligence, whether her own individually or that of her agent, that caused the appellees to part with their money, and she should reimburse them for what she, by her negligence, induced or led them to pay out. Reason and principle require that if one person, by his negligence, causes or induces another to pay out money for his benefit, he should reimburse such person for the amount so paid out. This rule is especially applicable as between the parties to this action, as disclosed by the facts found by the court. By her signature to the check she in effect vouched for its genuineness, and she is estopped, as between herself and the appellees, by reason of her negligence, from setting up that it was stolen, and the name of the payee and the amount inserted without her knowledge or consent. It was her own negligence that brought about the loss, and she must suffer for it.

The decision of this court in *Ladd & Tilton Bank v. Small*, 126 Wash. 8, 216P. 862, while not directly in point, is in harmony with and strongly suggests the soundness of

these views so expressed by the Indiana court. In section 3414, Rem. Comp. Stat., a portion of our Negotiable Instruments Law, we read:

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

This is the only section of our statute relating to the effect of forged negotiable instruments, in so far as forgery touches the question of liability of the purported maker of the instrument. It is to be noted that the forgery there mentioned is only the forgery of the signature; and further, that even as to that, the purported maker may be estopped from asserting such forgery as a defense to his liability upon the instrument. This strongly suggests that as to other acts of forgery, such as falsely filling in a blank check actually signed by the purported maker, estoppel will be more readily sustained as against a defense of forgery in other respects set up by the purported maker of the instrument. We have read the decisions cited by counsel upon both sides of this controversy thought to have a bearing upon it, and are led to the conclusion, as stated in the text of 3 R. C. L. 1025, that "sound reason would seem to require the question to be resolved with a view to the facts of the particular case and the principles of negligence." As to whether or not the negligence of the signer and purported maker of the negotiable instrument is such to estop the purported maker of the instrument from setting up forgery or want of authority on the part of the one who completes and actually issues the instrument, as in this case, we think ordinarily becomes a mixed question of law and fact; indeed, in its last analysis, almost wholly the latter. This view finds support in *Dodd v. Dunne*, 71 Wis. 578, 37 N. W. 430, and *Robb v. Pennsylvania Co. for Insurances*, 186 Pa. 456, 40 A. 969, 41 L. R. A. 695, 65 Am. St. Rep. 868. In the consideration of this particular problem we should carefully keep in mind that this is not a case of alteration of a completed instrument as involved in *Knoxville Nat. Bk. v. Clark*, 51 Iowa, 264, 1 N. W. 491, 33 Am. Rep. 129; *Walsh v. Hunt*.

120 Cal. 46, 52 P. 115, 39 L. R. A. 697; *Critten v. Chemical National Bank*, 171 N. Y. 219, 63 N. E. 969, 57 L. R. A. 529; and *National Exchange Bank v. Lester*, 194 N. Y. 461, 87 N. E. 779, 21 L. R. A. (N. S.) 402, 16 Ann. Cas. 770 Those cases involved alterations in instruments complete upon their face, as to which alterations the makers were in no way responsible This is far

different from the signing of a check leaving blanks to be filled without which it is manifestly upon its face not complete, as in this case. Some other contentions are made and briefly argued, but we think they are so far devoid of merit as not to call for discussion here.

The judgments of the superior court are affirmed.



Business Combination vs. Unrestrained Competition

BUSINESS combination has proved necessary in modern American industrial and commercial life and the old system of wasteful, unrestrained competition is passing out of existence, declares the Bank of America as a result of a study of combinations. While attempts at combination have come into conflict with the law in the past, the bank sees a more liberal attitude of the Government in recent actions.

"Unrestrained and cut-throat competition has caused heavy losses in many lines of business. The evils of such competition are numerous, but most important is cutting prices below the cost of production even when the market is glutted. This course wipes out the margin of profit of the individual producer, while over-production tends to cause business crises and hence is disastrous to the entire community.

"To overcome these evils, various forms of co-ordination and combination have been tried in this country, but at every step business men, seeking thus to stabilize production and marketing, have come into conflict with laws which seek to protect the principle of free competition. In some instances, the courts have given a liberal interpretation to these laws but many forms of business combinations have been found illegal and so have been dissolved. The Federal Trade Commission is even now engaged in attacking co-operative meth-

ods in several industries, such as the price fixing agreement between the General Electric Company and its competitors in lamp manufacture."

After reviewing the history of business combinations in this country, the Bank of America study takes up the present era of combinations, including railroad consolidations, super-power, co-operative marketing, chain distribution systems and trade associations.

"The necessities of the war forced American industry into greater co-operative efforts and demonstrated not only the benefits of such co-operation but also the disastrous results of cut-throat competition. As a result, government prosecution of combinations of business men has assumed a milder aspect, and it is now generally accepted by the public that a certain amount of business combination is indispensable. The most striking example of this change of front is the Transportation Law of 1920, which now legalizes the old forbidden pools and makes it incumbent upon the Interstate Commerce Commission to bring the railroads of the country into a small number of huge systems. Another important integration movement is going forward in the public utility field, where the advantages of super-power, or unified control and operation of public utility plants over wide areas of the country, make combination necessary."

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MAY 1925

New Business Campaign by Chicago Bank Brings \$11,649,190 in 90 Days

A NEW business campaign, which covered a period of ninety days and which brought new bank business aggregating \$11,649,190 and new customers numbering 4738, has recently been concluded by the Union Trust Company of Chicago.

The phenomenal success of the campaign, which was widely announced in the daily press, was made possible by the active assistance of patrons, stockholders and directors.

The results of this campaign further emphasize what can be accomplished in building new business and extending banking relationships with a properly attuned organization of employees, officers, stockholders and directors.

The original goal was placed at \$3,500,000 in new business, this amount to be reached within a period of three months. This mark was passed in twenty-four working days. At an employees' annual dinner on February 11, it was unanimously decided to double the quota. The final total is three and one-half times the original objective.

The large volume of new business came from many sections of Chicago and represents customers' savings and checking accounts, bond and mortgage sales, and trust business. The new trust business, however, was scored on the basis of only a very small percentage of the value of the property involved.

The campaign was handled under the direction of a campaign committee consisting of three members and an execu-

tive secretary. This committee organized twenty-three teams, each having a captain and fifteen or more workers. The entire personnel of the workers included officers and employees of the bank, numbering in excess of 400 men and women.

The Union Trust Company, which is one of Chicago's oldest commercial banks, was founded

in 1869, and has a capital and surplus of \$6,000,000. The bank has attained its present standing without consolidation or merger with any other financial institution. It is located in the heart of the downtown or "loop" district of Chicago, at Madison and Dearborn streets. It recently purchased from the *Chicago Tribune* the eighteen-story office structure in which it occupies four floors and which is now called the Union Trust Building.

1869 1925

UNION TRUST COMPANY CHICAGO
A Thoroughly Satisfactory Banking Home

Concluding 90 Days of Special New Business Effort
New Customers' Business, \$11,649,190
New Customers for the Bank - 4,738

March 31 brought the above remarkably successful close to the special campaign for new customers' business in all departments, in which the employees of the Union Trust Company have been engaged since January 2. The results of the campaign, which were made possible by the active assistance of our patrons, stockholders and directors, are probably without parallel among banks of similar size and standing, and again emphasize this Bank's vigorous growth.

BY 1925 our new customers' business was originally set as the goal to be reached during the thirty-month campaign. This mark was passed in twenty-four working days. At the employees' annual dinner on February 11, it was unanimously decided to double the quota. The final total is 3 1/2 times the original objective.

Our banking employees have added to what we found such a large volume of new customers' savings and checking accounts, bond and mortgage sales, and trust business. Perhaps we can best answer the question, by saying that a large which has received the approval of our Board of Directors, received from one of Chicago's well-known business men.

"Permit me to congratulate you and your associates on the remarkable success of your recent new business campaign. The Union Trust Company has long been noted for its fundamental policy of giving its patrons a full measure of close and understanding cooperation. It is abundant evidence that these active support and good will have numerous factors in bringing about this highly satisfactory result."

The careful co-operation, moreover, has given our employees a new spirit of brightness and responsibility, which we believe will be expressed in our continued in continued attention and efficient service.

Let me say Chicago's oldest and most favorably known commercial bank, whose successful operations, as well as its long and successful history, are a credit to the Union Trust Company and to the financial world. I am sure that this is a unique opportunity for banks to write in Chicago and the Middle West.

UNION TRUST COMPANY
MADISON AND DEARBORN STREETS CHICAGO
Capital and Surplus - \$6,000,000

The Union Trust Company of Chicago took full page space in local newspapers to announce the results of its remarkable ninety days' campaign for new business. The copy in the above advertisement includes a brief outline of how the campaign was conducted, and reproduces a laudatory letter sent to the company's chairman by a well known Chicago business man. The right hand column of the advertisement contains a few words of appreciation from the twenty-three teams of officers and employees who were actively engaged in the campaign, to the old customers, friends and stockholders who helped make the campaign the success that it proved to be.

MANUFACTURERS TRUST COMPANY AND YORKVILLE BANK UNITE TODAY

Yorville Bank Pioneer In District It Serves

One of the first banks in Upper Manhattan, the Yorville Bank was organized December 21, 1882, and chartered April 1, 1883.

The trade revival on the Upper East Side between Fifty-ninth and Ninety-sixth Streets is largely due to this bank which consistently has stood for the up-building of the Yorville district and adjacent territory.

Original organizers were Bernard Ansdor, Henry Diemel, Rudolph Guggenheimer, Kurt Huter, Adolf Kutroff, John Marahing, H. F. Poggenburg, Herman Rikder, Charles E. Ross, Emil Unger and Reinhold Van der Ende.

August Zinsner became president in 1909, and much of the progress of the bank is due to his untiring efforts. He, as well as other officers and employees, will remain with the Yorville Bank Office of the Manufacturers Trust Company.

Ernest Wolfvitz, vice-president of the Yorville Bank, becomes a vice-president of the Manufacturers Trust Company. Frederick Bath, cashier, and Louis Koop and Nicholas Pfaff, assistant cashiers, become assistant secretaries of the Manufacturers Trust Company.

Directors of the Yorville Bank now form an Advisory Committee for the Yorville Bank Office.

Free Booklets For You On Interesting Topics

You will want at least one of the booklets listed below. All are free. Address requests to the Manufacturers Trust Company, 112 Broadway, please.

"Will Provide the Way"—A carefully prepared analysis without fear or outside help is outlined if you have a will and if you have no will.

"Our Best Department—How It Can Serve You."

"Business and the Pennsylvania State"—A description of one of New York's leading industrial districts.

"If You Are A Busy Man"—A folder showing how a safe-keeping account can save you time and worry.

Banking Office To Move To Its New Home Soon

The banking office of the Manufacturers Trust Company will move from 718 Grand Street, near Graham Avenue, Brooklyn, to its new building, corner of Grand Street and Bushwick Avenue.

Work on the structure is progressing rapidly and the office hopes to be in its new home in a few days.

Introducing—



AUGUST ZINSNER

August Zinsner, vice-president and director of the Manufacturers Trust Company in charge of the Yorville Bank Office, became president of the Yorville Bank June 10, 1909, and remained continuously in that position until the merger today with the Manufacturers Trust Company.

Mr. Zinsner has studied Yorville and its problems and long has been a leader in community development.

An Editorial

To really know an institution, one must be acquainted with the men who shape its policies and who are responsible to the stockholders for faithful and efficient management and in the community for the character and scope of its service.

In the character of its official personnel, the Manufacturers Trust Company has an important "talking point." We shall see this novel manner of introducing our officers in a series of news advertisements, feeling that "the public will thereby obtain a more intimate acquaintance with our institution."

—NATHAN S. JONES, President.

Manufacturers Trust Company

For office an immediately located in the following cities:

BORO OF MANHATTAN
 150 Broadway, at Cedar Street, 2nd Floor
 200 Pine Avenue, corner 77th Street
 100 Nassau Street, corner 10th Street
 112 Broadway, please

BORO OF BROOKLYN
 The Broadway, corner Broadway
 225 Broadway, corner Broadway
 110 Grand Street, near Graham Avenue
 1400 Myrtle Avenue, corner Grand Street

BORO OF QUEENS
 1400 Myrtle Avenue, corner Grand Street

BORO OF RICHMOND
 1400 Myrtle Avenue, corner Grand Street

New Consolidation Gives Manufacturers Trust Company Resources Of About \$170,000,000 And 13 Offices In Greater New York.

Merger today of the Yorville Bank of New York with the Manufacturers Trust Company makes the latter the twenty-sixth largest banking institution in the United States.

The Manufacturers Trust Company now has thirteen offices in four boroughs of Greater New York, capital and surplus of \$17,000,000 and deposits of about \$158,000,000.

The Yorville Bank at 87th Avenue, corner of Eighth Street, was the largest of the district banks with deposits of \$26,000,000 under the presidency of August Zinsner, former president of the Yorville Bank Office of the Manufacturers Trust Company.

To stay in touch Mr. Zinsner has been named a vice-president and director of the Manufacturers Trust Company and will be associated with Nathan S. Jones, president, in the management of the enlarged institution. Mr. Zinsner will continue to have personal charge of the Yorville Bank Office and the officers and employees of that office will remain with the Manufacturers Trust Company.

Under the continuous management of Mr. Jones and a group of his associates, the Manufacturers Trust Company has shown remarkable growth since it was organized as the Citizens Trust Company in the Williamsburgh section of Brooklyn in November, 1906.

It has gradually absorbed or merged with the following old established banks: Broadway Bank of Brooklyn, July, 1911; Manufacturers National Bank of Queens, September, 1911; West Side Bank of New York, June, 1912; Ridgewood National Bank of Queens, September, 1912; North Side Bank of Brooklyn, April, 1913; Industrial Bank of New York, December, 1917; Columbus Bank of New York, January, 1925, and now the Yorville Bank of New York.

Yorville Bank's Eben Scaames The Yorville Bank has been the beneficiary of a special institution, its growth having had as high as \$2.00 a share.

Mr. Jones and Mr. Zinsner are cooperating in plans for improving the high quality of service for which the Yorville Bank has been noted. The Yorville Bank Office is all over every office of the Manufacturers Trust Company, which have five complete departments—commercial, trust, savings, bank, and foreign.

bank and asking for any department can be conducted to that department immediately. These are typical of the physical necessities which must be considered in backing up advertising.

An important point which has to do with maintaining service is the proper distribution of information covering specific subjects to all employees throughout the entire bank. The Union Trust Company has inaugurated a savings plan known as "The \$1000 Club" whereby the club member agrees to buy \$1000 for \$925.60 on easy payments of \$4.45 per week. Two days before this plan went into effect and was advertised in the newspapers, all of the men in our bank who come in contact with the public were called together, and were given, in detail, the entire operation of this plan. They were shown copies of our newspaper advertising, street car cards, direct-by-mail literature and a budget sheet in connection with the plan; they were also shown the special pass books for club members and were given instructions as to how to handle inquiries and open accounts of this nature. Advance preparation is, I believe, very essential.

This special "\$1000 Club" was merchandised just like any good manufactured product is merchandised. For example, we offered a specially attractive pass book, showing a pre-determined savings goal. Certainly our regular savings pass books set up no goal for the saver to strive toward, rather they feature how little he has saved. Instead of painting the attainment—\$1000—in brilliant colors, our present pass books exaggerate the rough road toward the attainment. I thoroughly believe that no small share of the success of the Christmas Money Club lies in the fact that it strongly features the goal and

Backing Up the Advertising Inside the Bank*

By ALLARD SMITH
 Vice-president Union Trust Company of Cleveland, Ohio

I KNOW of no specific recipe or special treatment whereby the bank's advertising may be backed up inside the bank. I believe it is a job of living up to the bank's advertising, rather than backing it up. It is up to the bank to do everything in its power to make its

service truly and sincerely equivalent to the description of that service in the bank's advertising.

In a bank building where various departments are spread over several floors of the building, it is necessary to set up an efficient system of information desks and accessible means of getting about, so that any customer coming into the

*Extracts from an address recently delivered before the Regional Savings Banks Conference in Minneapolis, Minn.

gives graphic, visual evidence of *progress* toward this goal.

As to backing up the advertising inside the bank in connection with the human equation—that is, the personal reactions of the tellers, the guards, the bookkeepers, etc. The way in which every individual employee of the bank backs up the bank's advertising may be expressed in four words—"responsive, intelligent, efficient, courteous." The problem, of course, is to get the employees to live up to this idea.

Now first I want to say what I believe should *not* be done. There is often a temptation to attempt to make over the personality of the bank's employees by handing them cut-and-dried pieces of inspirational copy, mottoes for the tellers' cages, etc. Frankly, I think it is ridiculous to try to make over a man by hanging a gold-framed, three-colored motto under his nose. A chronic grouch can stare at a sign which says "be courteous" nine hours a day for a year, and at the end of the year he will be just as grouchy as ever. You can not preach a man into changing his personality. The change must come from inside

In His Inaugural Address This Afternoon President Coolidge Referring To Tax Reduction Said:—

"The method of raising revenue ought not to impede the transaction of business; it ought to encourage it.

"I am opposed to extremely high rates, because they produce little or no revenue, because they are bad for the country, and, finally, because they are wrong.

"The wise and correct course to follow in taxation and all other economic legislation is not to destroy those who have already secured success, but to create conditions under which every one will have a better chance to be successful."

Our policy of paying 4% interest on savings accounts has always been "to create conditions under which everyone will have a better chance to be successful."

There is no better chance for success than by a steadily growing Bank Account.

THE PLAINFIELD TRUST COMPANY

Resources over \$15,000,000.00

On the day of President Coolidge's inauguration the Plainfield Trust Company of Plainfield, New Jersey, ran a newspaper advertisement three columns wide in a prominent position, giving extracts from the President's inaugural address referring to tax reduction.

the man himself and not from the outside.

Another method frequently used is to call all the employees together for a big meeting where a "service expert" from outside the bank tells them how they ought to smile, how they

should shake hands, how they should say a cheerful "good-morning," etc., etc. Such a meeting is valuable as part of a larger program, otherwise it is of doubtful lasting effect. Such a meeting, when held, should always be on the bank's

This Investor Lost \$3,000 on a Perfectly Safe Security

A CERTAIN investor gave notice to his stockholders that he intended to sell each share of his stock and carry the privilege of buying a new dollar a share of a new issue. As the new stock was carried about 100, each of these "big" had a net value of approximately \$4500.

By neglecting to exercise his "right" to increase his stock to make a profit of \$15,000, and another \$2,000. The total loss in profits to all shareholders amounted \$10,000.

Girard Trust Company maintains an Agency Service which guards against such neglect and provides a safe, convenient and economical method of caring for personal finances. One has control or one third estate may cover the cost of this service for several years.

Individual Trust Funds \$170,000.000



GIRARD TRUST COMPANY
BROAD AND CHESTNUT STREETS PHILADELPHIA

What is the Safest Form of Life Insurance?

THAT form of insurance which does not put the burden of investing and accumulating the proceeds on beneficiaries who may not be experienced, but which secures them a steady and dependable income instead.

The insurance companies in collaboration with the great companies have worked out just such a form of insured insurance—"The Insurance Trust."

If you are carrying life insurance or contemplating taking out a policy, the officers of the Girard Trust Company will be glad to confer with you concerning the advantages of placing your insurance in Trust.

A booklet, "The Life Insurance Trust", will be sent upon request.



GIRARD TRUST COMPANY
BROAD AND CHESTNUT STREETS PHILADELPHIA

THE Trust Company occupies a unique position among business institutions. Perhaps no other privately owned enterprise is charged with so great responsibility to its customers. Certainly the stewardship of the property of persons, living and dead, is an office calling for the highest degree of character and conscientiousness on the part of those to whom it is confided.

Only in its officers, in the performance of their duties, demonstrates their right to the confidence of the community, can a Trust Company hope for continued growth and success.

It is the constant endeavor of the officers of this, one of America's oldest Trust Companies, to afford every client, regardless of the size of his account, a service which shall render entire satisfaction.

Individual Trust Funds \$170,000,000



GIRARD TRUST COMPANY
BROAD AND CHESTNUT STREETS PHILADELPHIA

This long established Philadelphia trust company has designed an unusually appropriate frame for the well constructed copy which the above group of advertisements contains.

TREASURE CHEST
250 years old

Made in Holland, captured and taken to Spain, then to England, and later to France—now in the lobby of the Hennepin County Savings Bank.

COME in and see this interesting relic of other days—a chest such as the pirates of Captain Kidd's time fought for. Beautifully wrought, but heavy, unwieldy, and a constant care. The key alone weighs three pounds.

Today, no matter how little you possess, you can keep your treasure safe without expense or worry in this strong bank. Use a checking account for convenience, and interest-bearing savings account for steady growth.

HENNEPIN COUNTY SAVINGS BANK
Savings • Checking • Life Deposits
311 MARQUETTE
Caldwell Savings Dept. in basement

A newspaper advertisement run three columns wide by a Minneapolis bank, in conjunction with a display in the bank's lobby of a rare old treasure chest dating back to the days of Captain Kidd.

time, and not after hours at a time when the employee is anxious to get home to his family.

In order to make a man efficient and courteous on his job, the urge to be efficient and courteous must come from within.

in himself. He must desire to acquire that sort of personality. He must be in contact with these qualities displayed on the part of his bank officers, and suggested in the conditions surrounding his working arrangements and quarters in the bank.

Do we not sometimes put \$500 into a newspaper advertisement and have it fall flat, whereas half that amount paid to a teller or a new account man would have revived his enthusiasm for his job and himself? Would it not have been better to have spent half as much in advertising and the balance in insuring the whole-souled sales enthusiasm of the force? That would be merchandising. That would be intelligent advertising in its largest sense, for what manufacturer would spend a half million dollars in advertising a product and then send out a cold and disgruntled sales force?

It sometimes happens that banks engage in a so-called "campaign." Thousands of dollars are thrown into the advertising hopper, and that is the extent of the effort and the enthusiasm. It is all on paper and no place else. It enthralls the public and the public comes in expecting to find the bank

equally enthused. But what does this public find? It finds the bank absolutely uninformed and only casually enthusiastic.

Just as a store is selling goods, the bank is selling service. Every person in the bank who comes in contact with the public is an actual salesman. When a teller opens a new account he has not simply made an entry upon a new book—he has made a sale. We shall continue to amplify, enlarge upon and pound home the idea of personal salesmanship on the part of every employee of the bank. Intelligence, responsiveness, efficiency, courtesy and enthusiasm go hand in hand with salesmanship. They are part and parcel of it. A man cannot sell without being enthusiastic, responsive, courteous and efficient. With the selling idea go faith and loyalty to one's institution and the product of that institution, which in your bank is service. If you can get your people to feel that they are selling the bank, they will sell themselves on courtesy and efficiency. The urge will come from within themselves and will, therefore, be powerful enough to produce results.

Backing up the advertising inside the bank involves, first,

GOVERNED BY SOUND PRINCIPLES

Your Point of View

EVERY effort is made to conduct each banking transaction from the point of view of the customer in so far as it is compatible with sound banking principles.

Every Banking Service

CENTRAL TRUST COMPANY OF ILLINOIS

123 MONROE STREET AT LA SALLE

GOVERNED BY SOUND PRINCIPLES

Father and Son

TO US there comes a thrill of satisfaction that our work has been well done when a father introduces his son to our officers and arranges for our banking service to continue unto the second generation. Have you a son or daughter to be taken into your and your bank's confidence?

Every Banking Service

CENTRAL TRUST COMPANY OF ILLINOIS

123 MONROE STREET AT LA SALLE

GOVERNED BY SOUND PRINCIPLES

What Figures Lack

FIGURES lack the human element, an essential of mutual confidence necessary to satisfactory banking relations. At this bank the complete mechanism of a world-wide banking service is kept a living, human thing by the personal relationships existing between our customers and our officers.

Every Banking Service

CENTRAL TRUST COMPANY OF ILLINOIS

123 MONROE STREET AT LA SALLE

Concise and compact copy set in an unusually good frame marks this group of advertisements of a Chicago trust company.

A FIRM FINANCIAL FOUNDATION

The most important part of a business structure is its financial foundation. If that remains firm, the business can be built up surely and steadily.

Business men who build wisely early seek the counsel and support of a sound banking connection.

BANKERS TRUST COMPANY

Downtown Office: 16 Wall Street
 Fifth Avenue Office: at 42nd Street
 Fifty-seventh Street Office: at Madison Avenue
 Park Office: 3 & 5 Place Vendôme
 London Office: 26 Old Broad Street



For Your Financial Needs—

In Banking, Investment and Trust



BANKERS TRUST COMPANY


Downtown Office: 16 Wall Street
 Fifth Avenue Office: at 42nd Street
 Fifty-seventh Street Office: at Madison Ave.
 Park Office: 3 & 5 Place Vendôme
 London Office: 26 Old Broad Street

Unified Service for Diversified Needs

through

Downtown Office: 16 Wall Street
 Fifth Avenue Office: at 42nd Street
 Fifty-seventh Street Office: at Madison Avenue
 Park Office: 3 & 5 Place Vendôme
 London Office: 26 Old Broad Street

BANKERS TRUST COMPANY



For general effectiveness of layout and construction this group of advertisements of a New York trust company would be hard to excel.

a layout of actual physical banking facilities to such an extent that service can actually be performed as advertised; second, properly and effectively merchandising your product—service; and third, development of personal salesmanship among the employees to such a point that they will voluntarily attain that degree of intelligence, responsiveness, efficiency and courtesy which is necessary in order to live up to the bank's advertising.

It is not an easy task, and it requires persistent effort and continual attention, but the pleasure in accomplishment is great, and the profitable results to the bank are well worth the achievement.

Hardesty Advanced

ANNOUNCEMENT of the appointment of Paul L. Hardesty as assistant cashier of the Union Trust Company of Chicago, was made following a recent meeting of the board of

directors of the institution. The news of Mr. Hardesty's promotion among the official staff of the bank also contained the announcement that he would continue to supervise the publicity and advertising of the Union Trust Company.

Mr. Hardesty entered the employ of the bank five years ago, soon after his discharge as an officer of the Naval Reserve Corps in the World War. He has advanced through various positions, later becoming a member of the official staff as manager of the bank's advertising and publicity.

THE Chapman National Bank of Portland, Maine, publishes an interesting monthly house organ, pocket size and illustrated, known as "The Teller". Volume 1., number 1. appeared in January of this year.

The Chapman National also publishes a compact and well printed little booklet, with illustrations in colors, known as the

"Chapman National Service Book." This booklet explains the various services which the bank has to offer in a very concise and understandable manner.

"He said this to his Son — because his Father had said it to Him!"

It wasn't a sermon. It wasn't anything harsh or hard or troublesome to do. It was just plain advice. And the greatest advice that any one person can give another.

Just 7 words: "Don't spend it all. Save a part."

Save \$5 a week for 5 years—
 Save \$10 a week for 10 years—
 Save \$20 a week for 20 years—

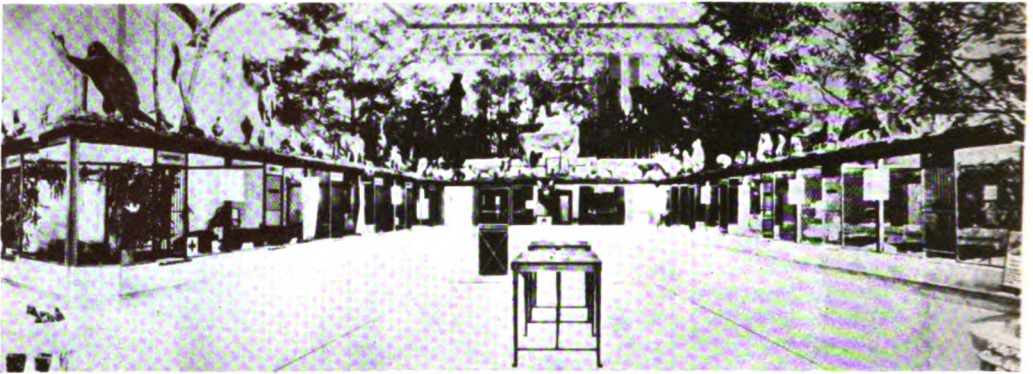
Enough money—(and you haven't missed it while doing it.) Enough money to make the down payment on a fine home, plus an automobile, plus luxuries, plus peace of mind.

Be sure the bank you select has the word "Savings" in its name. All savings banks are mutual savings banks, which means that there are no stockholders and all earnings are for the benefit of the depositors. Their surplus is not distributed to stockholders as dividends, but held solely for the protection of its depositors.

MUTUAL SAVINGS BANKS
 of NEW YORK, BRUNY and WESTCHESTER COUNTIES



An interesting example of the cooperative newspaper advertising, two columns wide, which mutual savings banks in and adjacent to New York City have been doing.



A view of the lobby of the First National Bank of Waynesboro, Penna., during the Jungle Show recently staged by the bank. This display of a bank in a town of 10,000 population attracted a crowd of 35,000 people, and is said to have been the largest and finest collection of Pennsylvania animals ever brought together in one place.

Unique Methods of Advertising Used by Pennsylvania Bank

IN order to bring to the people of its community concrete examples of the various products manufactured in the town, the First National Bank of Waynesboro, Penna., recently staged a series of industrial shows in its lobby.

Waynesboro is a hustling industrial town of 10,000 inhabitants, situated in the southern part of Franklin County, about sixty-eight miles from Harris-

burg, Penna., and about seventy-five miles from Washington, D. C.

The town is proud of its many industries—all of which are owned and operated by local capital, with but one exception.

The names of the industries are household words among the people, yet few, except the workmen employed in their manufacture, know anything

about the products themselves. So, in order to show the people of the community, as well as the traveling public, the various machines at work, the bank secured the hearty co-operation of the manufacturers and staged a series of industrial shows that won praise from all who saw them. Each show was operated by an expert who could impart any information that was asked.

The displays, some of which are reproduced on accompanying pages, were as follows: Landis Tool Company, which manufactures machines for internal and external grinding. The display exhibited at the bank was a machine for grinding an automobile crankshaft. The Waynesboro Knitting Mill installed a knitting machine making the silk and cotton web, which was turned over to two operators who, in the presence of interested spectators, completed the work of finishing the garments—women's underwear. The Landis Machine Company exhibited a bolt-threading machine, and also die heads, ranging from five pounds to twenty-five hundred pounds. Frick Company showed a one ton ice capacity refrigerating machine in operation. The Deca Disc Phonograph Company exhibited



A display of the Frick Company, manufacturers of refrigerators, in the lobby of the First National Bank of Waynesboro during one of the industrial shows staged by the bank.

six machines, two of them commercial types. The Emmert Manufacturing Co. displayed vises, wood-turning lathes and drawing boards, the latter in size from the table type to the wall type, twelve feet by twenty feet. The Autodex, the youngest industry, showed a card-filing system operated by a few keys which immediately produced the desired card. A display of antique furniture—originals and reproductions—and a display of hand-made rugs and quilts closed the industrial exhibition.

During the Christmas season, instead of the usual ornamented trees, the bank staged what it termed a Jungle Show. The bank was literally filled with trees—spruce, white pine, chestnut and oak, in size from three feet to thirty-five feet—until it resembled a forest scene. Without a single ornament, it was beautiful. It was decided, however, to make the show of educational value and the bank secured about 250 mounted animals, beavers, foxes, bears, wildcats, and a number of birds—all native to Pennsylvania. This was a treat for the school children and gave them an opportunity to study the Pennsylvania animals at close range. The bank also had a tiger and a leopard and placed these high up over the vault, as though they were coming out of the forest. It was declared to be the largest and finest collection of Pennsylvania animals ever brought together in one place. About 35,000 people saw the display, large numbers coming from the surrounding counties. In order to afford the crowds an opportunity to see the exhibit, the bank remained open each evening during the week of Christmas, on Sunday afternoon and on Christmas Day and New Year's Day. On the Saturday night before Christmas



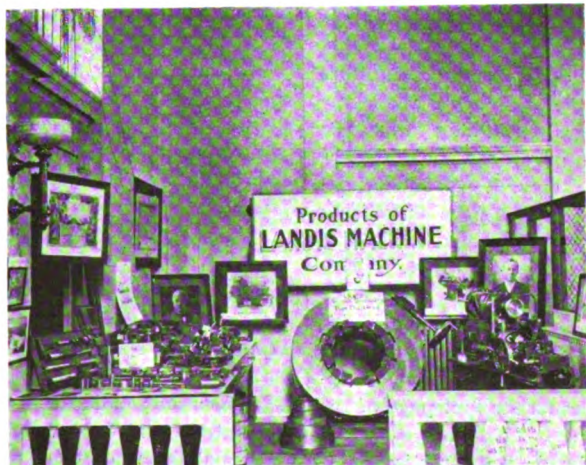
Knitting machine display of the Waynesboro Knitting Mill in the lobby of the First National Bank of Waynesboro during one of its industrial shows.

the crowd was so great that the bank had to call in the service of a policeman to handle it and allowed only so many to come in at a time.

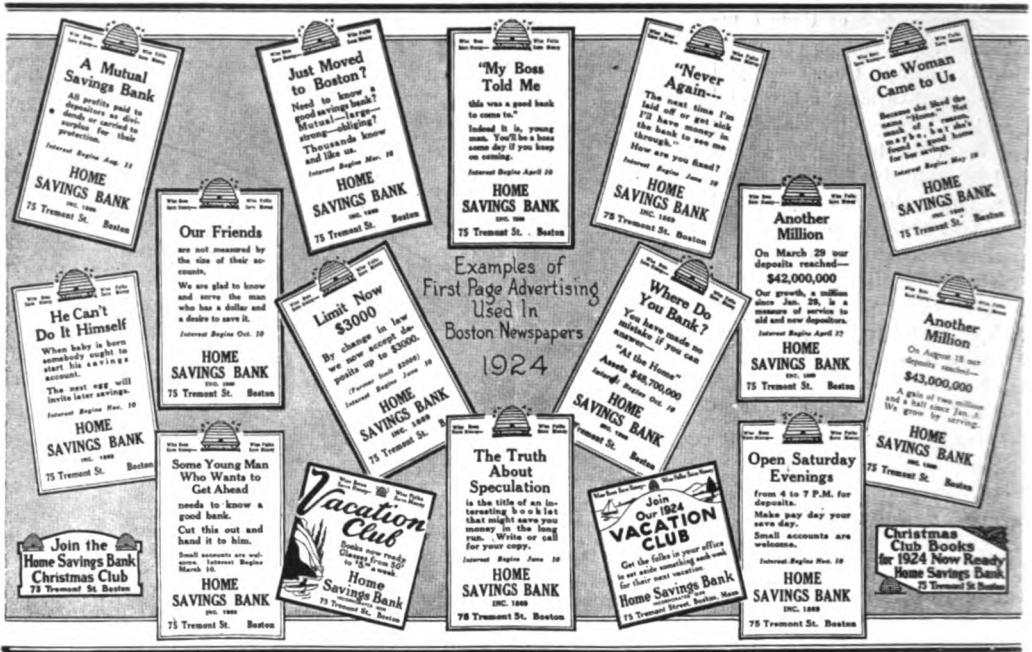
As to the advantages that have accrued to it from this display, the bank says that only time will tell. But it adds that children who never came into the bank before are coming in regularly and are still talking about the Jungle Show.

New Bank Magazine

“**P**ROGRESS” is the title of a monthly magazine published by the East River Savings Institution of New York. The magazine contains chiefly articles of an inspirational nature on the subject of thrift. It is illustrated and printed in two colors. “Progress” made its first appearance with the January, 1925 number.



Display of a bolt-threading machine, and die heads, products of the Landis Machine Company of Waynesboro, Penna., in the lobby of the First National Bank of Waynesboro.



Reproduction of the center spread of a folder published by the Home Savings Bank of Boston, showing examples of first page advertising used by the bank in Boston newspapers in 1924.

How Banks Are Advertising

THE Home Savings Bank of Boston publishes a four-page folder which contains several unusual and very effective features. On the first page (reproduced elsewhere in BANKING PUBLICITY) of this folder, as an inset on a facsimile of the first page of a newspaper, is a letter addressed to depositors from the president of the Home Savings, explaining why the bank advertises. A center double spread reproduces examples of first page advertising used by the bank in Boston newspapers in 1924. This double spread is reproduced above. President Carl M. Spencer of the Home Savings Bank says in his letter to depositors on the first page of the folder:

"Why do we advertise?

"Because we want people to know where we are, what we

are, what we can do for them—and to regard us as a friendly, convenient, strong, mutual savings bank for their use.

"If you think of us as such a bank we suggest that you pass along the word, now and then—

"The 'Home' is a good bank to do business with."

"If someone has helped you find this bank and induced you to form the habit of saving, you will appreciate how valuable such a service would be to others.

"Thousands of new accounts come to us each year from friendly recommendations. As you are reminded of us from time to time, send your friends to us.

"Whenever you do so we shall be grateful and do our best to carry out the promise of friendliness which we try to voice in our advertisements."

THE Fidelity-International Trust Company of New York is mailing out every month some very unusual savings letters, personally signed by one of the bank's senior officers. These letters are always timely and always very human. There is in the letters an apparent subordination of the savings message to a friendly greeting. But the letters have brought returns in actual dollars and cents. Some of them have pulled as high as 15 per cent. The letter sent out by the bank in April reads:

"Good Morning! This is
B-A-N-K

broadcasting on a wave length of Thrift—the equivalent of a contented mind.

"It's April—'Play Ball' is the cry—The Rookies and Regulars are all lined up—They all look great—but—

"It's playing the game that counts. Some never get to

first—others die at second and third—Ruth scores a home run—Great applause—and Ruth is King.

“The game of life is much the same—All men are players—Opportunity pitches—Thrill is the big stick—and the spectators roast the failures.

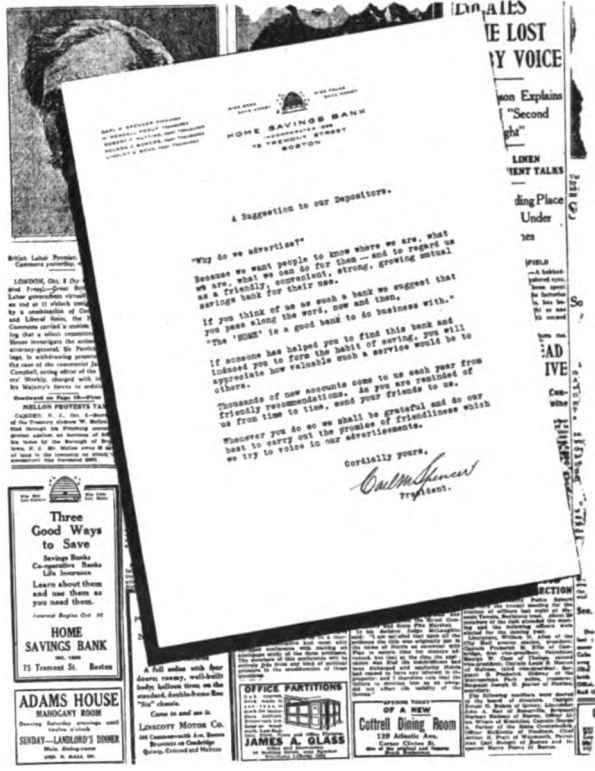
“What is your score?
“Yours for Thrift
Vice-president.”

ON the morning of March 26 an item appeared in New York newspapers regarding a safe-cracking operation on Broadway, near the Gotham National Bank, resulting in the loss to a business concern of several thousand dollars. At nine o'clock of the morning that the item appeared inserts reproducing it were being put in every pass book brought into the Gotham Bank and a boy was distributing them through neighborhood stores. At the bottom of the inserts, over the signature cut of the Gotham Safe Deposit Corporation appeared the following copy:

“Keep your valuables in a Safe Safe. Take a box in our great vault—the community strong box.”

THE “Bee Hive,” monthly house organ of the Hennepin County Savings Bank of Minneapolis, Minn., made its initial appearance last fall. This interesting little publication contains an admixture of inspirational thrift copy and some readable facts about the bank's personnel and services. Minnie Ann Buzbee, advertising manager of the bank, is editor of the “Bee Hive.”

“BANKING for the Voyager” is the title of a compact little folder in colors published by the Farmers Loan



First page of folder published by the Home Savings Bank of Boston showing inset of signed letter from the president of the bank to depositors, telling why the bank advertises.

and Trust Company of New York in behalf of its Paris office. In addition to a general attractiveness in makeup, the booklet contains a useful map showing at a glance the exact location in Paris of the company's office.

SOME of the Florida banks have been placing stress, in the advertisements and direct mail matter which they have been publishing recently, on the constitutional amendment passed by the state legislature which does away with both state income and inheritance taxes.

The Atlantic National Bank of Jacksonville, Florida, has published a booklet entitled “Friendly Florida” under which caption is a subhead reading

“Where Escape from the Rigors of Northern Winters May be Combined with Freedom from Double Taxation.” The booklet contains a digest of the recent amendment to the Florida Constitution prohibiting state inheritance and income taxes.

THE Union Bank and Trust Company of Los Angeles in advertising its Christmas Savings Club plan gave the plan an added appeal through the medium of a contest based on 200-word essays setting forth benefits of the club. Cash prizes totaling \$50 were awarded and the winning essays printed for the public to read. The large number of essays submitted

How Banks Are Advertising
(Continued on page 845)

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

MAY 1925

IN the current bulletin of the Financial Advertisers Association, V. M. Fell, vice-president of the Security National Bank of Everett, Wash., writes: "I honestly believe that many bank advertisements are 'too nice.' I don't know a better way to put it. Perhaps we would be doing the people more of a good turn if we shot straight from the shoulder once in a while."

Mr. Fell's bank recently published a very unusual and outspoken advertisement, reproduced elsewhere in this number of **BANKING PUBLICITY**, entitled "Let the Joneses Go Hang!" He says that this advertisement is an outburst of his own feelings about a habit that seems to have taken a firm hold in this country. Mr. Fell has in mind the futile quest for social prestige which leads a certain number of otherwise sane and self-respecting families in almost every community of the country to enter a senseless competition with their next door neighbors in an effort to see which family can "throw the biggest front."

The copy contained in the

advertisement "Let the Joneses Go Hang!" reads as follows:

Do whatever has to be done to keep your family out of the step-ahead-of-the-collector class and in the building-for-the-future class, where every family ought to be.

Don't try to keep up with the Joneses.

Pass them by!

You can do it with a Savings Account and Regular Deposits.

A Savings Account is a better friend than the Joneses.

Let the Joneses go hang.

Mr. Fell says that this advertisement not only went over in good style and drew favorable comment from many sources, but that the bank's savings department opened several accounts for people who said that the advertisement has started them thinking.

IT is helpful for a bank to devise some effective scheme for placing at the disposal of its depositors a convenient means of impressing in their minds the names and mental images of the bank's various officers.

The Federal - American National Bank of Washington, D. C. meets this problem by publishing a "who's who" photograph sheet containing names and pictures of the bank's officers. This sheet is pasted on the inside cover of three to a page check books, the idea being to keep before depositors the names and faces of the

bank's officers, thus enabling the depositors to become better acquainted and to feel more at ease in their business relations with the bank.

THERE is a noticeable trend in the advertising of savings banks and savings departments of banks, particularly in the larger cities, toward placing emphasis on definite objectives. The banks visualize these objectives for the depositor instead of impressing him with how little he has saved by stressing the individual deposits. This is evidenced by the adoption of such schemes as the "Buy \$1000 Plan," the "Monthly Savings Plan," the "Insured Savings Plan," and many other plans of a more or less similar nature.

The Emigrant Industrial Savings Bank of New York has evolved an extremely ingenious savings plan which it terms "Living Insurance." The bank explains the plan thus:

Living insurance is a fund which you keep permanently in the savings bank—equal to *six months of your average earnings*. It means that no matter what may happen the living expenses of your home are insured for six full months.

There is no substitute for living insurance—a fund always at your command, always worth dollar for dollar what you have put into it with the addition, under our plan, of interest on monthly balances compounded semi-annually.

How Banks Are Advertising

(Continued from page 669)

gave some index of the degree of interest with which this idea was greeted by the public.

A YEAR'S contest for new business was launched by the employees of the Commerce Trust Company of Kansas City on April 15. The contest was started by a banquet, entertainment and dance, presided over by W. S. McLucas, president.

The Commerce Trust's 550 employees have been divided into teams. A large number of cash bonuses and many other prizes offered for securing new business for all departments will be competed for.

THE Oakland Bank of Oakland, Calif., recently conducted a six-weeks employees' new business campaign which netted the bank \$3,517,000 in new deposits. During the course of the campaign, which ran from October 14 to November 29, last, more than 1900 new accounts were opened.

The bank termed its campaign the "Fifty Million Dollar Contest" the purpose being to raise the bank's deposits from \$48,590,000 to \$50,000,000. This latter mark was exceeded by \$2,107,000.

Prize awards totaling \$1500 were given in connection with the contest. The total cost of new business brought in was less than \$1 per account.

The contest was conducted in the form of a mimic transcontinental automobile race, the captain of each team driving an automobile under the name of one of the characters taken from the comic strips of the newspapers. The progress of the race from day to day was shown

Who's Who in Bank Advertising



ARNOLD F. BRUNKOW

Assistant secretary Old National Bank and Union Trust Company, Spokane, Washington

MR. BRUNKOW first entered the banking business at the United States National Bank of Portland, Oregon. In 1912, he joined the Union Trust Company, one of the affiliated institutions of the Old National Bank of Spokane. He has served in the various departments of the bank continuously since then, except for two years during which he served as an officer in the United States Army with the American Expeditionary Forces in France. Shortly after his return from the service, he became identified with the publicity department of the Old National, and in January 1924, was promoted to the position of manager of the department for the affiliated institutions. He was made assistant secretary in January of this year.

SECURITY NATIONAL BANK

4%

Let the Joneses Go Hang!

Do whatever has to be done to keep your family out of the step-ahead-of-the-collector class and in the building-for-the-future class, where every intelligent family ought to be.

Don't try to keep up with the Joneses.

Pass them by!

You can do it with a Savings Account and Regular Deposits.

A Savings Account is a better friend than the Joneses.

Let the Joneses go hang!

THE SECURITY NATIONAL BANK
OF EVERETT
EVERETT, WASHINGTON

A striking advertisement of an Everett, Washington, bank. This advertisement is commented on in the editorial column of this number of **BANKING PUBLICITY**.

by a huge map put up in the bank's lobby. Newspaper publicity kept the public informed daily regarding developments of the contest.

Points in the contest were gained through three sources:

1. New business secured from some one who was not a cus-

tomor of any department of the bank.

2. Permanent increases in deposits secured from present customers of either the savings or commercial departments.

3. An absolute promise of an account, having prospect sign form provided.

THE Fidelity Trust Company of Buffalo has recently published an interesting and helpful booklet the title of which is "Co-operation Between Trust Companies and Life Insurance Men." The booklet contains the text of an address delivered by Harvey F. Drollinger, vice-president of the Fidelity Trust at a joint meeting of the Buffalo Managers of Life Underwriters and the Trust Officers' Association of Buffalo.

Ruth Pearse Promoted

MISS Ruth Pearse, who has recently been made advertising manager of the First Wisconsin National Bank of Milwaukee, Wisconsin, has been with the First Wisconsin institutions for the past five years. She is a graduate of Smith College and is well known in club and business circles, being an active member of the College Women's Club, the Wisconsin Smith College Club, and the Women's Advertising Club of Milwaukee. Miss Pearse has recently been elected president of the Women's Advertising Club of Milwaukee, which club she represented at the London Convention of the United Advertising Clubs of the World last year. She is one of the youngest women bank executives in the country.

BANK ADVERTISING EXCHANGE

IN connection with **BANKING PUBLICITY** there is conducted a Bank Advertising Exchange, containing a list of names of bank advertisers willing to exchange advertisements, booklets and other publicity matter issued by them. Any subscriber who will agree to exchange advertising matter may be added to this list. A copy of this list may be had by any subscriber upon application.



All Night at The Union Trust

Each night a force of men work in the mail department of The Union Trust Company.

Mail is received direct from all important mail trains and in many cases a full day is saved in presenting checks for payment.

The **UNION TRUST** *Co.*

CLEVELAND, OHIO

Resources over 300 millions

What Cotton Production Figures Show

COTTON production figures for 1924-5, by counties, recently made public by the Census Bureau, are the subject of an analysis by the Liberty Central Trust Company of St. Louis.

As last season's total was relatively large, due to favorable weather conditions, it is pointed out that any comparison with the results of recent years, to determine the trend of production, must be made with this fact in view.

There are 831 counties for which separate totals are given. Of these, only seventy-four produced less than the average for the three years immediately previous, and thirty-three of these are in North Carolina alone. Of the remaining 757, no less than 540 had larger totals than in any one of the three years, 1921, 1922 and 1923. In 207 cases the increase amounted to 50 per cent. or more.

These 207 counties receive particular consideration in the trust company's study. Even after allowance is made for the good growing season, it is reasonable to believe that a 50 per cent. gain in production over the three previous years may well signify something in the way of a permanent upward tendency. As a matter of fact, available data bear out this contention in some instances, while in others complete verification must await the developments of future years.

Of the counties in question, Oklahoma has fifty-four, Texas forty-seven, Georgia thirty-six, and Louisiana nineteen. The majority fall into fairly well defined districts, of which by far the largest and most important comprises Oklahoma and the adjacent northern, western and Panhandle counties of Texas. Other districts are as follows: New Mexico and the Rio Grande region of southwest Texas, large in area but still relatively small in production; the lower Mississippi valley counties of Louisiana, together with most of the southwestern quarter of that state; a fairly solid belt of territory beginning in northeastern Alabama and extending southeastwardly across central and north-central Georgia. Beside these are smaller and less important districts in various parts of Texas, central and southwestern Arkansas, southeastern Missouri, east-

ern Mississippi, the coast counties of South Carolina, and northern North Carolina. Some of these regions are unimportant from a production standpoint.

As in the past, much of the territory making the best showing has been subject to boll weevil influence for a number of years. The Louisiana and Alabama-Georgia districts are examples. In the large Oklahoma-Texas region the good results are due to mixed causes. In the east, weather conditions kept the boll weevil down. In the west, particularly in the Texas Panhandle, favorable weather and increased acreage tell the story. Many counties in this part of Texas have become important producers of cotton in the last few years only, and this is largely responsible for the state's enormous 1924 total. The older counties in the east did well but as a rule broke no records.

Oklahoma's showing is remarkable. Out of fifty-eight cotton counties, fifty-four bettered the 1921-23 totals by 50 per cent. or more and in thirty-five cases the increase exceeded 100 per cent. North Carolina, a comparatively recent weevil victim, made the least favorable record, but even in that state the 1921-23 average was exceeded in half the counties.

Of the fifty largest cotton producing counties in 1924, Texas has thirty, Oklahoma seven, Mississippi five, South Carolina three, Arkansas two, and Arizona, Missouri and North Carolina, one each. Alabama, Georgia, Louisiana and Tennessee are not in the list. The five leaders, with their production in running bales, are Ellis, Texas (122,227); Williamson, Texas (106,672); McLennan, Texas (104,815); Jackson, Oklahoma (104,350); Tillman, Oklahoma (98,430). Outside Texas and Oklahoma the largest producer is Bolivar, Mississippi, ranking eighth. Mississippi county, Arkansas, is tenth; Spartanburg, S. C., fifteenth; Maricopa, Arizona, seventeenth; Dunklin, Missouri, thirty-fourth; Johnston, N. C., thirty-sixth. All of the fifty counties produced in excess of 45,000 running bales.

On the whole, the detailed figures, like the state totals, seem to show once again that it is possible to produce good-sized cotton crops in boll weevil territory, although the peak of early years may never be reached.

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.



“I would have been lost in Europe without your letter of credit”

THIS CAPTION is taken from the letter of a business man who made his first trip abroad last summer. He carried an ETC Letter of Credit.

“I was a stranger in London,” he writes, “but your London office made me feel at home. It did as much, in fact, as I would have expected from a London office of my own company.

“When I went to Paris, at the start of an extended tour, a great load was lifted from my mind by your Travel Service Bureau there. It not only answered many questions with author-

ity, but performed a score of services one would not ordinarily associate with a banking organization.”

The Equitable will issue you its Letter of Credit imprinted with the name of *your* bank. It will entitle *your* customers to all the travel services our customers so highly appreciate.

Many of your customers will go abroad this summer. There is no better way of keeping their good-will while they are in Europe than by furnishing them with ETC Credits.

Write to our Foreign Travel Department now for full particulars.

THE EQUITABLE TRUST COMPANY OF NEW YORK

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Madison Ave. at 45th St.

37 WALL STREET

IMPORTERS AND
TRADERS OFFICE
217 Broadway

FOREIGN OFFICES

LONDON: 10 Moorgate, E.C.2
Bush House, Aldwych, W.C.2
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MEXICO CITY: 48 Calle de Capuchinas

DISTRICT REPRESENTATIVES

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

Swiss Finances and Economics in 1924

By a Swiss Correspondent

AFTER the difficult period following the Great War, the financial and economic situation of Switzerland has greatly improved in the course of the last two years. Without any opening to the sea and surrounded by various large and powerful countries, Switzerland is not self-sufficing. So, she depends entirely on foreign countries for her supplies of coal, iron and various textile products. On the other hand, her works produce manufactured goods whose finish, in spite of the high cost of workmanship, secure them a relatively easy sale. But her great hydraulic wealth, which has been actively developed since 1914, rendered this country more and more independent of the need of foreign coal. The heavy fall of numerous foreign exchanges and the dumping which resulted therefrom have made the international exchange of goods very difficult and have seriously hampered the various leading export industries. Drastic measures had to be taken to protect the national industry menaced by the imports coming from countries with depreciated currencies.

Although the balance of trade continues to be adverse, as appears from the following table, the tendency of the foreign trade and the degree of activity of most economic branches of Switzerland are now much more satisfactory than they were a few years ago.

Foreign Trade of Switzerland

(In millions of Swiss francs)

	Total trade	Balance of Customs			
		Imports	Exports	Imports	revenues
1913	3296	1920	1376	-544	85.14
1914	2685	1478	1187	-291	65.08
1923	4002	2242	1760	-482	182.97
1923*	2819	1549	1270	-279	130.78
1924*	3327	1801	1526	-275	136.46

*9 months

Switzerland sells more to the United States than she buys from that country. In 1923 imports of goods of American origin amounted to only 178 millions Swiss francs (190 millions in 1922), whereas exports to the United States reached 209 millions francs (215 millions in 1922). The imports consisted mainly of wheat and other food-stuffs, cotton and various other raw materials. On the other side, the United States purchased chiefly Swiss watches, dye-colors,

silk goods, embroideries, jewelry, perfumes and chemical products (especially colors), cheese, chocolate, machinery, etc.

Financial Situation

The finances of the Swiss Confederation, as well as those of most of the cantons and of the larger cities, have made great progress of late. It may be recalled that during the war Switzerland had to meet high expenses for the mobilization of her army, and later on for unemployment, which were largely covered by fresh and increased taxes. In a recent message, the Federal Government expressed the hope of realizing budget equilibrium by 1926. The Swiss Minister of Finance is confident that no government loan will be needed in 1925.

On the other hand, the Swiss Federal Railways will need more capital to carry on the electrification of the whole system, which so far has already involved an outlay of more than 500 millions of francs. The railway system of Switzerland covers 4662 kilometers (about 2900 miles) of which 3040 kilometers (about 1900 miles) belong to the Swiss Federal Railways. More than one-fifth of the system is already electrified, and the electrification is to be entirely finished by 1928. Hence Switzerland will be the first country whose entire railway system will be run by electric traction. For 1924 the operating results of the Swiss Federal Railways have been much better than those for the same period of the previous year, as shown by the accompanying table.

Swiss Federal Railways

(In millions of Swiss francs)

	Aggregate operating income	Operating expenses	Excess of receipts
1913	213	142	70
1914	184	135	48
1923	363	260	107
1923*	337	232	105
1924*	369	241	128

*11 months.

For the first time since the war, the other state enterprises (post, telegraphs and telephones), which used to show heavy deficits, are also showing surpluses. The balance of payment now seems to be strongly in favor of Switzerland; in fact, the deficit of the balance of trade is more than compensated



TOBACCO

MICHIGAN ranks high among the States as a manufacturer of products made from tobacco.

Twenty million pounds of raw tobacco are annually required for manufacture in Michigan. It goes into Cigars, Cigarettes, Snuff, Smoking and Chewing Tobaccos.

But little of this raw tobacco is grown at home. This bank has thus become an important link in the importation, manufacture and distribution of tobacco. It offers unequalled facilities for serving all 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.

for by the various invisible exports, such as transportation services, income on foreign investments, expenses of foreign travelers in Switzerland, the export of electric energy, and other items.

Condition of Industry

The industrial situation varies largely from one branch to the other. But, on the whole, unemployment has been rapidly and continuously decreasing in the course of the last few years. Furthermore the stabilization of various foreign rates of exchange has favorably influenced the degree of occupation of many Swiss industrial works. Nevertheless, margins of profit are still very small and the effects of foreign competition, especially of the German factories, are largely felt.

Among the industries which have recorded a notable improvement, we may especially mention the watch-making industry. Swiss hotels have also realized very satisfactory results, and it seems that the prolonged depression from which they suffered has now come to an end. The metallurgical works have been very busy, due partly to the electrification of the main railways and partly to the intense development of hydraulic energy. The partial re-introduction of the 52-hour week in many factories had decided advantages and has contributed greatly to an increase of production. Various textile factories (silks, cotton, etc.) have been more active lately. For the silk industry, however, the decline in prices and the crisis which affected this important branch in the United States have also had a repercussion in this country, chiefly during the first half of 1924. But of late the situation has again improved. In the group of foodstuffs (condensed milk, chocolates, canned goods, etc.) both production and exports have increased, although the very high tariffs of most industrial countries are a serious handicap. Chemical works also suffer from foreign competition. The situation of the milk industry, and of Swiss agriculture as a whole, has not changed much and remains normal.

Banking

The Swiss banking system in its organization and development bears many resemblances to the American system, in spite of the difference in the banking laws. In Switzerland the only special banking law is that regulating the Swiss National Bank,

Desirable bond issues

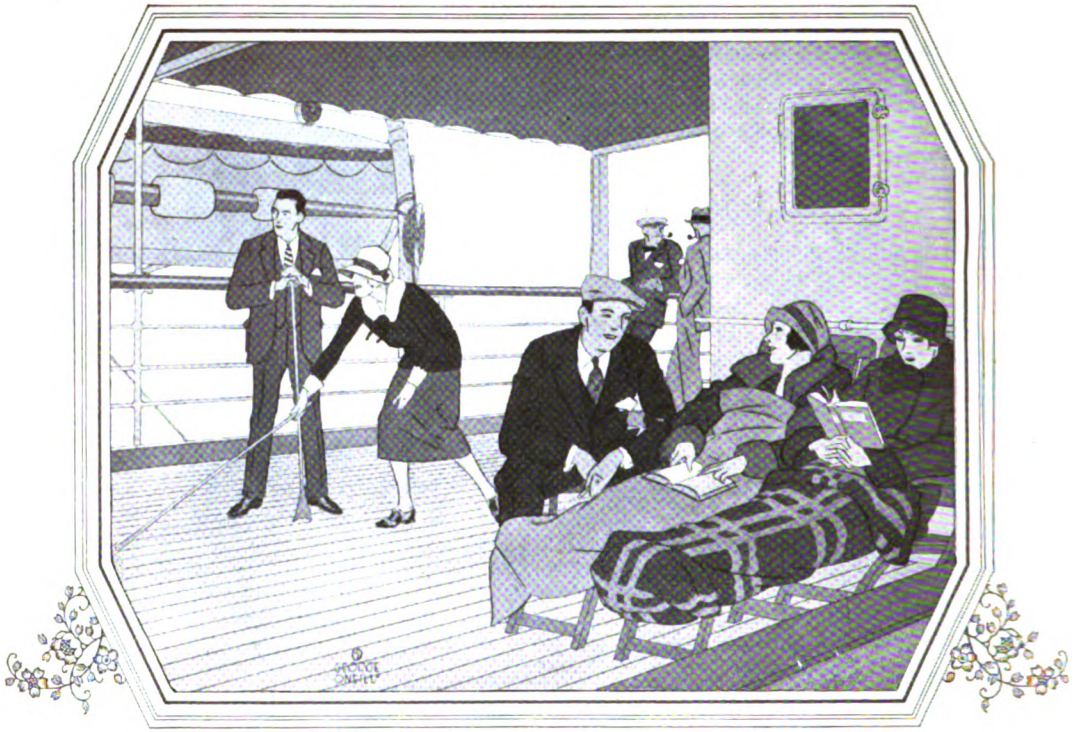
—new and seasoned,
brought to your attention by local representatives.



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

the central bank which has the exclusive privilege of issuing bank notes. The reserve of this bank has amounted to about 72¼ per cent. for 1924.

The commercial banks constitute the most powerful factor of Swiss banking. Like the cantonal banks, which are the state banks of the cantons, and as such represent a special feature of the Swiss banking organization, the leading commercial banks have formed an association, the so-called cartel of the Swiss banks, for the taking over and issuing of government, cantonal and municipal loans. The chief work of these banks is the financing of industry and of home and foreign trade. The leading banks in the order of their paid-up capital are: the Swiss Bank Corporation, the Crédit Suisse, the Union Bank of Switzerland, the Banque Commerciale de Bâle, the Banque Fédérale S. A.—which are the Big Five of Switzerland—the Comptoir d'Escompte de Genève, the Banque Populaire Suisse and Leu & Co.'s Bank Ltd. The actual position of the Swiss banks is very strong, because for years



TOURIST III CLASS TO FRANCE

\$162⁰⁰ round trip

HAVE you rested in the gardens of the Tuileries under an orange sunset . . . till the slow dark came . . . and a little moon like a silver boat swam upside down in the fountains? . . . Have you seen the Venus de Milo, velvet loveliness without equal, in the Louvre? . . . Have you seen the Petit Trianon of Marie Antoinette and Fontainebleau of Napoleon?

Have you seen the markets at dawn—and the Ritz at the dansant hour—Montmartre at night? Have you seen the quaint cafes of the moment, and the regal Opera of Paris? Have you seen modes launched at the races—and fortunes lost and won?

Of course a trip to France is possible now by way of the Tourist III class!

You travel for ninety dollars, Tourist III class, in individual cabins on a French liner, or a round trip for one hundred and sixty-two dollars. The food is practically the same as for passengers who pay much more, though there's less variety. Plenty of deck space, salons, smoking rooms—dances—and a jolly crowd.

When you get to France, you can tour—for six dollars a day. Why not try it this summer? . . . Doesn't it sound more attractive than the vacations you've been taking? Write for booklets . . . they 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*

SPECIALIZED SERVICE

for correspondent banks

THE officers who serve correspondent customers in the Irving-Columbia Out-of-Town Office are specialists in a most practical, useful sense.

Some of them have been bank executives in other cities. Some have served as field representatives. All are familiar with the requirements of banks in different parts of the country—requirements with which they are kept in constant

touch through an Advisory Board, whose members are representative of important industries of the Nation.

Concentrated in the Out-of-Town Office, a separate banking unit devoted wholly to the business of customers outside of New York City, the service of these specialists is your assurance that any correspondent transaction will be handled with understanding, accuracy and despatch.

IRVING BANK-COLUMBIA TRUST COMPANY

New York City

their business methods have been most conservative. The results for 1924 have not been published, but we believe that they will be somewhat better than for 1923. On the whole the same dividends will be paid.

The Swiss money market is also in a strong position. Money is abundant and cheap. The official discount rate of the National Bank has been 4 per cent. since July 14, 1923; it is one of the lowest rates ruling on either side of the Atlantic. The open-market discount rate fluctuated between 3¾ per cent., its maximum, and 2½-2¾ per cent. On the other hand, the market for long-term capital is still ruled by conditions which remain somewhat heavy for the debtors. This is chiefly due to the fact that considerable amounts of new securities have been placed on the Swiss market since the war; sometimes for unproductive purposes, such as mobilization loans, subsidies to the unemployed, deficits of the Confederation, the cantons and the biggest towns; often, too, for productive objects, particularly the electrification of the railways, and the development of hydraulic power.

Further to be mentioned are the losses resulting, in Switzerland, as in other countries, from the breakdown of numerous foreign currencies formerly considered as first-class. Besides, from 1914 to 1924, the Swiss financial market could only rely upon its own resources, most other markets being nationalized, and it has absorbed large amounts—up to 700 million francs—of Swiss

bonds and stocks previously held in foreign countries. Worth mentioning also are the various issues floated in Switzerland for foreign account during the last few years.

In order to support Swiss exchange, the Federal Government placed various issues of Swiss securities on the New York market.

The development of the Swiss Boerses (stock exchanges) has suffered from a lack of uniformity during the last year. The influence of the scarcity of long-time money made itself felt, especially on the bond market; long-term securities were at the end of the year a few points lower than at the beginning. On the other hand, the shares of leading banks are more and more bought as an investment, because of the conservative policy of dividends pursued by most institutions.

During the war and up to 1920 or 1921, Switzerland held an important place in the foreign exchange market, which in Switzerland remained free of any restrictions. Variations of the leading exchanges quoted in Switzerland since 1913 reveal the fact that actually all exchanges but one are quoted below parity. The Swedish crown alone still quotes a small premium on the Swiss franc.

It is certain that the reconstruction of Europe, though slow and laborious, will have a beneficial influence on the general situation of Switzerland. The political horizon is not yet quite clear, but it is hoped that the progress generally noticed in 1924 will make further headway in 1925.



BANK OF ATHENS

Established in 1893

Capital and Surplus Dr. 95.000.000
 Resources more than Dr. 1.306.000.000

Head Office: **ATHENS, GREECE**

NEW YORK AGENCY: 25, Pine Street

LONDON OFFICE: 22, Fenchurch Street

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<u>GREECE</u>	Castoria	Gythion	Nafpactos	Tripolitza
Aegion	Castro	Hydra	Patras	Tsotyliion
Agrinion	Cavalla	Ithaca	Piraeus	Volo
Amalias	Chalcis	Jannina	Potamos	Xanthi
Amphissa	Chio	Kiato	Preveza	Xilocastron
Argos	Corfu	Kozani	Pyrgos	Zante
Argostoli	Corinth	Kyparissia	Rethymo	<u>EGYPT</u>
Calamata	Cozani	Lamia	Salonica	Alexandria
Calavryta	Dedeagatch	Larissa	Samos Vathy	Cairo
Candia	Dimitiana	Levadia	Sorovitch	Port Said
Canea	Drama	Limni	Sparta	<u>CYPRUS</u>
Carlovassi	Florina	Megalopolis	Syra	Limassol
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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.

Review of Countries

Great Britain

IN comment on the monetary policy of Great Britain as affected by monetary developments in America, a recent editorial in the *London Times* says:

Some people appear to resent the idea that our monetary policy should be influenced by what America may or may not do, but a great international monetary center like London cannot possibly be indifferent to monetary developments in important foreign countries. If before the war, when our financial and monetary power was supreme, we could not afford to ignore important changes in the monetary situation abroad, it is quite certain we can still less afford to do so when that power is weakened by the strain of war.

The policy of this country is to restore the gold standard at the earliest practicable moment, and since America is the only important country with a free gold market, it follows that monetary events in that country are of peculiar interest to us. Because she maintains a free gold market, New York

can attract foreign funds more easily than London, and the latter has, therefore, to offer a counter attraction, so long as her currency has a fluctuating value in gold, in the shape of higher interest rates. Last year a considerable amount of foreign moneys, including American money, was remitted to our market to take advantage of the higher interest prevailing here, and this was an important cause of the rise in the dollar value of sterling.

It is no exaggeration to say that the whole world is watching for Great Britain to restore the gold standard. Once back to the gold standard we should find that the foreign balances which have been kept in New York would return to us, and our monetary and financial power would be greatly strengthened.

That America would like England and other countries to return to the gold standard is not in dispute. She possesses the largest individual stock of monetary gold in the world, but its value has depreciated considerably since 1914 because of its abandonment as the standard in Europe. With Europe on a gold standard its value may possibly appreciate. It certainly will tend

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 \$19,000,000.00

Member New York Clearing House
Member Federal Reserve System
New York State Depository

Complete Foreign Banking Facilities
Correspondents in All Parts of the World

to become more stable. The fact that it is to America's interest that Great Britain should return to the gold standard should facilitate our effort in that direction. It should, however, be clearly understood that the policy of returning to gold is not dictated by desire to please America, but by the conviction that the gold standard is certainly worth having if the transition is not forced at the expense of industry and co-operation established beforehand with the United States.

As to the first of these conditions, the restoration of the gold standard must necessarily involve some effort on the part of this country. As to the latter, since 1917, when the Bank of England and the New York Federal Reserve Bank agreed to act as each other's agents, there must have been many conversations between British and American bankers on the monetary question of interest to both. There are obvious objections to definite arrangements, except such as are common between central banks, but there is no reason to suppose that there is an absence of understanding on the larger problems of policy.

With regard to the recent rise in the Bank of England rate to 5 per cent., the *Westminster Gazette* says:

The bank rate has been raised, and not because money is less plentiful or in greater demand but simply because our financial fortunes have become integrally dependent upon financial developments in America. These main factors must dominate our decision. Our past payments to America are automatically lessened as the pound approaches parity, and also the high bank rate here attracts more and more American capital. Upon the other hand, the treasury has to pay more for its borrowings in the City and trade has to pay more for new capital and for its overdrafts.

If the supply of American money available should slacken, the higher rate would not attract sufficient capital to improve our exchange, and there would be no compensation for the price we now pay in imposing upon traders a higher rate of interest for their commercial borrowings.

Meanwhile we must assume that the Bank of England and the treasury are satisfied that present American prosperity is such as to promise enough buyers of sterling and

NEW YORK AGENCY

THE BANK OF CANTON

200 WORTH STREET

Authorized Capital £1,200,000 Paid Up £1,081,280 Reserve £83,500

A Chinese Bank maintaining offices at the principal ports, offering direct services, for facilitating trade with the United States. The native born English-speaking staff eliminates difficulties which often accompany transactions in a foreign language.

Your correspondence is invited

HEAD OFFICE: HONG KONG

Agency: SAN FRANCISCO Branches: HANKOW, SHANGHAI, CANTON, SWATOW, BANGKOK

Correspondents in Important Centers of the World

of British investments to make the sacrifice worth while.

France

A SUGGESTION that a "Dawes Plan" be applied to France in settling the inter-allied debts is not met with approval either in France or in the United States. The *New York Times* comments editorially as follows:

Those who talk of applying a Dawes plan to France make the mistake that was so commonly made in discussing reparations. They confuse the questions of France's obligation to pay and her ability to pay. The former involves matters of ethics and politics, including such problems as the extent to which the war loans were utilized in the common behalf, and the merits of pooling war expenditures. The latter concerns the sums which France can pay without going into bankruptcy. It is conceivable that this might best be determined by a mixed commission inquiring into the assets of France,

and into the various sources of revenues. It is inconceivable, however, that such a commission would propose that France, an ally and one of the victors of the war, should be subjected to the humiliation of being placed in a receivership such as was necessary in order to control the former enemy seeking to evade just obligations.

Should those various persons, amiable and otherwise, who wish to see France pay "every red cent" that she can scrape up continue to speak of applying a Dawes plan to France the worthy General would be justified in turning upon them with his famous bluntness to upbraid them for taking his name in vain. He is beginning to loom in the popular imagination as a sort of ogre, to be used in the politicians' bedtime stories in order to frighten bad nations into good financial behavior.

Discussing French currency problems recently, a well known New York banker who is a close student of European financial problems, is quoted in the *Wall Street Journal* as saying:

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
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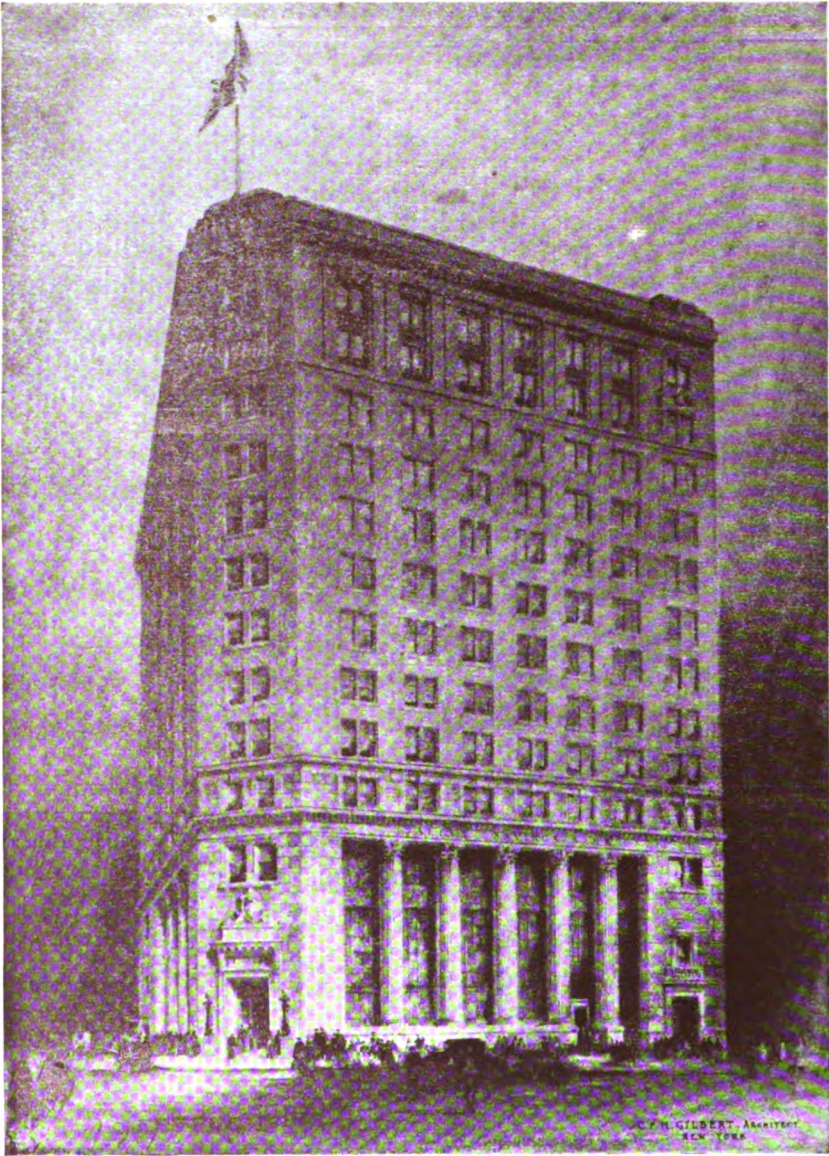
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At a time when practically all the European nations have returned or are returning to at least a gold exchange basis, France may well ask herself for many reasons whether she can afford to remain on a fluctuating paper basis. It will not be easy for the French national pride to abandon officially the attitude which the French government has so far theoretically taken, that an ultimate return to the pre-war gold basis is contemplated. The time seems to have come for France to recognize that the price of clinging to this empty formula may become too heavy to pay. It is betraying no secret when one states that there is not one single economic expert left in France today who would maintain that it is still possible for France to return to the old gold parity. If there were no other reasons it would still be impossible on account of the fact that many loans have been issued for capital expenditures on the basis of the present value of the franc, which it would be impossible to take care of on the old gold basis. Such a forced return to the pre-war gold parity, if possible at all, would simply be synonymous with forcing almost every industry and every trade in France into bankruptcy; and, of course, the same thing applies to the debt of the French government itself which was largely contracted at a low franc value and

which could not possibly be repaid in gold francs.

This being so, no useful end can be gained by adhering to an official theory which is dead in fact. The other theory, that no stabilization should be undertaken until the franc has found its natural level and has, in effect, stabilized itself, may be true in the abstract, but human nature does not always react to abstractions. We see it sufficiently in France now that the mere fear of a possible further weakening of the exchange keeps on feeding the exportation of capital. We have just as clearly seen it in Germany when the actual stabilization of the mark on a gold basis caused the bulk of the exported capital to flow back within a remarkably short period.

A great disadvantage of the present paper basis in France is that inasmuch as there is no gold parity, no gold ever flows to France. If there is an influx of funds, the exchange simply rises, but the central reserves of the country are not strengthened, as in normal times, by the influx of gold against times when funds flow in the adverse direction. Past experience has sufficiently shown that no prohibition of capital exports can have any favorable effect in the end. If France should now abolish all restrictions on the movement of capital and

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should at the same time fix a new gold basis for the franc around its present exchange value, there is very little risk in predicting that she would witness a very considerable inflow of gold which would put an end to all fears of a further depreciation of French exchange.

Such a situation, to start with, would have an exceedingly important two-fold effect: It would at once provide the French monetary market with funds seeking investment in home securities, and it would also cause a decline in the money rates both for commercial and for long-time financial transactions. This would not only mean a tremendous relief to French industry as a whole, but would also gradually make the refunding of French government obligations possible on a much lower interest basis, whereby the proportion of the French budget which is required for the debt service would be correspondingly reduced.

Germany

REGARDING the business situation in Germany the current number of *German Trade Reports*, published by the

American Chamber of Commerce in Germany, says:

The extensive foreign credits which since the reparation loan have been granted to Germany, were primarily short-term investments, and have been augmented during the last few weeks by exceedingly desirable and necessary long-term credits which a number of German industrial undertakings were able to obtain in the United States. Rate of interest on these credits has decreased to a certain extent so that the future balance of income and outgo will be favorably affected. However, these rates of interest are still between $7\frac{1}{2}$ and 8 per cent. offering, therefore, most advantageous investments, for which reason such loans were rapidly absorbed. It should be observed, on the other hand, that it was well funded and internationally known large companies only which obtained foreign credits and which alone have the necessary connections with foreign credit markets. It is, therefore, a matter for the German banks to direct the inflow of foreign credits to the channels of those German undertakings and business branches which lack connection with foreign credit sources.

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The statements of German industrial concerns which have received extensive credits, and which were published in the United States invariably show the income from exports among the various sources of profit. This indicates that the creditors accept payment of interest resulting from export business primarily and that the proceeds from the loan shall be used to the greatest extent for the purpose of improving and increasing production and not for merely domestic consumptive purposes.

It is natural, of course, that the inflow into Germany of foreign credits expresses itself, first of all, in increased imports and in a corresponding unfavorable trade balance, and it is just because of the present transition period showing considerable surplus of imports over exports, that foreign credits to Germany are an absolute necessity. The ultimate aim of this temporary assistance given Germany, is, of course, to facilitate and strengthen her export ability so that she will be able to meet all obligations.

Foreign countries granting credits to Germany will draw conclusions from the latter statement and should view in a different light the opinion of some of their manufacturers, that to grant credits to Germany is to raise German competition, because this

opinion simply indicates a failure to recognize economic relations between the nations.

English opinion especially leans toward this direction. It would be well to remember that, before the war, Germany ranked as the best customer of England, and if Germany is once more to become a good customer and be permitted the luxury of substantial consumption of English semi-manufactures and finished products, Germany must be allowed to export to England in corresponding measure. Despite all changes in the relative foreign trade positions of England and Germany, the ratio of reciprocal economic dependence has remained the same as before the war. England imported in 1913, 14.2 per cent. of all German exports thus having been Germany's best customer, and while Germany occupies today the position as England's second best customer, German exports to England have dropped to such an extent that the fifth or sixth place is taken by Germany. Measured by pre-war values England's exports to Germany have decreased to 75 or 80 per cent. only, while Germany's exports to England have dropped to 30 or 35 per cent.

In the matter of foreign trade with the United States the opinion prevails in Germany that America must revise her views as far as foreign trade with Germany is con-

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cerned and thus became accustomed to the fact that Germany can meet her increasing obligations to the United States only through delivery of goods, at least partially. Even before the war America's exports to Germany ranked first in German imports inasmuch as Germany bought in 1913 American products valued at 1,700,000,000 marks equal to 15.9 per cent. of total German imports. On the other hand, German exports to the United States amounted to but 713,000,000 marks equal to 7.1 per cent. of total German exports, which will indicate that even at that time America was what may be called a small customer of Germany. This difference was equalized in part by the invisible income from the United States, as for instance by the return from freight in German bottoms and by the return from German investments in the United States. These assets have been lost to Germany, and Germany's former role of creditor has been altered to one of debtor, so that, viewed from this angle, Germany can not afford a permanent unfavorable trade balance with the United States.

Italy

THE government decree requiring 25 per cent. margins on all security purchases in Italy was followed by a considerable break in prices on the stock exchanges, according to cable to the Department of Commerce in Washington by Commercial Attache MacLean, Rome. Modifications in the decree, however, have mitigated the effects of the decree; the tone of the markets has improved accordingly, with somewhat stronger prices. Money is now more abundant than expected and the danger of serious difficulties at the time of monthly settlements has passed. Interest rates have become somewhat higher. Call loans have reached 5½ per cent., and discounts 7 to 8 per cent.

Business interests have expressed great satisfaction over the decision of the government to apply the income tax only to distributed profits instead of taxing new securities issued above their par value.

The present *modus vivendi* with Germany expires on March 31. In view of the impossibility of concluding a new commercial treaty by that date, it is probable that the *modus vivendi* will be renewed in spite of the opposition of Italian manufacturers.

The iron and steel industry continues to be well occupied and consumption is increasing. The engineering trades are busy, especially automobile manufacturers. The Fiat Company reports an increase of 230,000,000 lire in sales during 1924 over the previous year, to 780,000,000 lire. Its exports comprise 70 per cent. of its production.

There has been no decline in activity in the cotton mills. Production in 1924 was slightly greater than in the previous year, and unfilled orders on December 31 showed

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a considerable advance. Exports in 1924 increased 15 per cent. over the previous year. Wool mills are busy, and the export demand is growing. Conditions in the silk industry are satisfactory. Stocks of raw silk are low.

The minor Italian industries are all well occupied except the tomato preserving industry, which has large unsold stocks on hand and will reduce production this year. Building construction is manifesting pronounced activity in all large Italian cities.

The situation in the wheat market is uncertain, owing to the decline in prices. The Consul General at Genoa reports that with heavy arrivals, large stocks and weak demand, importers have suffered considerable losses. The Consul General at Naples reports that lower prices have stimulated purchases, in spite of the large stocks on hand. The price of bread has been reduced.

The general outlook for crops is good and weather conditions are favorable. A reduction in the acreage of sugar beets is predicted.

Belgium

THE Westminster Bank (London) Review for March remarks on Belgian industry and the Belgian franc, as follows:

Last autumn's recovery in sterling as against the dollar, and the depreciation of the French franc have largely diverted attention from the course of the Belgian franc, but the recent stability of the last-named currency perhaps affords one of the most satisfactory signs of the progress being made in Europe in the direction of recovery. Until toward the end of 1924, the Belgian and French exchanges moved on almost exactly parallel lines. For a time, soon after the Armistice, the Belgian franc stood at a slight premium, but during the last few years it has been at a discount, and early in 1924 the margin in favor of France was fairly large. During the last eight months, however, while the French franc has been gradually depreciating, the Brussels rate on London has remained stationary, with the result that the premium on the French franc fell from over 14 per cent. at the beginning of July to less than 3 per cent. a week ago.

This stability is the more satisfactory,

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as it can be regarded mainly as the outward sign of the success which is attending the efforts of the Belgian Government to place the national finances upon a sure foundation. It is, perhaps, early to consider at what level the franc should be finally stabilized, or whether or not the policy should be adopted of ultimately restoring it to its former parity; but the present indications are that, as was pointed out by M. Théunis, the Prime Minister, at the end of February, "the franc has been saved from complete devaluation and the danger of inflation finally removed."

Unfortunately, the success of the government in preventing a further decline in the exchange value of the franc has coincided with a set-back to Belgian trade. The depression is the most marked in the coal industry but stagnation is apparent elsewhere. Conditions in the iron and steel trades are irregular, and while some sections are well employed, in others demand has weakened. Belgian steel is still being sold in England at prices lower than those which British manufacturers can quote, and hitherto there has been little sign of any narrowing in the margin, but it is significant that recent offers from English importers have

been at prices lower than Belgian producers are willing to accept.

With the exception of the jute trade, the textile industries have experienced a falling-off in demand. Foreign, especially French, competition in cotton and linen fabrics has become severe, and in the last-named trade, Belgian manufacturers have been seeking to revise the wage agreement now in force, with the object of reducing their costs to a point where they can recover the ground lost in the home market.

It is possible that the present depression is the inevitable result of the successful stabilization of the exchange value of the franc, for once currency depreciation has been arrested, the power of a country to compete in foreign markets gradually disappears as internal prices become adjusted to the home level. In the case of Belgium, however, the process of readjustment should not take long. Compared with several other continental currencies, the franc never depreciated to a serious extent; and when Belgian manufacturing costs and selling-prices have, in each industry, been brought to their true level, trade should be on a much firmer foundation.

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Austria

DR. Rudolph Seighart, chairman of the Oesterreichische Boden Credit Anstalt in Vienna, who recently visited the United States, is quoted by the *New York Wall Street Journal* as making the following comment regarding Austrian conditions:

Austria has been facing a highly embarrassing situation, which, as everyone knows, it was impossible to overcome without any help from the outside. We may, therefore, be well satisfied with results achieved thus far. Relying on the proceeds of the international loan, the Austrian Treasury was able to balance the income and the outgo, reserving considerable amounts of the loan for contingencies, so that today it resorts to the proceeds of the loan only for various investment purposes. Only \$9,000,000 have been appropriated for the current fiscal period. As the formed deficit in the state balance was mostly due to the considerable contributions for the maintenance of the railways, the administration of the railways was transferred about a year and a half ago to the charge of a newly established organization. The result was that expenses could be cut down by about \$10,000,000, that is, nearly half of their previous amount, so that the railway budget is already bal-

anced and will probably show even a profit in the near future.

However, net balance of trade, including visible and invisible balance, shows a deficit of about \$180,000,000. It would be possible to reduce this figure considerably by the co-operation of American capital in two ways; first, by granting a loan for the electrification of the railways whereby the figure for imports of coal could be reduced to a minimum, which would also bring about yearly savings of about \$1,600,000 in the maintenance of the railways.

It should be mentioned that, considering the most adverse conditions, Austria can produce from its water resources, 1,657,000 h. p. of electricity per year, of which 439,000 h. p. have already been developed and 130,000 h. p. are about to be, which leaves a balance of 1,000,000 h. p. for investment purposes.

Second, by granting long-term credits to the farmers for improvement of the agricultural production. Today our farms supply only two-fifths of the foodstuffs required in Austria, whereas the remainder must be imported. However, it would be possible to double the quantity of agricultural products, with the help of a foreign loan, by various improvements of the existing agricultural methods, so that in the future, only a fifth of the required foodstuffs will have to be imported.

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If one desires to get the right viewpoint in judging the actual economic situation in Austria, or in central Europe in general, one should keep the following facts in mind. As early as 1775, the custom barriers which previously separated the various countries of the Austrian empire had been abolished, and in 1850, the custom barrier still existing between Austria and Hungary was revoked, so that in 1914, the Austrian-Hungarian monarchy formed a coherent ter-

ritory for the business activities of its population which numbered 54,000,000. Although possibly no one would gainsay the necessity of granting political independence to the various national countries of the former monarchy, it is hard to understand under the circumstances how it was possible to determine any commercial separation of the formerly unified territory.

Moreover, it should not be overlooked that, whereas at the time the countries were united by revoking the custom lines, the territory was mostly a thinly populated farm land, it has developed later in a highly industrial one. This made the separation more disadvantageous. Although the various newly established states are concluding commercial treaties, these latter constitute only to a limited extent the freedom which commercial activities formerly enjoyed in the same territory.

The balance sheet of the national bank, which is the only note-issuing bank in Austria, shows a highly satisfactory position, in that more than 50 per cent. of the notes issued are covered by gold instead of only 25 per cent. as the law requires. All international circles interested in Austria welcome the legal introduction of the new schilling currency this year. The schilling is now the unit of currency, which is equivalent to 10,000 paper crowns. That is, 7.1 schillings equal to one United States dollar. Practically, the conversion is made by actually cutting off four ciphers. Eventually, this conversion will result in bringing about a clearer view of the true financial position of the particular firms.

Recent publication in Germany of a measure regulating the valorization of the public internal debts caused similar rumor concerning the Austrian debts. This question is extremely difficult to solve and thus far has not yet been decided upon, although a decision is asked for from many sides, as the future of many, owning small fortunes invested in public bonds, is involved.

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The figure for unemployment usually increases during the winter months and decreases in the spring, when various seasonal industries, especially the building trade, resume activities. As far as the burden of liabilities in pre-war gold currency is concerned the majority of state debts payable in crowns were reduced by the currency inflation to an insignificant amount and the remainder, payable in gold, does not encumber the budget to any great extent, as the state debts have been spread over a long period and have been distributed among the various states succeeding the former monarchy, according to their area and population, so that Austria was charged with a comparatively small amount.

Concerning the pre-war liabilities of the Austrian banks in gold, I am able to state that all the large banks have satisfactorily settled this question.

I may conclude in expressing my conviction that American capital will find ample opportunities for sound investments in Austria.

Czechoslovakia

A GRADUAL increase in production and exports was noted in the month of March, according to cable to the Depart-

ment of Commerce in Washington by Commercial Attache Hodgson, Prague. Economic relations between Czechoslovakia and Poland are markedly improved by the progress of negotiations for a commercial treaty, but the final closing of the treaty is delayed by Polish demands for either free importation of their agricultural products into Czechoslovakia, or else a larger contingent of such products.

The increase of the official discount rate from 6 per cent. to 7 per cent. which was made on March 25, has been followed by the commercial banks raising their rates for loans on collateral to 9¼ per cent. and the interest they allow on deposits to 5¼ per cent. effective April 1.

The depression in the coal mining industry continued and 15,000 miners in the Ostrava field are striking for a 30 per cent. increase in wages. This brings the total unemployment in the country up to 84,000. The coal production in February amounted to 2,442,000 tons as against 2,648,000 tons in January and 3,039,000 tons in December; that of coke runs from 114,000 tons in January

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GENERAL BANKING BUSINESS

to 142,000 tons in February, resuming the December level.

Weather conditions are favorable for crop development, there being sufficient moisture and mild temperatures.

On March 23 the bank note circulation was 7,068,000,000 crowns valued at \$212,000,000; this represents a continued decrease from 7,179,000,000 on February 23, 7,499,000,000 on January 23, and 8,211,000,000

on December 23. Balances abroad and foreign currency decreased to 584,000,000 from 615,000,000 on February 23, 660,000,000 on January 23, and 736,000,000 on December 23. Total cover for the currency fell to 2,964,000,000 from 3,152,000,000 on February 23, 5,466,000,000 on January 23, and 4,058,000,000 on December 23. Clearings fell to 5,529,000,000 from 6,695,000,000 in February and 7,719,000,000 in January.

The month of February had a favorable trade balance amounting to 189,000,000 crowns (\$5,600,000). The total exports amounted to 1,518,000,000 crowns, (\$45,500,000), as against 1,507,000,000 crowns in January, and were marked by an increase in iron and a decrease in sugar shipments. The total imports in February amounted to 1,329,000,000 crowns (\$39,900,000), representing decreases in cotton, flax, and tobacco purchases.

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Greece

IN a statement made by the governor of the National Bank of Greece to the shareholders of the bank, on the occasion of the annual general meeting, the past year is described as a year of relative economic stability, according to special correspondence to the *New York Journal of Commerce*. Hence no important fluctuations in the internal or external value of the currency took place, while this state produced confidence in the future which, more than anything else, has contributed to an intensive activity throughout the country.

In the course of the past year no resort to paper issues for treasury needs has taken place. On the contrary, the maximum limit of circulation for account of the state has been reduced. However, the pressure on

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the part of trade was so great that actual circulation rose a little as compared with last year. At the end of 1923 it stood at 4,681,000,000 dr. On December 31, 1924, it was 4,865,000,000 dr. The bank has been very sparing in allowing credits, as it believes that during a period of rising prices the best policy is conservatism on the part of the credit institutions of the country.

Purchases of foreign exchange during 1924 amounted to £34,578,049, against £22,255,552 in 1923 and £15,072,389 in 1922. On the other hand, sales reached £34,255,869, against £19,087,365 in 1923. Fluctuations in foreign exchange rates have been less pronounced than in the past. The increase in purchases is due to a doubling of emigrants' remittances (which have reached an estimated amount of £9,000,000), to advances received against the refugee loan and to offers of exchange pursuant to the stability of the rates. Sales have increased for various reasons, principally on account of larger imports of cereals at high prices.

To give a definite solution to the currency problem it is still early. Neither private nor public economy can show an equilibrium guaranteeing the currency from

the effects of changes in their respective conditions. Any premature and artificial arrangement might affect adversely the economic life of the country. What, however, should not be overlooked is the disconnection for a series of years of the currency from the gold parity. Any final shaping of the monetary policy presupposes an undoubted equilibrium of public finances, the funding of the floating debt, and an increase of production. When these three requisities shall have been fulfilled (and the country is moving slowly but surely to that end), the currency will rise in value itself and will become more stable. In the meantime it is sufficient to put a barrier to further issues of paper money for the needs of the state and to obtain an improvement of the circulating medium by increasing the ratio of notes backed by a real cover.

The most important event of last year, perhaps, was the successful placing of the loan for the refugees in London and New York. It can be assumed that foreign markets are now open to Greek applications for capital. Every year the confidence in Greek securities is increasing. Apart from the help from the importation of a sum of £10,000,-

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1920

000, which has allowed the refugees gradually to become an active element of production, an advantage has accrued to the country through the opportunity afforded to foreign capitalists to study closely the economic conditions of Greece. In this way, deeply rooted prejudices against the country have been dispelled.

An unusual intensity of business has developed during the year under review. Trade, industry and agriculture have been active throughout the country. The bank has followed closely this development, which is reflected in the figures of its operations. Funds employed during the year reached the record figure of 4,362,605,000 drachmae. In 1923 the capital thus employed amounted to 2,748,086,000 drachmae. The increase in 1924 is thus equal to 58.7 per cent. Deposits at the end of the year stood at 2,810,000,000 drachmae, against 2,527,000,000 at the end of 1923.

With a view to facilitating the execution of public works on a large scale, which

can no longer be postponed, the principal banks have formed a syndicate headed by the National Bank. Unity of effort as aimed at by this combination, which will allow for a better study of the needs, for an effective use of capital to be made, and for more advantageous conditions to be obtained in co-operation with foreign capital, which are indispensable in view of the magnitude of the works to be undertaken.

The Far East

COMPETITION in eastern banking is increasing in all directions and trade conditions are much unsettled, according to Sir Montagu Cornish Turner, chairman of the Chartered Bank of India, Australia and China.

Addressing the stockholders of the bank at the annual meeting, Sir Montagu Cornish Turner said that as the result of increased banking competition the margins in ex-

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. 30,000,000
Reserve Frs. 10,000,000

Branches:
BRUSSELS — **OSTEND**
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AT ALL BANKING POINTS

FULLY 65% of the imports of Porto Rico enter through the Port of San Juan. Our head office is in San Juan, our branches are at such strategic points, for commercial banking and collections, as the seaports of Arecibo, Mayaguez and Ponce with an inland branch at Caguas. We have an intimate knowledge of the people while safeguarding the interests of our clients in the United States.

We Specialize on Collections

AMERICAN COLONIAL BANK OF PORTO RICO

change have been whittled down to an extremely fine point and it is not easy, therefore, to maintain the standards of profits of previous years. "In attempting to describe the conditions under which we have worked," he remarked, "and to make a forecast for the future, I should be inclined to adopt the well-known formula, which we have heard with such frequency while listening-in for the evening weather report: 'Weather unsettled, prospects uncertain'. The weather in some quarters has, indeed, been extremely unsettled. There have been periods of sunshine, but as a rule the commercial barometer has stood low."

China Disturbed

Conditions in China have been deplorably disturbed, Sir Montagu said. As a result of the disastrous civil war in north and south, waged for the personal aggrandizement of a few military leaders who are in no sense patriots, extreme disorder reigns supreme in many provinces.

China is suffering from the lack of a strong, central government. As a result, inhabitants are looted and outraged by bands of ex-soldier brigands. Communication by rail is uncertain and dangerous, for the railroads are in the hands of military leaders. Rolling stock is only rarely available for commercial purposes and must be paid for at abnormal prices when it can be had. Right of way is in such a state of disrepair as to prevent the ordinary running of traffic.

In spite of this, the customs revenues for

Hankow and Shanghai show an increase over 1923, chiefly in connection with imports, the higher value of which may account for the increase. This seems unaccountable in the face of a general complaint of dull trade. Imports into China of twist and cotton piece goods from Japan show a considerable increase in 1922-1923 as compared with imports from Great Britain. Hongkong reports that forward import business of linen and woolen goods is far from bright. The political situation in Canton is very unsettled and dealers are reluctant to trade under these conditions. Up-country stocks are light and if safe transport were guaranteed through an improved political situation, clearances would improve immediately.

Japan's Financial Problems

Extraordinary expenditures for reconstruction purposes, added to the ordinary heavy charges for military and naval purposes, make a difficult financial problem for Japan. The heavy adverse balance of trade up to the end of 1924, owing to large imports of foodstuffs, wool, cotton and material for reconstruction, with a depreciated yen, has necessitated borrowing both in Europe and America. But Japan's general economic outlook is hopeful and occasions no alarm. In Tokyo between 70 and 80 per cent. of the population are back again and governmental appropriations for Yokohama will result in that city becoming the finest port in Japan. Japanese cotton and spinning mills have been very prosperous, paying dividends ranging from 16 to 48 per

The Punjab National Bank, Ltd.

Established 1895

Head Office: 25, The Mall,

LAHORE, INDIA

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

Capital (Issued)	Rs. 1,00,00,000
Capital (subscribed)	50,00,000
Capital (paid-up)	30,65,568
Reserves (Dec. 31, 1924)	25,70,000
Deposits	6,26,06,910
Total Resources	7,18,66,997

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

cent. against much lower profits shown in England and the United States. This prosperity is due to protection and combinations for keeping up domestic prices and longer working hours. The mills work on an average of nineteen hours, divided into two shifts. It requires thirty-six Japanese operatives, however, for every 1000 spindles, i. e., eighteen for each shift, as against five operatives in Great Britain and the United States for one shift.

Indian Conditions Much Improved

Financial conditions in India are much improved, according to Sir Montagu. The deficit in the budget has been turned into a surplus of \$15,000,000, which is a remarkable achievement considering post-war conditions. India has been fortunate in having a good monsoon for the third year in succession. The balance of trade is considerably in her favor and she entered the current year with the most favorable economic prospects.

As evidencing India's prosperity, it is of interest to note that in 1923 gold imports were valued at \$180,000,000 while in 1924 they totaled 170,000,000. India and China are the chief consumers of silver in the world and of the total estimated production of 236,000,00 ounces from all sources, India is reported to have taken 100,000,000 ounces. Imports of silver in 1924 were valued at \$86,010,000, of which \$15,720,000 were re-exported.

Ceylon Conditions Quiet but Sound

Conditions in Ceylon while quiet, nevertheless point to a continuance of the prosperity which the island has enjoyed in the last two years. Piece goods from Great Britain show a decrease while shipments from India and Japan show an increase. Tea prices have sagged of late, but the industry, both in India and Ceylon, has enjoyed a remarkable period of prosperity. Lower tea prices are ascribed to a temporary falling off in quality rather than to over-production.

Notwithstanding, profits for 1924 were only slightly less than for 1923 and The Chartered Bank was able to pay the usual dividends and bonus of 20¼ per cent. last year and to add \$500,000 to the reserve fund, bringing the total of the latter to \$20,000,000 as against a paid-up capital of \$15,000,000. Assets of the Chartered Bank of India, Australia and China total \$309,246,291, an increase of \$15,418,600 over the previous year. Current and fixed deposit account totaled \$210,296,560, an increase of \$2,346,425. Cash on hand aggregated \$31,769,595, a gain of \$8,404,570. Bullion on hand and in transit exceeded the 1923 figures by \$10,403,845.

The bank made heavy reductions in its holdings of governmental and other securities during the year, the total of \$32,351,370 at the end of the year representing a decrease of \$39,575,075, which amount is invested in short term bills. Bills discounted and loans increased from \$88,461,310 to \$95,035,995, while acceptances on account of customers showed an increase from \$13,296,435 to \$21,797,720.

South America

THE First National Bank of Boston has received the following cable report from its branch in Buenos Aires, Argentina:

BANKING IN FINLAND!

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

ESTABLISHED 1889

Head Office:
HELSINKI
(Helsingfors), Finland

134 Branches at all important business centres in Finland

Capital Fmk.	- - -	150,000,000
Reserve Fund and Profits Fmk.		115,000,000
Deposits etc. (31/12 '24) Fmk.	-	1,704,000,000

All descriptions of banking business transacted

Telegraphic address: KANSALLISPANKKI

Exports, except meat and hides, are unseasonably small. March failures amounted to \$7,094,000, against \$13,217,000 in February and \$7,741,000 in March 1924. The credit situation is satisfactory. March bank clearings amounted to \$3,429,000,000, against \$3,114,000,000 in February and \$3,256,000,000, \$3,017,000,000, \$3,298,000,000, and \$3,132,000,000 in March 1924, 1923, 1922, and 1921 respectively. Approximate gross railroad earnings for March were \$46,506,000, against \$49,912,000 in February and \$48,454,000 in March 1924. The February combined bank statement shows loans up \$45,000,000, deposits up \$65,000,000, cash up \$31,000,000, and cash reserve 21.4 per cent.

Wheat and linseed prices, after great fluctuations, are off 5 per cent. and 1 per cent. from mid-March levels: maize is unchanged but firm. The government final estimates give total harvest returns as wheat, \$5,202,000 tons, linseed 1,145,000 tons. The first estimate gives probable total maize yield 4,754,000 tons. In our opinion the wheat estimate is slightly low; linseed about right; maize much too low. We now revise our estimates of 1925 grain surpluses including 1924 carryovers to 3,600,000 tons of wheat, 1,000,000 tons linseed, 500,000 tons oats and 4,000,000 maize. Maize harvesting is still going on; we may have to change our es-

timates due to uneven yields. March exports of wheat, were 430,000 tons, maize 50,000, linseed 58,000, against 593,000, 113,000 and 67,000 respectively in February, and 743,000, 49,000, and 190,000 respectively in March 1924. The surplus on April 1, 1925 was wheat 2,000,000 tons, maize 3,625,000, linseed 810,000, against 3,200,000, 5,000,000, and 850,000 respectively on the same date last year.

The cattle market is firm and meat exports are high. Sheep prices are down about 11 per cent. March exports of beef were 1,107,000 quarters, Mutton 451,000 carcasses against 757,000 and 326,000 respectively in February and 679,000 and 373,000 respectively in March 1924.

The wool market is fairly active; producers' resistance seems broken, but exports continue low. Prices are nominal and are falling. Exports in March amounted to 20,129 bales, against 29,357 in February and 38,855 in March 1924. Stocks in the central produce market on March 14 amounted to 10,464 tons, against 3,082 on the same date last year.

The hide market is inactive, with occasional buying flurries. Frigorifico steer hide prices are down 2½ per cent, cow hides unchanged. Frigorifico stocks are about 100,000 steer hides and 10,000 cow hides. Madero heavy hide stocks are about 25,000 and

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

light hides 60,000. The March kill by frigorificos was about 24 per cent. above the February total. March exports of salt and dry hides were 843,000, against 567,000 in February and 1,021,000 in March 1924; calf skins 180,000, against 154,000 in February and 344,000 in March 1924. Sheep skin prices are up 5 per cent. due to slightly better demand and reduced entries; March exports were 1,544 bales, against 1,667 in February and 4,252 in March 1924.

Buenos Aires customs revenues up to April 16 totaled \$97,243,517, or 14.8 per cent. above the similar figures of last year.

Stock exchange transactions are limited; the market is rather heavy, due to general dullness. Money rates are, nevertheless, practically unchanged.

The exchange market is erratic. The peso has depreciated against practically all foreign currencies, but seems to have underlying strength.

Mexico

THE new financial program put into effect by General Plutarco Elias Calles, President of Mexico, since his inauguration on December 1, has inspired hope that at last the southern republic is on the eve of a

period of peaceful prosperity, according to advices received by the Irving Bank-Columbia Trust Company of New York from Joseph W. Rowe, its representative in Mexico City.

Foremost among the measures enacted during the first month of the Calles Administration was a balanced budget for the current year. Out of receipts estimated at 290,000,000 pesos, this provides 202,000,000 for salaries and general expenditures (about 100,000,000 less than in 1924), and 84,000,000 pesos for the resumption of service of foreign loans. This leaves a surplus of 4,000,000 pesos.

Other important financial steps enumerated by Mr. Rowe are:

1. The enactment of a general banking law, which has the support of the nation's bankers.
2. The creation of a National Banking Commission to direct the operation of the banking law.
3. The complete reorganization of the Commission Monetaria, the financial agency of the Federal Government, and the limitation of its capital responsibility to 15,000,000 pesos.

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

importance to attract attention. These included two relatively small private bankers, two sugar producers, one silver mining company, one large cotton planter, a hardware concern and a brewery. This diversity may be regarded as suggestive that underlying conditions in all general lines are essentially sound.



International Banking Notes

The net profits of the Banque Nationale de Credit, Paris, for the year 1924 amounted to Francs 31,444,680 as against Francs 31,223,931 for the year 1923. The bank announces that the dividend proposed at the annual meeting of stockholders will be 9 per cent. for the year 1924 as compared with a dividend of 8½ per cent. paid for 1923.



The balance sheet of the Kansallis-Osakke-Pankki for the year ended December 31, 1924 shows total resources of Fmk.2,114,452,694. The bank has a capital of Fmk.150,000,000, reserve funds of Fmk.104,659,881

and total deposits of Fmk.1,676,655,441. The net profit of the bank for the year 1924 amounted to Fmk.33,910,476 which, together with the balance brought forward from the previous year, Fmk.3,917,243, made available for distribution a total of Fmk.37,827,720. This amount has been disposed as follows:

	Fmk.
To a dividend of 18 per cent. on the capital of Fmk. 150,000,000.....	27,000,000
To special reserve fund	6,000,000
To amount to be administered jointly by a supervisory board and board of directors and to be used for public utility purposes	500,000
Balance carried forward to next account	4,327,720



The balance sheet of the Bank of Canton, Ltd., Hongkong, as of December 31, 1924 shows that in spite of the political disturbances in China during a very large part of the year the bank made a highly satisfactory showing. A dividend of 6 per cent. per annum on the paid-up capital was declared. The net profits for the year, including \$27,178 brought forward from last account, and after paying all charges, amounted to \$662,-

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

232. This amount has been disposed of as follows:

To write off furniture, fixtures and vault account	\$19,000
To write off stationary account	14,453
To write off underwriting commission account	620
To write off dividend at the rate of 6 per cent. per annum on paid-up capital.....	560,935
To account of bonus	36,423
Balance carried forward to next account	30,799

In October 1924 a branch of the Bank of Canton was opened in San Francisco under a charter granted by the banking department of the State of California. During the year the New York office of the Bank of Canton was removed from 1 Wall street to 200 Worth street. Hew Fan Un is agent for the bank's New York office.

©

The report of the Bank of Poland, Warsaw, covering the first eight months of its existence, states that, on the commencement of its operations, the assets considered as gold reserve against the bank note issues amounted to 249.5 million zlotys (one zloty = one gold franc), of which 70.3 millions was represented by actual gold and

179.2 millions by foreign currency and exchange. Toward the end of the year the stock of gold increased to 103.3 million zlotys and the stock of foreign currency and exchange to 253.6 millions. The circulation increased from 245 million zlotys on May 31 to 550.9 millions on December 31. The ratio of the gold reserve against notes issued fluctuated between 60 and 70 per cent., being twice as high as the ratio required by the statute; on December 31, 1924, the gold reserve ratio against notes issued was 64.9 per cent. With the increase in its gold reserves the bank enlarged the volume of loans materially, the total rising from 92.4 million zlotys on April 28, 1924, to 315.6 millions at the end of the year. On November 27, 1924, the discount rate was reduced from 12 to 10 per cent.

Out of the net profits amounting to 11.9 million zlotys, there were assigned 10 per cent., or 1.2 millions, to the reserve fund; eight millions for a dividend and an extra dividend, aggregating 12 per cent.; and the balance of 2.7 millions to the treasury.

The bank is a private joint stock company, with a capital of 100,000,000 zlotys, which was subscribed by the Polish people,

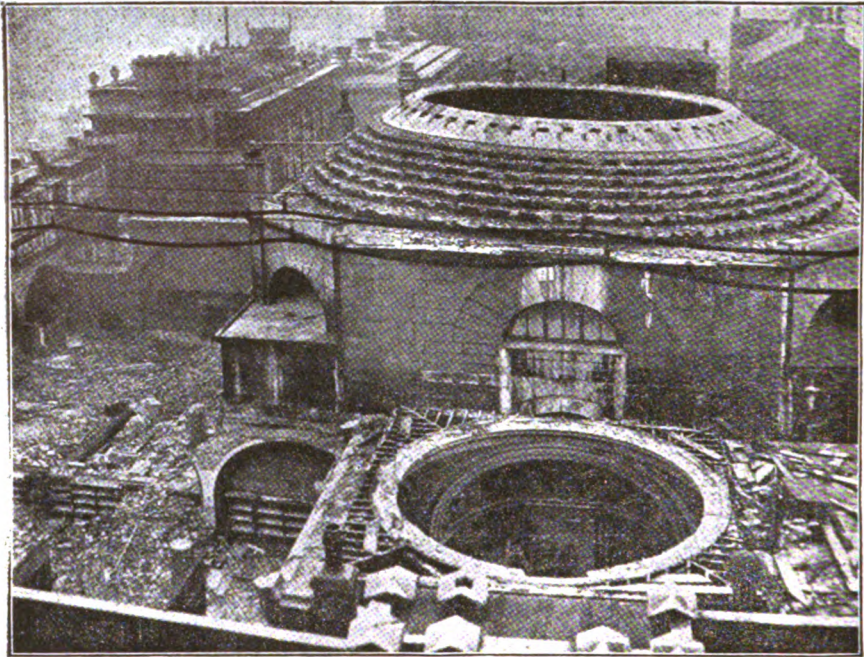


PHOTO FROM THE "TIMES," LONDON

A photograph of the Bank of England showing the progress that has been made with the demolition of the internal buildings in readiness for the work of the rebuilding of the bank. It is intended to retain the outside blank wall

although the participation of foreign capital was not excluded. Beyond a credit not exceeding 50,000,000 zlotys, granted in consideration of the note issue privilege, the bank is not bound to allow the state treasury any credit accommodation.

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At the ordinary general meeting of the National Bank of India, Limited, London, held March 31, 1925, at the Wesleyan Hall, Bishopgate, E.C., Sir Charles C. McLeod, Bt., the chairman, dealing with last year's results, said that the net profit for 1924, £535,925, was slightly in excess of that for the previous year. With £199,054 brought forward there was available for disposal £734,980. It was proposed again to place £50,000 to the credit of the reserve fund, which would then stand at £2,800,000, to write down house property account by £20,000, and to place £40,000 to the credit of the officers' pension fund; also to pay a further dividend at the rate of 20 per cent.,

free of income tax, which, with the interim dividend, disposed of £400,000, leaving £224,980 to be carried forward, or £25,926 more than was carried forward a year ago. In the balance sheet the current, fixed deposits and other accounts showed a satisfactory increase, and acceptances were also up. The cash figure retained its strong position of over £5,000,000. Holdings of British Government, Indian Government and other securities amounted to £13,763,697, an increase of £1,150,000. Bills of exchange totalled £6,698,668—about the same as a year ago. Discounts, loans, etc., showed an increase of about £400,000. The total liquid assets amounted to the figure of £25,573,940 against liabilities on current, fixed deposits, etc., of £32,548,162.

©

The New York Agency of the Banca Commerciale Italiana has announced the receipt of a cablegram from the head office in Milan, Italy, telling of plans to add to

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital	ƒ50,000,000
Reserve	ƒ20,000,000

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 bank's financial structure. The proposals call for a dividend of 12 per cent. for 1924, and an increase of 20,000,000 lire, each in the reserve account and undivided profits account.



The accounts of the Swiss National Bank for 1924 show a profit of frs. 6,357,620, or about £250,000 at the current exchange rate (against frs. 7,036,039 in 1923), frs. 500,000 of which is being placed on the reserve fund. Out of the remainder, frs. 1,250,000 will be employed in paying a dividend of 5 per cent. and frs. 250,000 in paying an extra dividend of 1 per cent. The remaining frs. 4,357,620 will be paid to the federal treasury, which will divide this sum between the cantons. At the end of 1924 the bank-note circulation reached frs. 850,514,000, as

against frs. 875,019,000 in 1923, and the average metallic reserve was 73.5 per cent. in 1924, while it was 72.17 per cent. the year previous.



The balance sheets of the Austrian National Bank for the year 1924, indicate a highly favorable condition of the bank and a contrast to the general economic situation prevailing in Austria.

The gold reserve amounts to \$67,800,000, having increased 11 per cent. during the preceding year, in spite of the severe financial crises. The covering of notes in circulation is over 62 per cent., against 57 per cent. in 1923, being 362 per cent. higher than prescribed.

A dividend of 10½ per cent. was declared from the net receipts of \$3,450,000.



Executive Council Meeting American Bankers Association

THE outstanding achievements of the many working units of the American Bankers Association, in the service not only of organized banking but also in behalf of general public economic welfare, were presented in review at the annual meeting of the organization's Executive Council held in Augusta, Ga., April 20 to 23 at the Bon Air-Vanderbilt Hotel. In addition to reports on work done, a number of important problems were brought up for discussion. The resolutions, presented by a committee under the chairmanship of Francis H. Sisson, who heads the Public Relations Commission, struck a reassuring note regarding the business situation. All sessions of the meeting were presided over by the president of the association, William E. Knox.

Mr. Knox spoke of his ability to keep in close touch with the work of the headquarters of the association due to his proximity in New York City and stated that he wanted to give his "personal testimony to the efficiency with which the office is being run, to the remarkable spirit of co-operation pervading all departments and to the expedition with which the work of the Association is carried out."

Mr. Knox announced the following new members of the Executive Council: Nebraska, J. R. Cain, Jr., vice-president Peters National Bank, Omaha; South Carolina, J. M. Flannigan, cashier Citizens Bank, Stuart; Wyoming, Harry R. Weston, vice-president American National Bank, Cheyenne; Louisiana, Eugene Cazedessus, vice-president Bank of Baton Rouge, Baton Rouge.

F. N. Shepherd, executive manager, calling attention to the fact that there are now 28,398 banks in the country, stated that members in the association now number 21,143, or about three-fourths of all the banks in the United States. He also brought out the fact that this high record of membership was maintained although the number of bank failures in 1924 registered the high water mark in the history of the United States, 743 banks having gone under.

Thomas B. Paton, general counsel, reviewed the unsuccessful fight at Washington to obtain the enactment at the last Congress

of the McFadden Branch Bank Bill with the Hull amendments.

The report of the American Institute of Banking, presented by E. V. Krick, president, brought out that the institute now is represented by 170 chapters, divided as follows: city chapters 141, county chapters 25, state chapters 3 and correspondence chapter 1. Growth is shown by the fact that last July there were 160 chapters. The membership in the institute on March 15 was 56,142, a gain of 1982 since July.

The Clearing House Examiner System

For the Clearing House Section, President C. W. Allendoerfer said that the section reports a total of 376 clearing house associations, a gain of fourteen since September 1, 1924, one being a county clearing house including all of the banks in the county. Mr. Allendoerfer continued:

"Ranking in importance second only to the organization of new clearing houses is the introduction of the Clearing House Examiner System into the larger cities, bringing together the list of borrowers from all banks in the city. Many dangerous situations were first discovered in this way and the control of the duplicate borrower is possible. In some cities the examiner's office conducts a complete credit bureau and in practically all, the examiners have fairly effective methods of checking up on the borrowers when requested. In several cities where the examiner plan has not been adopted, credit bureaus have been established and have been the means of preventing a large amount of losses. A system so effective in a city should be of similar value to a group of banks in neighboring towns, say in the same county. We believe that the development of this idea has just begun and that it will mean much in saving bank losses."

The National Bank Division Report

The report of the National Bank Division, presented by President Edgar L. Mattson said in part:

"The work of stimulating interest in the correct performance of trust administration and of assisting in various ways in the in-

stallation and operation of trust departments by national banks has gone on apace. The trust work being done by members of the division shows a very satisfactory growth and pleasing results. The division is engaged constantly in the work of aiding individual banks with their trust departments."

The Savings Bank Division Report

The report of the Savings Bank Division as presented by President Alvin P. Howard called attention to the fact that on all matters pertaining to savings banking the division is equipped to supply information, advice and suggestions, particularly in respect to statistics on savings deposits and depositors throughout the United States, classified by states and for different kinds of institutions handling savings; statistics on school savings throughout the United States and practical and theoretical knowledge necessary to start a school savings system; the theory and practice of the pay roll deduction plan for industrial savings; economic factors in savings; and latest sentiment on novelties, personal solicitation, employees' contests, window displays, house organs, savings clubs, budgets, etc.

The State Bank Division Report

President W. C. Gordon of the State Bank Division stated that the state bank membership has reached the new high mark of 12,194 members. The division, he said, had centered chiefly on encouraging the development of co-operative farm marketing facilities along sound economic lines; developing a better understanding and relationship between state banks and the Federal Reserve System; co-ordinating the efforts being made to increase the efficiency of state bank supervision; and co-operating with other agencies in a nationwide campaign to educate the public in the elements of sound investment.

The Trust Company Division Report

The Trust Company Division report made by Lucius Teter, the president, said:

"For the good of all, we are vitally interested in seeing the gift tax abolished and a removal of the tax on the donor of a revocable trust. We believe that the publication of tax returns made by individuals serves no worthy purpose. We have been

greatly concerned over the multiplicity of inheritance taxes by the states and the Federal Government. The executive committee of the Division approved the recommendation of the special committee on taxation that for state inheritance taxes the reciprocal plan or the Matthews Plan with certain modifications be placed in operation as far as possible."

Burton H. Smith, chairman of the Agricultural Commission, reported that the forty-eighth state bankers association had appointed an agricultural committee so that the organization of this work is now 100 per cent. complete.

Resolutions See Menace of Inflation Gone

The menace of inflation in the United States has been removed by the conservative attitude of business men and bankers, declared the resolutions presented on the second day of the Executive Council meeting by Francis H. Sisson as chairman of the committee. The other members were: Walter Lichtenstein, secretary; Evans Woollen, W. C. Wilkinson, Thomas F. Wallace and Grant McPherrin. The resolutions were as follows:

"While business prosperity has not reached the heights expected in some quarters, nevertheless, the situation need cause no anxiety. It is fundamentally sound. The conservatism displayed by business men throughout the country has brought about an attitude toward future commitments which has removed the menace of inflation. The council believes that in so far as our business prosperity has been the result of a revival of agriculture caused by undue diminution of crops in other countries, the effect is likely to be temporary, but in so far as it has been due to the rehabilitation of Europe and the liquidation of old indebtedness on the part of our agricultural population, the results attained are likely to be permanent.

"The direction of general banking policy has been eminently successful in contributing to the maintenance of a sound credit situation. Notwithstanding the accumulation of a disproportionate share of the world's gold in this country, the inflation of credit and prices which many feared would result has not appeared. The average of commodity prices has fluctuated within a narrow range during the last three years. The maintenance of a high degree of stability in the

price level requires the support of sound banking policy.

Coolidge and Mellon Commended

"The council commends the continued efforts of President Coolidge and Secretary of the Treasury Mellon to eliminate unnecessary Governmental expenditures. It endorses the efforts of the present National Administration to reduce still further the tax burden resting upon our people. The reduction of Federal taxes begun last year should be continued by such a revision as would not only further lighten the aggregate burden of these taxes but also distribute them more equitably. The surtaxes on incomes should be lowered, thereby making them more productive of revenue and encouraging the investment of capital in business undertakings. State and local taxes are also in many cases unduly high, and there is room for helpful co-ordination of these taxes by removing unnecessary and irritating duplications. A wise fiscal policy, however, will include provision for continuing the gradual retirement of the huge national debt incurred during the War. It is to be hoped that the efforts being made will meet with an early and complete success.

Improvement in Europe Noted

"The council notes with satisfaction the continued improvement of European conditions both from an economic as well as political standpoint. It is glad to see that the world is gradually returning to normal conditions everywhere and that the bitter feelings engendered by the War are slowly but surely disappearing. There is ground for believing that readjustments may be made which will cause the nations vanquished in the late War to accept whole-heartedly a

permanent settlement. This will be a great step in advance, assuring peace in the world.

"The continued discriminating investment of American capital abroad should be encouraged. It offers a most helpful means of gradually adjusting the national economy to the requirements of a creditor country. Without its influence the processes of collecting the foreign debts would unduly hinder the expansion of our export trade. The productive equipment of the country has developed under the stimulus of a large export business and the loss of foreign markets would unavoidably result in idle plants and workers.

"The extensive betterment of the general position of the farmers without resort to artificial price-making or valorization of their commodities has demonstrated the effectiveness of other and sounder measures. Co-operation is proving helpful in many directions and systematic effort to give increased attention to the familiar problems of business management, can do more than Governmental price-making to promote the prosperity of the farmers.

Council Lauds William E. Knox

"The Executive Council is happy to note year after year that the administration of the association continues to be ably conducted, and it wishes to congratulate President William E. Knox upon his untiring efforts to facilitate the harmonious development of the association, especially in regard to the relations between the permanent staff and the temporary officers of the association. The fact that President Knox is located in the same building with the headquarters of the association has enabled him to devote time and energy to the work of the association that would have been impossible under other circumstances."





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The Commercial Paper System

Article XXV 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 XXV

I. Introduction:

The commercial paper system furnishes a source of working capital for large manufacturers, wholesalers, and retailers having strong credit in the open market, but through the medium of "note brokers."

II. Commercial paper:

1. Definition.
2. Classes.
 - a. Unsecured single-name paper.
 - b. Unsecured double-name trade paper.
 - c. Unsecured double-name non-trade paper.
 - d. Collateral notes.
3. Denomination.
4. Maturity.
5. Issue.

- a. Selection of dealer.
- b. Credit investigation.
- c. Method of purchase and sale.
 - (1) Sale usually by option.
- d. Commissions.

III. Commercial paper buyers:

1. Commercial banks.
2. Savings banks (in some states).
3. Business corporations.
4. Private investors.

IV. Advantages of commercial paper system:

1. To the borrower.
2. To the banks.

V. Disadvantages of the system:

1. To the borrower.
2. To the banks.

BESIDES the capital contributed by its owners, a business may have four sources of working capital. These are (1) commercial banks, (2) the commercial paper system, (3) discount houses, and (4) the trade. It is the purpose of this article to discuss the second—the commercial paper system.

The commercial paper system is a means by which the large and well known business houses, with credit already well established, borrow short-term funds in the open market, but indirectly through commercial paper houses, for working capital purposes, thereby keeping a reserve of borrowing power open with established banking connections. Thus, the parties to the commercial paper system are the borrowing business concerns, the banks and other institutions which invest in the obligations created, and the intermediaries who bring the borrowers and lenders together, called the commercial paper houses or note brokers.

Banks come into contact with the commercial paper system in at least four ways. First, representatives of commercial paper houses call regularly on bank clients in their territory, submitting offerings. Second, while some of the smaller banks buy commercial paper, relying entirely upon their confidence in the broker, the larger banks, especially in the big cities, make an investigation of the debtor in much the same way as for direct borrowers. This investigation involves "checking" the name with the commercial paper house as well as with the banking connections, and other banks and trade houses familiar with the name. Third, banks located in small towns frequently request their New York or Chicago correspondents to invest surplus funds in their accounts in commercial paper, sometimes prescribing eligible names and at other times leaving the selection to the discretion of the correspondent. Fourth, the large banks are sometimes called upon to make advances to commercial paper

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houses which are secured by paper from their (note brokers') portfolios.

Nature of Commercial Paper

As an instrument of open-market borrowing, commercial paper may be defined as notes maturing in less than one year which are the obligations of the issuing individual, partnership, or corporation. They are sold through the medium of commercial paper houses, principally to banks, and, to a lesser extent, to insurance companies, business corporations, and private investors. Commercial paper borrowing is strictly a short-term credit operation for enabling the borrower to purchase or carry stocks of merchandise for resale, and may be regarded as a convenient means of financing inventory purchases at the seasonal peaks, or of otherwise providing additional working capital.

Commercial paper denominations range from \$2500 as a minimum to \$50,000 (rarely more) as a maximum. In order to obtain the widest investment distribution, the most frequent units are between \$2500 and \$10,000, \$5000 occurring most commonly. Maturities range from three months to one year, but the most frequent maturity is six months. Rates vary with money market conditions and with the credit standing of the borrower, the best names commanding slightly lower rates.

Four classes of commercial paper appear in the open market. The first class, which accounts for fully 75 per cent. of the total volume, is unsecured single-name paper. The second class is double-name paper, i. e., promissory notes given in settlement of goods purchased and indorsed by the seller. The third class is double-name non-trade paper, while the fourth class consists of collateral notes, secured by grain, cotton, live stock, provisions, or securities.

In practically all cases, open market notes are styled: "Pay to the Order of Ourselves," and are indorsed in blank by the issuer (maker). Since they are so indorsed, they become readily negotiable, the commercial paper house avoids the necessity of indorsing them, and the purchaser can negotiate them before maturity without indorsement, if he so desires. While the note broker does not guarantee the notes he sells, he guarantees the genuineness of the signatures and the proper issuance of the paper.

Not all concerns, of course, can borrow in the open market. Although there is no gen-

eral rule to indicate the types of open-market borrowers, it can be said that they are limited to concerns having a minimum capital of, say, \$200,000, well established in their field with demonstrated earning power, and constituting a first-class moral risk. Others will have to borrow from regular banking connections where closer vigilance over the business and its developments can be kept.

The Commercial Paper System

The commercial paper system is a specialized machinery for facilitating commercial borrowing by prime credit risks in the open market. It is a means by which well-known concerns obtain a part of their working capital funds without direct recourse to the banks. The system has been in operation for about fifty years, but has had its greatest development in the last two decades.

The commercial paper business is transacted by commercial paper houses or dealers, some of whom conduct the business as a specialty and others in combination with investment securities, bankers' acceptances, and foreign exchange. The term "note broker," as applied to this business, is somewhat of a misnomer, since nowadays the dealer usually buys the paper outright from the borrower-issuer, or advances a large percentage of the face amount pending the determination of the exact borrowing rate. The function of the commercial paper dealer is to act as middleman between the borrower and the ultimate lender, the commercial banks being the principal market for the distribution of this class of paper. Commercial paper houses are normally organized as partnerships, and to engage in the business on a successful basis, ample capital resources and valuable banking connections are necessary in order to secure an adequate supply of funds to finance the required underwriting transactions.

Methods Employed by Dealers

Dealers employ two methods in purchasing paper from the maker. First, the paper may be bought outright from the maker at a flat rate, less the dealer's commission or handling charge. If the dealer has properly appraised the maker's credit standing, he will undoubtedly be able to sell the paper at a slightly lower rate thereby making a profit. Should the dealer bid too high for the paper, or should the money rate advance, his mar-

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American Express Efforts Put 176 Criminal Menaces to Banks on the Inactive List

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gin of profit may be decreased or entirely cancelled. To this extent there is an element of speculation in this method. The borrower is normally paid by the dealer as soon as the paper is delivered to the latter. Second, the dealer may advance to the borrower up to as high as 90 per cent. of the face value of the paper upon delivery, the balance to be paid when the paper is actually sold, less the commission. This method enables the dealer to sell the paper at the rate of the current market, eliminating the speculative element from his point of view, and giving the borrower the benefit of the lowest market rate without profit to the dealer, who receives only his commission. The prevailing commission rate is one-fourth of 1 per cent., which is charged irrespective of the maturity. Thus, a concern borrowing for six months at $5\frac{1}{2}$ per cent. plus brokerage pays 6 per cent. for its money.

Commercial paper is customarily purchased on an option running from ten to twenty days. The dealer's representative is usually willing to leave an assortment of pieces with a prospective buyer so that he can select whatever he chooses. Within the option period, the prospective buyer retains the right to return any notes which he regards as undesirable, the purpose of the option period being to give the buyer an opportunity to ascertain the credit responsibility of the maker. In other words, the paper is left with the buyer on approval.

Advantages to the Borrower

The commercial paper system has its advantages and disadvantages, but on the whole, the advantages outnumber the disadvantages. Among the advantages to the borrower may be mentioned the following:

1. It broadens the merchant's or manufacturer's money market. The maximum unsecured loan of a national bank is 10 per cent. of its capital and surplus to any single name. The same rule holds good for most state banks and trust companies. At home, therefore, even though a concern may have several banking connections, the maximum borrowing power at the banks might not prove adequate to its needs on all occasions. The commercial paper dealer, by distributing the paper issued by one name among many banks throughout the country, assists the deserving borrower in finding sources of borrowing power that he would not otherwise have.

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2. It strengthens the borrower's credit standing. Because the borrower's paper is widely distributed in many parts of the country, the attention of the banking community is called to the name, which in time comes to have a nation-wide reputation. Some borrowers issue commercial paper as an expedient for establishing a national credit reputation so that they may have the advantage of a discount market at their disposal at all times.

3. It enables the issuer to keep a reserve of borrowing power at local banks. Money market conditions may be tight in one section of the country, but relatively easy in another. By issuing commercial paper, a borrower may keep his borrowing power in the local market in reserve for an emergency and, meanwhile, can test out other markets where commercial paper may be sold at the lowest rates. Unexhausted bank lines, however, should always be sufficient to cover commercial paper borrowings.

4. It obviates the requirement of maintaining proportionate balances against bank

borrowings. While it is true that funds borrowed in the open market are acquired without the additional cost of keeping a part of the proceeds on deposit, the saving is perhaps more apparent than real, because, besides the necessity for having adequate working balances, the borrower, as a matter of protection against a stringent money market, should have open bank lines sufficient to take up maturing commercial paper when and if the broker is unable to place it advantageously in the open market.

Disadvantages to the Borrower

There are two possible disadvantages of open market borrowings to the borrower: First, commercial paper maturities are absolute. Unlike bank loans, the lender is under no obligation to renew or to allow a gradual reduction of the principal. Consequently, the borrower may be forced to take up his maturing open market obligations at times when it is inconvenient to do so. Second, the issuing of commercial paper subjects the affairs of the borrower to a considerable amount of investigation—and from many sources. The note broker furnishes purchasers with the financial statement and other data concerning the borrower, but many banks which have taken paper on option request additional information. This must be furnished by direct communication with prospective buyers of the paper, by the note broker, or by the credit agencies specializing in commercial paper names. Requests for information from these sources must be acceded to, thereby imposing a considerable volume of work on the company's accountants or treasurer.

Advantages to the Buyers

The following advantages accrue to banks and others that buy commercial paper:

1. It furnishes an excellent short-term investment medium when the demand for funds from other sources may be below normal. Temporarily idle funds can be invested in this type of paper, which, because of its essential soundness, its non-fluctuating character (as in bonds and stocks), and its quick convertibility, makes it particularly adaptable to the investment requirements of commercial banks.

2. The risk is slight. Losses on commercial paper are small in comparison with losses on unsecured bank loans. The loss is re-

duced to a minimum by reliance on three factors: (a) note broker's reputation, (b) independent investigation of the name issuing the paper, and (c) diversification, i. e., purchase of relatively small blocks of paper from a relatively large number of names.

3. There is no moral obligation to renew. The purchasing bank can insist on repayment at maturity and refuse to renew the note without danger of loss of any business advantage. This differs from loans made to a bank's customers which oftentimes must be renewed, even where there is no justification for it except as a protection to the bank or as a favor to the borrower.

4. It constitutes an excellent secondary reserve. Since it has a short maturity without any obligation to renew, is essentially sound in character, and possesses ready marketability and collateral value, it has distinct merit as a liquid asset.

5. It often returns a higher rate than loans to customers.

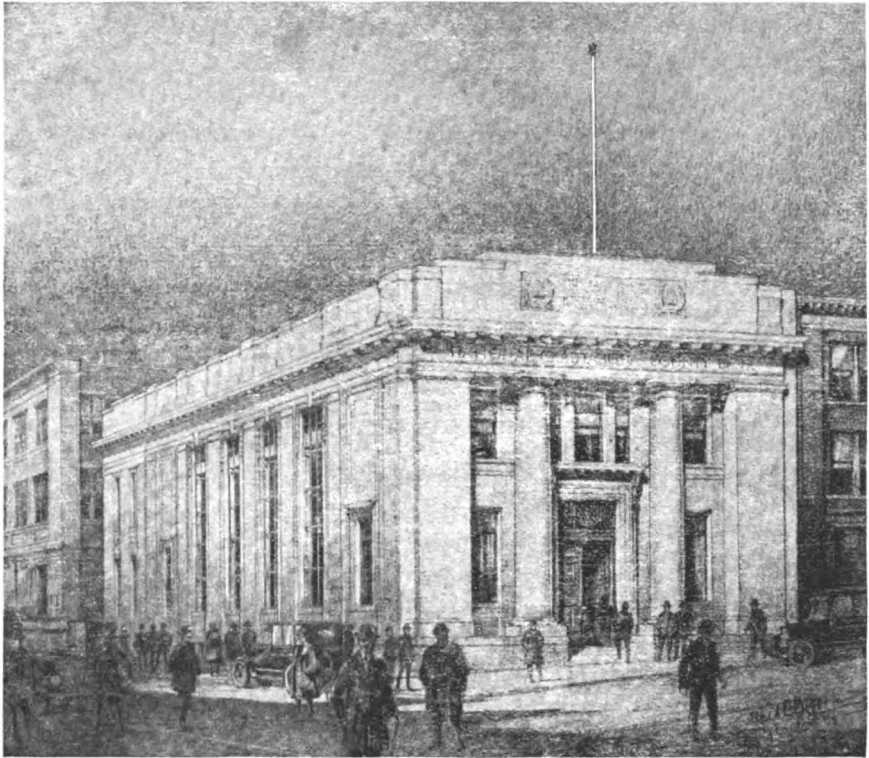
Disadvantages to the Buyers

On the other hand, there are a number of disadvantages of the commercial paper system from the standpoint of the commercial banks:

1. Commercial paper houses may be considered as competitors of commercial banks. This is particularly true of banks in the smaller centers and at times of easy money conditions. No doubt the commercial paper system diminishes the size of certain bank accounts and at times reduces the rates on loans, but, since commercial paper finally finds its way back into the portfolios of the banks, in the aggregate the banks are not deprived of their function of supplying commercial credit. Moreover, the commercial paper system tends toward an equalization of the supply of credit and of money rates over the country.

2. It may have a tendency to encourage unnecessary borrowing. Where a concern has established its ability to borrow in the open market, there is a temptation to over-expand and to over-borrow, which might be detrimental to both the borrower and the bank. While it is more difficult for a bank to detect evidences of over-borrowing when the commercial paper market is resorted to, by co-operation with the note broker it should be possible to curb this tendency.

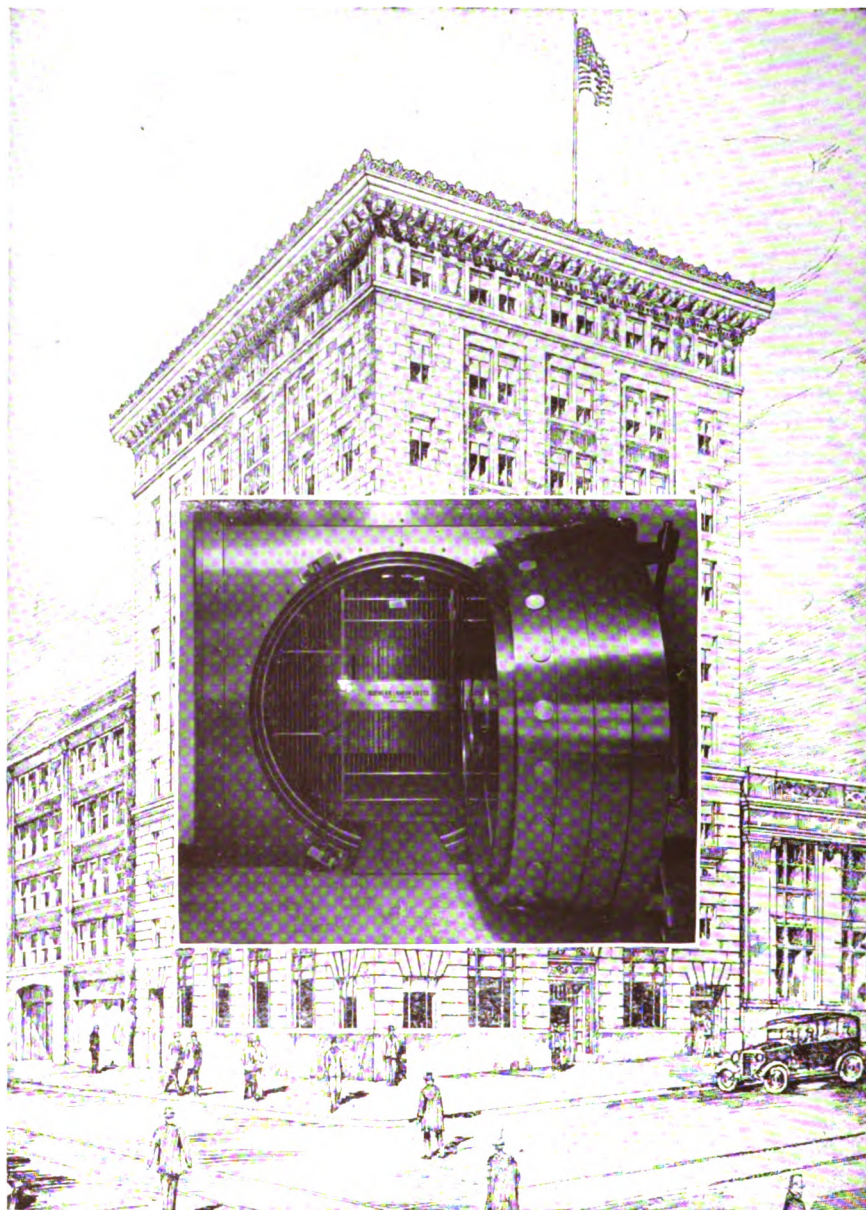
3. Commercial paper is prevalently single-name paper and does not evidence on its face the purpose for which the funds will be used.



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Here again, the disadvantage is more apparent than real. Since commercial paper depends for its soundness upon the standing of the maker, that fact, in itself, is evidence of the financial responsibility behind it. It is because they are single-name paper that notes sold in the open market are subjected to the severest scrutiny, both by the underwriting commercial paper house and the purchasing bank. The result is that none but the best moral and financial risks succeed in floating commercial paper.

Reading Assignment

- American Institute of Banking: Credits, Chap. 14. (The commercial paper system.)
 A. Wall: The Banker's Credit Manual, Chap. 9. (Judging commercial paper.)
 C. A. Phillips: Bank Credit, Chap. 16. (Open market commercial borrowings.)
 T. J. Kavanaugh: Bank Credit Methods and Practice, Chap. 4, 5. (Commercial paper and acceptances.)
 G. G. Munn: Bank Credit Principles and Operating Procedure, Chap. 14. (Commercial paper purchases.)

Supplementary Reading

(For those who wish to undertake a more thorough study of the subject.)

- W. H. Kniffin: Commercial Paper, Acceptances, and the Analysis of Credit Statements.
 R. W. Babson and R. May: Commercial Paper.
 L. J. Tompkins: The Law of Commercial Paper.

QUESTIONS

1. What are the four sources of commercial credit open to a business concern?
2. What is meant by the commercial paper system?
3. Who are the three parties to the commercial paper system?
4. In what four ways do banks come in contact with the commercial paper system?
5. Explain the difference between commercial paper in the broadest sense and in the open-market sense.
6. Define open-market commercial paper.
7. For what means may a concern borrow by means of commercial paper?
8. What are the four classes of commercial paper?
9. Explain the form of commercial paper obligations.
10. What are the usual denominations of commercial paper?

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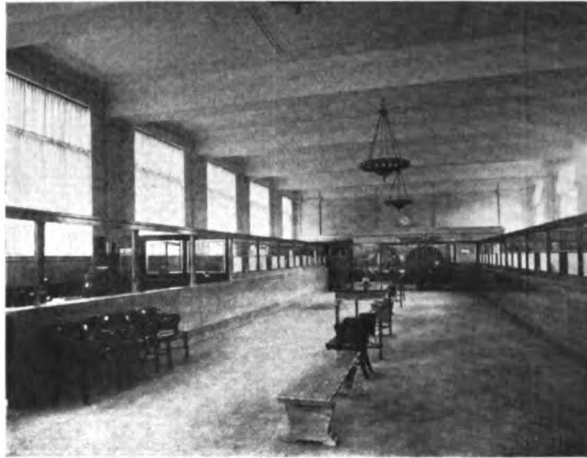
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11. What is the most frequent maturity of commercial paper?
12. Is commercial paper readily marketable by the buyer?
13. Does the commercial paper house guarantee the paper it sells? Why, or why not?
14. Why cannot all concerns borrow in the open market?
15. What factors determine whether a commercial paper house will buy the paper of a concern desiring to put it out?
16. How long has the commercial paper system been in operation?
17. Why is the term "note broker" a misnomer?
18. What are the two methods used by commercial paper houses in purchasing commercial paper from issuers?
19. If not payment, does the commercial paper house guarantee anything with regard to the issues they handle? What?
20. What is the customary commission charged by a dealer?
21. Is it safe for a bank to rely wholly upon the commercial paper house for information concerning the makers of commercial paper?
22. Why is commercial paper sold on option, and how long does the option run?
23. What means does a purchasing bank have to "check" the soundness of a particular piece of commercial paper?
24. Is commercial paper, on the whole, as safe an investment for a bank as unsecured direct loans?
25. (a) State four advantages to the borrower of procuring working capital through the commercial paper system. (b) State two disadvantages.
26. (a) What are the chief advantages to the buyer of commercial paper? (b) What are the disadvantages?
27. What are the differences in "checking" commercial paper from "checking" a direct loan?



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Some Bank Credit Problems

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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.

Corporate Securities

THE following article is the second of a series by the Credit Editor. The first article of the series appeared last month, in the April number, and discussed the different forms of business organization and the manner in which the elements of management, risk and capital enter into their conduct. The accompanying article classifies various types of stocks and bonds and enumerates briefly some of their characteristic features. This series of articles, as has already been announced, will constitute upon its completion a comprehensive treatise on credit and credit department methods. Some of the articles are necessarily elementary in nature, but they will none the less prove valuable to the experienced credit man as well as to the beginner in setting forth clearly many fundamental principles of business and credit. The Credit Editor's next article will appear in the June number.—THE EDITOR.

NOT only do corporate securities permit of a wide division of the element of risk, but they are also so divided as to allow a purchase thereof that will fit practically every investor's pocketbook. As mentioned in last month's article in the case of the corporation, management is divided into control and administration. When a corporation has only one class of stock, the control rests in what is known as the "corporate stock" or "capital stock". In the event that there is more than one class of stock, it is customary for active present control to rest with the common stockholders. In some instances, however, there are exceptions to this, that is, preferred stockholders may also have some present control. A share of preferred may carry the same voting power as a share of common, and aside from the fact that one issue or the other might be able to control the affairs of the company by reason of its size, share for share they have the same amount of pres-

ent control. Corporate securities are of a very wide and varied character, and in every instance the securities issued are designed to fit the peculiar needs of the company, and meet the conditions of the market which is to absorb them, etc. In one instance a certain feature is varied in consideration of some other feature, and what might meet the needs of a company at a certain time and under certain conditions, may not fit the requirements of another company at a different, or perhaps even the same time. It is customary for corporate securities to line up as follows:

Bonds—Smallest risk, no present control, except by definite stipulations under the terms of an indenture, full contingent control, limited income.

Preferred stock—Medium risk, usually no present control, certain contingent control, usually limited income.

Common stock—Greatest risk, usually full present control, income unlimited.

In the case of the partnership, we saw in last month's article how a limited division of the number of owners (suppliers of capital) of a business was practically possible, and it was almost impossible to divide the element of risk entering into the conduct of the business. In the case of a corporation, it is evident from the preceding article that not only is it possible to widely divide the risks by means of bonds, preferred and common stocks, but also the number of owners or contributors of capital is practically unlimited.

Various Types of Bonds

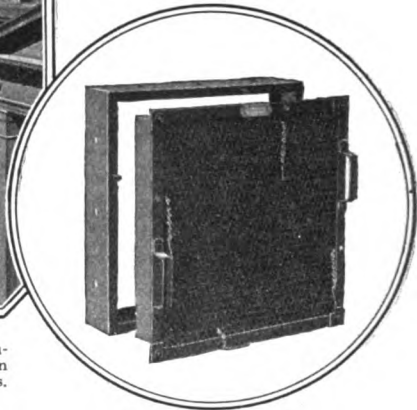
To endeavor to list all of the various types of securities which have been issued, and

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enumerate the features embodied in each would be a formidable undertaking. However, the following sets forth a brief classification of the various types of bonds:—

(a) First mortgage bonds, which represent a definite first lien against specific physical property. Under this group, also, would come "equipment trust obligations."

(b) Bonds which represent second or junior liens on physical property usually found under the name of "second mortgage bonds," "general mortgage bonds," "consolidated mortgage bonds," "refunding mortgage bonds," or some combination of these names.

(c) Bonds representing a lien on definite securities, usually classed under the heading of "collateral trust bonds."

(d) Debenture bonds, not representing a lien on any definite property, but merely a promise of the company to pay, carrying interest payable regularly thereon and certain contingent control in the event of default of interest.

(e) Income and participating bonds, which are not a lien, and while representing a promise to pay principal at a definite maturity, usually only carry a conditional promise to pay interest.

The above group is arranged in accordance with what would usually represent the desirability of the bonds from the standpoint of security. A brief description of the various classes follows:—

First and Second Mortgage Bonds

(a) First mortgage bonds—These bonds are based on a direct first lien on the company's physical property. They may not be a lien on all physical property but only on certain pieces or parcels. If the mortgage is for a conservative amount of the valuation of the property against which it is a lien (say 55/66 per cent. of its value) and the earning power of the company is good, it is natural that such bonds will carry a low rate of return. When the margin of equity between the amount of the mortgage and the value of the property decreases, the risk naturally increases and so does also the rate. A first mortgage bond represents the strongest security which the corporation can offer. It carries with it full control in the event of default of interest or any of the various covenants under which it was issued. Under the terms of the indenture, it may be required that the company's affairs be kept thus and so, or

the bondholders shall have the opportunity to exercise certain rights, and it is, therefore, evident that in this respect the mortgage bondholder exercises some present and active control. In connection with these stipulations the indenture should be carefully reviewed. Equipment trust obligations represent liens against salable machinery. While in the past this was a method used by railroads to finance the purchase of cars and engines, it has found its way into financing equipment of other corporations. In the case of railroad equipment the equipment against which it represents a lien is usually definitely earmarked for the trustee. Equipment trust obligations carry with them certain features of control which are outlined in the particular indenture. First mortgage bonds and equipment trust obligations represent the least risk, and naturally carry the lowest rates.

(b) A second mortgage bond is, as the name implies, a secondary or junior lien on the property, provided, of course, that the first mortgage is still in existence. So also with the third mortgage, fourth mortgage, etc. They have a lien on the physical property in due order as contrasted with the first mortgage bonds. Naturally, being a later lien than the first mortgage, they carry greater risk and also greater returns in consideration thereof. Bonds called general or consolidated mortgage bonds customarily represent blanket mortgages, which are a lien after all other mortgages. In some instances, they may represent in effect a first lien against the property, inasmuch as previous existing mortgage have been satisfied. This is also true of refunding mortgages, which as the name implies, are usually issued to refund some other mortgage. We also find cases where the names are grouped such as "first and refunding"—"first and consolidated," etc. These may represent in part a first lien against property and a junior lien against some other property, and it is, therefore, only reasonable that an inspection of the indenture should be made to determine what sort of a lien they actually represent. As in the case of the first mortgage bonds, these bonds also carry certain rights as regards control and these rights are definitely stipulated in the indenture.

Collateral Trust and Debenture Bonds

(c) Collateral trust bonds customarily represent bonds issued against securities deposited with a trustee, as collateral for the

issue. For example, a company may pledge the securities of a subsidiary which it owns with a trustee and issue bonds based thereon. The goodness of the security back of such bonds depends upon its type and the sort of place the securities would occupy in the debts of the subsidiary. Of course, the bonds carry the responsibility of the parent or issuing company but cannot be considered as secure as a direct lien, unless, of course, they are collateral trust bonds issued against first mortgage bonds of another company for the conservative value of its property. These collateral trust bonds carry with them certain features of control which are outlined in the particular indenture. Such bonds carry more risk than bonds of the first mortgage type, and therefore, a higher rate of return.

(d) Debenture bonds are nothing more than a promise to pay. The appearance of a debt for debenture bonds usually signifies one of two things—i. e., either that mortgage bonds are not available, or else that the company is in excellent credit and is not called upon to borrow by means of a pledge of its assets. Such bonds are issued under an indenture, and the indenture sets forth certain stipulations. Debentures usually carry certain rights of control in the event of default of interest. They may also exercise certain present active control by means of the agreements set forth. For example, the indenture may specify that current position must be maintained thus and so, and no mortgage debt can be placed against the property while the debentures are outstanding, etc., which stipulations in reality take certain features of active management from the stockholders. The rate carried by the debenture is based on risk, naturally, and is a reflection of the credit standing of the company.

Income and Participating Bonds

(e) Income and participating bonds are in many instances almost on the boundary line of preferred stocks. In the case of income bonds, they really represent little in the way of a bond. They rank ahead of stock issues, but that is practically all that can be said of them. Usually the interest is payable only if earned, and is not cumulative. They usually carry a fixed rate. In cases of participating bonds, they are very similar to income bonds.

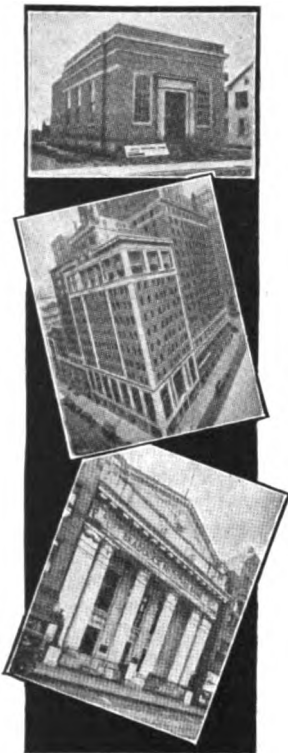
They may carry a certain rate and above that participate with the stock in earnings

up to a certain amount, or even to an unlimited amount. Such bonds as these represent little in the form of security, and naturally the high risk creates a higher rate. Their control is only contingent and after the ability of the holder of such bonds to prove that the company earned but did not pay.

It is not at all uncommon for bonds to contain a convertible clause, and this also applies to preferred stocks. Under such a clause the security is convertible within a certain period and at a certain figure into another type of security of the company generally offering more risk and, therefore, larger returns. This makes possible the satisfying of a change in temperament. At the time of purchase, a man may be unwilling to accept greater risk, perhaps due to doubt in his mind as to the earning ability of the company, but is willing to accept a fair risk in consideration of a limited income, and in view of the fact that he will have the opportunity to increase his risk and income by converting the security if he later becomes satisfied as to the earning ability of the company.

Many issues of bonds are callable at a certain figure. This may be a price ranging from a small amount above par to a fair percentage above their par value. Under such a callable feature the bondholders in reality surrender to some degree features of present management which they possess. This is made more apparent by example, and in this connection, let us say, that the company covenants under the indenture that no mortgage shall be placed on the property while bonds are outstanding, and these bonds are callable at \$105. It is possible, by the company paying this premium on the bonds, to call them, thereby eliminating the control exercised by said bondholder.

Also, many times a company issuing bonds creates, under the terms of the indenture, a sinking fund which will automatically retire the issue over a period of years. This sinking fund is nothing more or less than an agreement on the part of the company to pay to a trustee periodically a certain amount, which is to be used at a certain time to retire a portion of the bonds. The operation of the sinking fund is designed to meet the peculiar needs of the company. In some cases a fixed amount is payable each year, while in others a small amount is payable the first year and gradually increases. The work of retiring the bonds



Banks of Any Size Can Have Rivet-Grip Protection!

THE Rivet-Grip System of Bank Vault Reinforcement is not adapted to big banks alone. Flexibility of design, ease of installation and the moderate cost of construction enables the small town bank to obtain the same protection as the large metropolitan bank.

Rivet-Grip Reinforcement is the most effective vault protection known to science. There are no weak spots. Corners and door connections, points of weakness with ordinary construction methods are as strong as any other section. Rivet-Grip gives balanced protection throughout to vaults of any size.

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The Rivet-Grip Steel Co.,

Representatives in all principal cities

2741 Prospect Ave., Cleveland, Ohio

through the sinking fund is all a part of the duties of the trustee, which is usually a bank, and it receives compensation therefor.

The Indenture

The indenture under which bonds are issued is usually a lengthy document, and assumes the proportion of a rather good sized pamphlet. It describes the bonds, the assets against which they represent a lien, and outlines the various features of present and contingent management which the bondholders may exercise. It sets forth, sometimes clearly, but more frequently in complicated legal language, the various things which the company agrees to do and the rights of the bondholders in default thereof. The indenture, therefore, shows the bondholder what position he occupies and it gives the credit man and banker an understanding of his position as contrasted to that of a bondholder.

One of the most interesting requirements of the indenture to the banker is the current position which the company covenants to maintain. This will vary from an agreement that current assets will be maintained

equivalent perhaps from one and one-half times the current debt (current debts and current assets being defined in the indenture) up to a requirement of perhaps current assets equal two and one-half times the current debt. In some instances, the current assets to be maintained are based on the total obligations of the company. As the requirement of the current assets which shall be maintained increases, more power is given to the bondholders and the requirement should be sufficiently low so as not to jeopardize the proper operation of the company. Another feature of interest to the banker is that the mortgage does not consist of lien other than against fixed assets.

Books have been written concerning bonds, and while the foregoing is not presented as by any means representing a complete review of the subject, it is rather to be taken as a brief survey of some of the ordinary features.

Preferred Stocks

Preferred stocks are not considered as a direct liability of the company, as is the case with bonds, and in the ordinary course

of operation the stockholder does not appear as a general creditor, but his investment is without maturity and is considered a capital liability of the company. Preferred stockholders assume greater risk than bondholders and in consideration thereof, their return is higher. In some instances, the preferred stockholder exercises present control and a share of preferred stock possibly carries the same voting power as a share of common stock. Preferred stockholders ordinarily are preferred as to dividends, and in this connection are contrasted to common stockholders. On the other hand, there may be several issues of preferred stock—i. e., first preferred, second preferred, etc., and it is customary that they are preferred in this order as to dividends. As is the case with bonds, the features under which preferred stock is issued are contingent on conditions evidenced at the time of issue.

Preferred stocks are also of a cumulative and non-cumulative nature as regards dividends. They may carry a fixed dividend, which although not paid regularly, accumulates regularly, or the dividend may not accumulate at all. In either event, it is customary for the preferred stockholder, in the event of non-payment of dividends, to be more or less restricted as to the power which can be exercised. In fact, all the way through, his position is usually very weak as contrasted with the bondholder's position, although certain types of bonds, such as income bonds mentioned above, more or less range into the class of certain types of preferred stocks. Preferred stocks are at times of a participating and convertible nature. In this respect they are similar to bonds having the same rights explained above. The issue of preferred stock, and also bonds, the rate they are to carry, and other features, are as mentioned, dependent on conditions surrounding their issuance. If the company is desperately in need of funds it is only natural to expect that the common stockholders will have to surrender considerably more to bring any money into the business than is the case if the company's earnings are good, position is easy, and funds are required for expansion purposes only. It depends also on the condition of the market which is to absorb the issue.

The Common Stockholder

The common stockholder takes the greatest risk. He has full present control, ex-

cept in so far as he has surrendered it to other types of securities, in order to obtain the capital provided thereby. His income is unlimited. He must first, however, meet the requirements of senior issues, and in some cases participate with them in earnings up to a certain figure or even an unlimited amount. Conservatism on the part of common stockholders usually dictates a policy whereby earnings are only partially withdrawn in the form of dividends, the balance going into surplus. The bonds and preferred stock ordinarily carry a definite par value and are set up on the balance sheet at that figure. While the common stock frequently carries a par value, it is occasionally issued as of no par value. In either case, the entire surplus is construed as belonging to the common stockholders. Where a definite par value is assigned to common stock, it is set up on the statement at that figure, and the surplus shown separately. Where the stock is of no par value, frequently the directors will assign a nominal value to it for the purpose of carrying the common stock item on the balance sheet at a certain figure and reflecting a surplus. Where the stock is of no par value, and no value has been assigned, it is customary for the balance sheet to show a surplus only, and to show that it is represented by so many shares of common stock. Recently the tendency has perhaps somewhat increased to issue common stock of no par value. By so doing, if the company should sustain heavy losses for several years, it is not forced to show a deficit on the balance sheet until the entire equity of the common stock has been eliminated. In cases where the common stock bears a definite par value and is set up in the balance sheet at that figure, it is naturally necessary for a company to show a deficit on the elimination of the surplus due to losses sustained. Therefore, in a case of par value common stock, this brings about red figures on the balance sheet much sooner than is the case where the stock is of no par value.

QUESTIONS

1. If you desired to purchase a security offering a fair risk and a fair rate of return, what type would you ordinarily consider most likely to meet these requirements?
2. If you knew some one who desired to assume a considerable risk with an opportunity of a good rate, or the assuming of a

loss, what class of security would you advise him to look into?

3. An oil company has outstanding first preferred stock 6 per cent. cumulative, a general and refunding mortgage issue, second preferred stock 7 per cent. cumulative, first mortgage bonds, common stock, equipment trust certificates. Classify these as to the order in which you would regard them from the standpoint of their security.

4. A man owns control of the common stock of a corporation. Is it possible under any line of corporation securities, for the control of the company to rest with others? Explain.

5. Based on the net worth shown on a balance sheet, how would you figure the book value of preferred stock? How would you figure the book value of par value common stock? How would you figure the book value of common stock, having no par value?

6. You are a director in a large company that is well known, has a splendid earning capacity and valuable plant properties which are unmortgaged; the only class of stock outstanding is common stock, the market for absorbing security issues is splendid, money being very easy. The company desires funds for expansion purposes. What type of security, based on this limited information would you consider most desirable from the company's standpoint, to offer, and why?

7. A moderate sized company, not well known, desires to do some financing, bringing funds into the business for expansion purposes. It has good earning power and valuable properties unmortgaged. It desires to sell to the public a security issue. What type would you consider would probably have to be sold?

8. A large company has a fair earning power, a rather large plant unmortgaged, there are outstanding preferred and also common stock issues. It has been decided to float a debenture issue. Name the first concession which you would probably desire to be made by the company, if you were on the outside as a purchaser of one of the debenture bonds.

9. When a company has a funded debt or any kind of a preferred stock issue, what precautions should the commercial banker take?

10. What is a sinking fund?

11. What is a collateral trust bond?

12. If, under the terms of a bond indenture, it was required that the company, en-

gaged in the ordinary type of business, was to maintain at all times current assets of \$2.25 as against each dollar of current indebtedness, would you be inclined to look upon such a requirement with favor from the viewpoint of the commercial banker?

Questions and answers on bank credit problems follow as usual and will continue each month.

QUESTION: I would appreciate information regarding desirability of loaning a hotel, and also the goodness of their bond issues. I would value anything that you can give me along this line.—H.B.

ANSWER: Generally speaking, from a banking standpoint, I think the following four factors are essential:

1. Confidence in the stability, integrity and character of the owners.
2. Experienced and resourceful management.
3. Financial equity in the hotel itself.
4. Earning power and close analysis.

Naturally the average hotel will not be able to present a statement which will show the current proportions usually looked for in a desirable credit. Further, they necessarily have to have a heavy fixed investment, so that right off the bat there are two important factors which cannot help but place this kind of a loan in the second or third-rate class. One of the most important features is experienced management. Gossip has it that even in New York City some of the hotels are coining money fast whereas others (which to the outsider probably could be rated in the first group) are having trouble breaking even. Therefore, in the final analysis I should think a loan to a hotel would have to have certain "policy" advantages and in all events should be endorsed by the principal owners if possible. Regarding the bonds of a hotel, they naturally are speculative, would have a narrow market and should be analyzed on the same basis as any other investment. I think the facts mentioned in the first part of this paragraph would also apply in sizing up the bonds.

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NATIONAL
BANK

*Everything
the name implies*

“FIRST”

- in Capital and Surplus
- in Deposits
- in Resources
- in Service

*There Are Many Things St. Louis'
Largest Bank Can Do For You*



Broadway—Locust—Olive

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware.

CONVENTION DATES

New Jersey—at Atlantic City, May 7-9, May 13-14.

Pennsylvania—at Atlantic City, May 20-22.

National Safe Deposit Association—at Atlantic City, N. J., May 29-30.

New York—at Ithaca, June 22-24.

American Bankers Association—at Atlantic City, September 28-October 1.

GUARANTY TRUST COMPANY

The condensed statement of condition of the Guaranty Trust Company of New York as of March 25, 1925, shows total resources of \$628,091,897 as compared with a total of \$567,994,776 on March 20, 1924. The company's deposits total \$526,349,821 as compared with \$463,201,653 a year ago. Surplus and undivided profits of \$19,559,461 show a gain of \$849,580 since March 20, 1924.

NATIONAL PARK OPENS NEW OFFICE

The National Park Bank of New York, main office at 214 Broadway, which recently opened a new office in the Postum Building, at Park avenue and Forty-sixth street, announced the opening on April 15 of another branch office in the new Equitable Life Building, at Thirty-second street and Seventh avenue. Established in 1856, the National Park Bank has until recently done all its business at one location. The directors have voted, owing to increased business of the bank and because of the development in the city of new distinct zones of business, to establish offices in these new

trade centers, the Park avenue-Forty-sixth street office serving the Grand Central zone and the Seventh avenue-Thirty second street office serving the clothing trade zone.

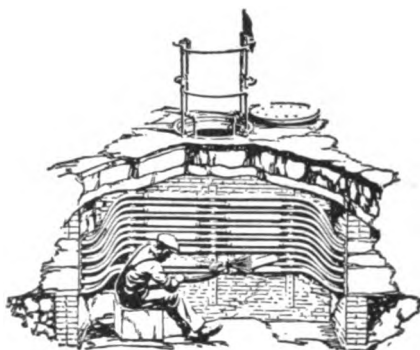
MANUFACTURERS TRUST ABSORBS GOTHAM AND FIFTH NATIONAL

The Manufacturers Trust Company of New York has announced the consolidation with it of the Gotham National Bank and also the Fifth National Bank. Both the



NATHAN S. JONAS
President Manufacturers Trust Company,
New York

Gotham National and the Fifth National each have one office, the former at Columbus Circle and Fifty-ninth street, and the latter at Lexington avenue and Twenty-third street. The officers of the two institutions



The things that are not seen

UNDER a single Broadway corner in New York are telephone cables holding 88,000 wires.

Of the Bell System's total of 40,000,000 miles of wire, 26,700,000 miles, part of an underground plant costing \$465,000,000, are not visible to the subscribers and investors whose homes and offices they serve.

The Bell System wires form a nationwide network connecting 16,000,000 telephones—one to each seven of the country's inhabitants.

Plant and service as extensive as the nation itself underlie the securities of the Bell System.

The dividend rate of the stock of A. T. & T.—parent company of the Bell System—is 9%. This investment stock can be bought in the open market to yield a good return. Write for booklet, "Some Financial Facts."



BELL TELEPHONE SECURITIES CO. Inc.

**D.F. Houston, President
195 Broadway NEW YORK**



*"The People's
Messenger"*



*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**

will become affiliated with the Manufacturers Trust Company.

The Gotham National Bank has a capital of \$1,500,000, and surplus and undivided profits of \$512,000. The basis of consolidation in this instance will be that stockholders of the Gotham National Bank will receive one share of Manufacturers Trust Company stock for each two shares of Gotham National Bank stock now held.

In the case of the Fifth National Bank which has a capital of \$1,200,000, and surplus and undivided profits of \$1,450,000, its stockholders will receive ten-twelfths of a share of Manufacturers Trust Company stock for each full share of Fifth National Bank stock now held. The Fifth National Bank is one of the oldest banking institutions in the country, having been organized in 1864.

It is expected that the consolidation of both national banks into the Manufacturers Trust Company will be consummated at the same time, in the latter part of May.

The effect of the consolidation, on completion, will be to give the Manufacturers Trust Company deposits of approximately \$190,000,000, capital of \$10,000,000, and sur-

plus and undivided profits of about \$12,000,000.

**MALMAR MADE VICE-PRESIDENT
CORN EXCHANGE**

Edward S. Malmar, for several years cashier of the Corn Exchange Bank, New York, was appointed a vice-president at a meeting of the board of directors recently. John S. Wheelan, formerly an assistant cashier, was appointed cashier, to succeed Mr. Malmar. Frederick K. Lister, John W. Ross, R. Peters, Jr., and E. B. MacKenzie were appointed assistant vice-presidents.

**MECHANICS AND METALS 115
YEARS OLD**

The Mechanics and Metals National Bank, New York, celebrated in March its 115th anniversary. There are only two New York banks older than the Mechanics and Metals, the Bank of New York and Trust Company, which was founded in 1784, and the Bank of the Manhattan Company founded in 1799. The Bank of America, the Chatham and Phenix and the National City Bank were

Consolidated Balance Sheet
Columbia Gas & Electric Company
and
Subsidiary Companies
(Controlled by practically 100% Common Stock Ownership)



As of February 28, 1925, adjusted to give effect to the issuance of \$10,000,000 Three-Year 5% Gold Notes due May 1, 1928, and to the acquisition of more than 99½% of the Common Stock of The Dayton Power and Light Company

ASSETS		LIABILITIES
Property Account , comprising Gas Fields, Plants, Leases and Stocks owned of Subsidiary Companies.....	\$130,865,565	Funded Debt: Columbia Gas & Electric Company: First Mortgage 5% Bonds, Jan. 1, 1927.....*
Guarantee Funds Deposited with Trustees:		11,104,500
State and Municipal Securities — non-taxable in Ohio.....	\$2,073,079	*2,588,640
United Kingdom 5½% Gold Notes.....	97,906	Three-Year 5% Gold Notes, May 1, 1928 (new issue).....
U. S. Government and Territorial Securities and Cash.....	1,832,140	10,000,000
	4,003,125	The Ohio Gas & Electric Company: First Mortgage 6% Bonds, May 1, 1946.....
Other Securities Owned:		1,238,600
The Cincinnati Gas & Electric Co., Prior Lien and Refunding Mortgage Bonds.....	\$3,975,039	6% Debentures, June 1, 1926.....
The Union Light, Heat & Power Co. First Mortgage, Series A, 6% Bonds.....	2,380,100	196,500
Other Investments.....	132,046	The Dayton Gas Company: First Mortgage 5% Bonds, March 1, 1930.....
	6,487,185	1,314,000
Current and Working Assets:		Huntington Development & Gas Company: First Mortgage 6% Bonds, June 1, 1936.....
Cash.....	\$8,190,625	3,391,000
Accounts and Notes Receivable.....	5,875,575	Huntington Gas Company: Collateral Trust Notes, July 1, 1934.....
Materials and Supplies.....	1,974,546	36,538
Interest and Dividends Accrued.....	516,202	The Dayton Power & Light Co.: The Dayton Lighting Co. First & Refunding Mortgage 5% Bonds, March 1, 1937.....
	16,555,948	1,469,000
Preferred Stock Subscriptions:		First & Refunding Mortgage 5% Bonds, June 1, 1941.....
Columbia Gas & Electric Co.....	\$102,575	9,505,000
The Union Gas & Electric Co.....	215,600	Total Funded Debt.....
The Dayton Power and Light Co.....	123,221	\$ 40,844,073
	441,396	Current and Accrued Liabilities:
Sinking Fund Assets.....	224,228	Accounts Payable.....
	224,228	\$1,427,841
Deferred Assets:		Accrued Taxes, Interest and Rentals.....
Prepaid Accounts, Un-amortized Debt Discount and Expense.....	1,512,473	3,635,943
	1,512,473	Compensation Awards Payable.....
	\$160,089,920	29,115
		5,092,899
		Deferred Liabilities:
		Customers' Deposits.....
		\$ 610,100
		Preferred Stock Installment Payments—Subsidiary Companies.....
		97,662
		Suspense Account.....
		41,820
		749,582
		Capital Stocks:
		Preferred and Common Stocks of Subsidiary Companies.....
		12,252,000
		Columbia Gas & Electric Co.:
		Cumulative 7% Preferred, Series A.....
		23,933,700
		Common (1,500,000 shares no-par value).....
		50,000,000
		Reserves:
		For Depreciation, for Contingencies, etc.....
		16,091,230
		Surplus.....
		11,126,431
		\$160,089,920

There is a contingent liability due to the guaranty by Columbia Gas & Electric Company of the principal and interest of \$1,588,000 First Mortgage 5% Bonds of Cincinnati Gas Transportation Company, due July 1st, 1933. These Bonds are to be retired before maturity by operation of the monthly Sinking Fund.

There is also a contingent liability due to the guaranty by Columbia Gas & Electric Company of the principal and interest of \$603,640 notes of the Trustees under the Stock Purchase Plans No. 1 and No. 2 for Employees of Columbia Gas & Electric Company and its Subsidiary Companies. These notes are secured by pledge of Columbia Gas & Electric Company common stock, being purchased by subscribers to the said plan, and are being paid off as weekly and monthly payments are withheld from the salaries of the purchasers.

*It is expected that the holders of the Company's First Mortgage 5% Bonds and its 5% Debentures, after the application of sinking fund moneys, are in due course to be offered an opportunity to exchange the same for Notes of the Company's authorized issue of \$25,000,000 Three-Year 5% Gold Notes, due May 1, 1928.

Office of the President, 61 Broadway, New York City

organized in 1812 and the Farmers Loan and Trust Company in 1822.

The bank's original capital was \$1,500,000. This was raised to \$2,000,000 in the second year of the bank's existence. Capital, surplus and undivided profits of the Mechanics and Metals now amount to almost \$26,000,000 and total deposits are approximately \$300,000,000.

HOLDER RESIGNS FROM GUARANTY TRUST

Charles A. Holder has resigned as vice-president of the Guaranty Trust Company of New York and has left for a trip to Europe.

COAL AND IRON NATIONAL 21 YEARS OLD

The Coal and Iron National Bank of New York reached its 21st birthday on April



JULIAN W. POTTER
President Coal and Iron National Bank, New York

11, at the same location where it was originally organized, Liberty and West streets, New York.

The capital and surplus have increased



Known in Buffalo as—

"The Bank where you feel at home."

from \$500,000 to \$2,875,000. Total resources increased from \$953,206 to \$90,795,781.

In the twenty-one years of its successful operations the bank has paid to stockholders \$2,377,500 in cash dividends.

FORBES APPOINTED COMPTROLLER NEW YORK TRUST

Raymond G. Forbes has been appointed comptroller of the New York Trust Company of New York.

SPEAKING TOUR FOR KNOX

William E. Knox, president of the American Bankers Association, will make an extended speaking tour during May and June of state banking association meetings. His schedule as announced at the Association headquarters is as follows:

May 14, Tennessee Bankers Association, Nashville, Tenn.; May 18, Missouri Bankers Association; May 20, Knife and Fork Club, Kansas City, Mo.; May 21, Kansas Bankers Association, Topeka, Kansas; June

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

17, Iowa Bankers Association, Dubuque, Iowa; June 18, Illinois Bankers Association, Peoria, Ill.; June 20, Colorado Bankers Association, Troutdale, Colo. On April 23 Mr. Knox spoke at the meeting of the Georgia Bankers Association, held in Macon, Georgia.

McHUGH RETURNS FROM WORLD TOUR

John McHugh, president of the Mechanics and Metals National Bank, New

York, recently returned on the Belgenland from a four months trip around the world.

FEDERAL COMMERCE TRUST OPENS NEW YORK OFFICE

The Federal Commerce Trust Company of St. Louis, which is affiliated with the National Bank of Commerce in St. Louis, has opened a permanent office at 14 Wall street, New York, in charge of J. C. Walker, assistant treasurer.

NEW BUILDING FOR SEAMAN'S BANK

The Seaman's Bank for Savings, New York, is planning to build in the near future an office building largely for its own occupancy on its present site, 76 Wall street, having recently purchased premises at 72 Wall street, and 161 and 163 Pearl street.

NEW EDITION OF "BANKING FOR WOMEN"

The United States Mortgage and Trust Company of New York has recently published and is now distributing its 1925 edition of "Banking for Women."

BANK WOMEN WILL MEET IN ATLANTIC CITY

The Association of Bank Women has selected The Ambassador as its sessional and residential headquarters during its convention which will be held in Atlantic City, N. J., at the time of the American Bankers Association Convention, September 28 to October 2.

A tea and a banquet comprise the social affairs of the organization. Meetings will be held daily at 4 o'clock in the Pompeian Grill.

Mrs. William Laimbeer, of New York, is



JOHN McHUGH

President Mechanics and Metals National Bank,
New York

EARLY CHICAGO IN MURAL PAINTINGS

by

LAWRENCE C. EARLE

These paintings adorn
the walls in the main
banking room of the
Central Trust Company
of Illinois



CENTRAL TRUST
Company of Illinois
CHICAGO



From top to bottom: The Winter Quarters of Father Marquette, 1674; The First Fort Dearborn, built in 1803; The Kenzie House near Fort Dearborn, 1804



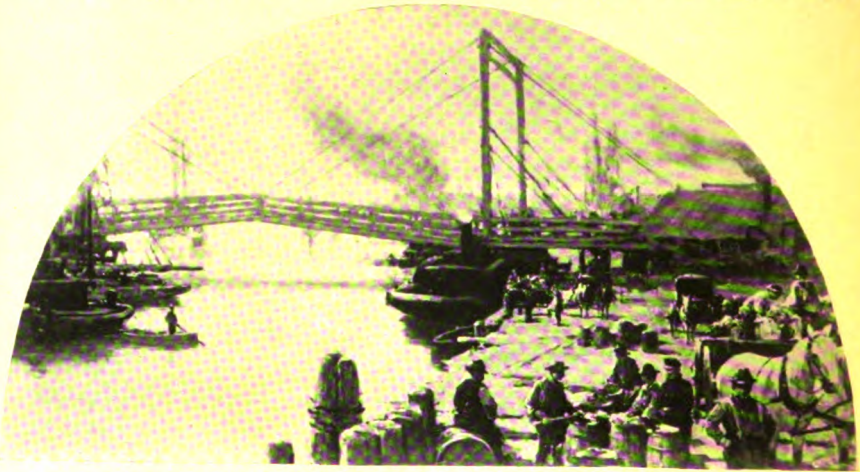
The Chicago River near Wolf Point, 1833

Early Chicago In Mural Paintings

ALTHOUGH the site of Chicago was visited by Sieur Joliet as far back as 1674, by La Salle eight years later, and by Father Marquette at about the same time, the history of Chicago properly begins with the treaty made with twelve tribes of Indians in 1795 at Greenville, Ohio, when General Anthony Wayne, as agent for the Government of the United States, purchased the original site of Chicago. In the treaty negotiated at that time, it was provided that the United States should have certain pieces of ground for trading posts, and one of them is thus described: "One piece of land six miles square, at the mouth of Chicago River, emptying into Lake Michigan, where a fort formerly stood."

Thus was established the site of Fort Dearborn, built by Major Whistler in 1803, and around which slowly gathered a little settlement which has grown to be the second city of the western world.

By 1820 a dozen or more families had established themselves in the village, but it was not until the Indians ceded their lands, after the Black Hawk War, and finally left the territory, that Chicago began to grow. That was in 1833. The first census, in 1835, showed a population of 3225. The original town of Chicago, from Chicago avenue to Madison street and from State street to Halsted street, had been laid out five years previously, but it was not until March 4, 1837, that a charter for the city of Chicago was granted by the State Legislature. Up to that time not much enterprise, as it is known today, had been shown, nor had many public works been



From top to bottom: The Last Council of the Pottawatomies, 1833; The First Bridge across the Chicago River, 1834; The First Grain Elevator in Chicago, 1838



The First Railway Station in Chicago, 1849

instituted. But the next decade saw great progress. The first waterworks were built in 1841. The next year the first propeller was launched, and in that year for the first time the exports exceeded the imports. In 1843 the first book was published, and the following year saw the beginning of what is now Chicago's greatest single industry when the first meat was packed for the English market. The first permanent public school was built in 1845; 1847 saw the first theater erected, and the next year the first telegram was received and the first locomotive arrived by schooner.

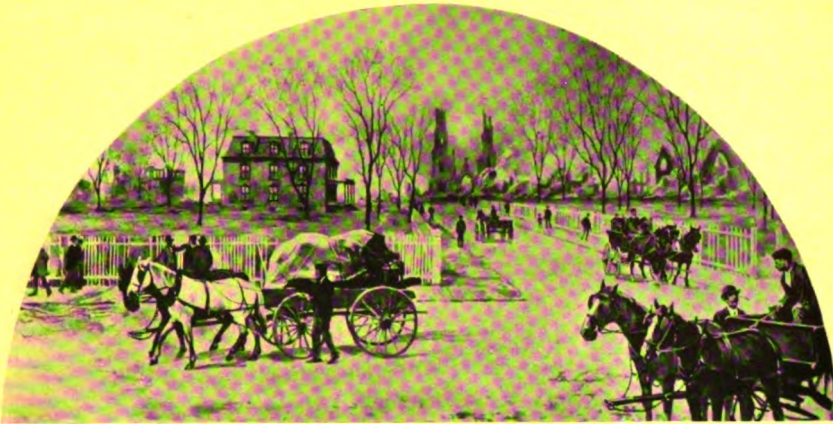
By that time Chicago had become a city, great for its day, and with abundant promise of progress, which has been more than fulfilled. The population had increased to more than 25,000, and



The Great Flood in the Chicago River, 1849



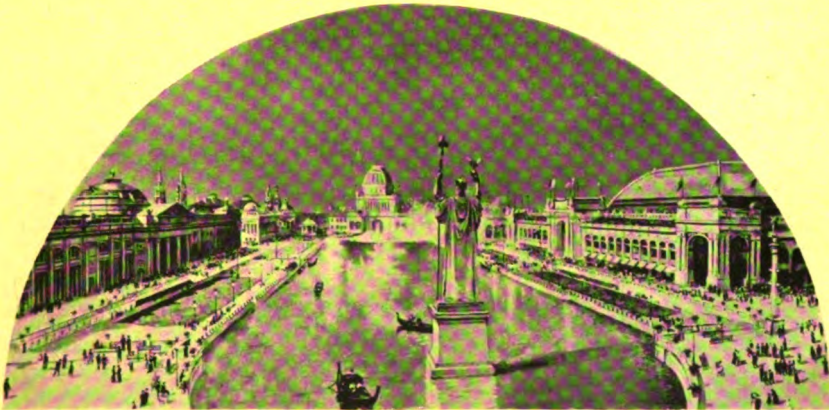
From top to bottom: Chicago office of Frink & Walker's Stage Lines, 1850; The Illinois Central Railroad 1856; Clark street, between Lake and Randolph, 1857



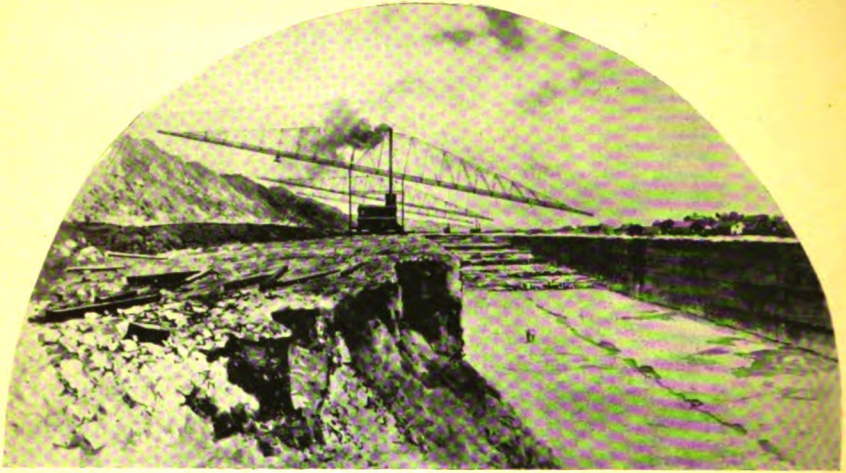
The Ogdén Residence after the Fire of 1871

from that time there was no check to the onward march of Chicago to the position it now occupies. In 1860 the population had increased to 109,206, and the city was looked upon as a metropolis. Ten years later the population had trebled, the United States census giving Chicago 298,977 inhabitants in 1870. The next year came the great fire which destroyed practically the entire city, except the portions south of Harrison street and west of Halsted street, burning over 2124 acres of buildings, leaving 100,000 people homeless, and causing a loss of \$290,000,000. But the city arose from this unprecedented disaster, stronger, more virile, and more attractive than ever. Within two years practically all of the burned portion had been rebuilt.

The World's Columbian Exposition, in 1893, again brought Chicago into the forefront of the cities of the world, not only by the rapidity with which the marvelously beautiful White City was built,



The World's Columbian Exposition of 1893

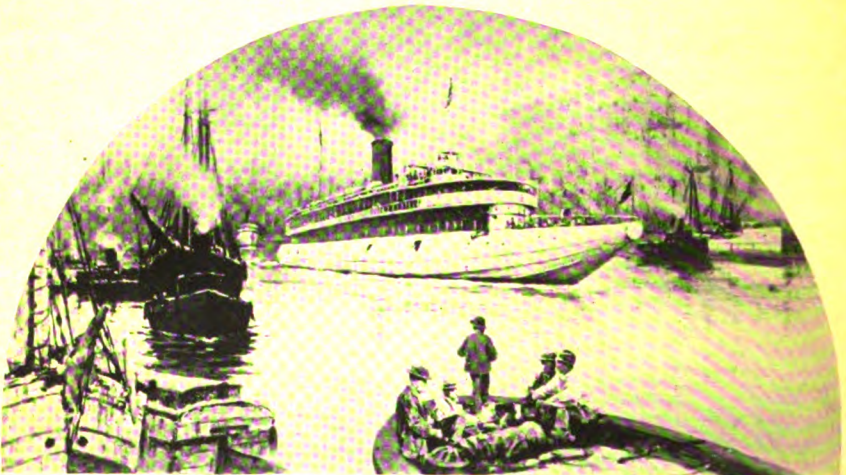


The Rock Cut in The Drainage Canal, 1899

but by the completeness of the exhibition itself. The total attendance for the six months of the exposition was 27,539,521. The cost of the exposition, exclusive of the vast sums spent by exhibitors from all parts of the world, was \$28,151,168.75.

The population of Chicago today is well over 3,000,000 and it is growing rapidly each year.

This gallery of Chicago historical paintings adorns the walls of the Central Trust Company of Illinois. As Chicago has grown, so has this bank. Founded in 1902 with capital and surplus of \$5,000,000, and deposits of \$6,000,000, it has expanded steadily both in size and service rendered. Capital and surplus now are \$9,000,000 and deposits more than \$80,000,000.



The Chicago River at Lake Street Bridge, 1900

IN
BUFFALO

THE
MARINE
TRUST COMPANY
of Buffalo

*Resources over
One Hundred Sixty Millions of Dollars*

ELLIOTT C. McDOUGAL, President

the president of the association; Miss Jean Arnot Reid, of New York, is vice-president; Miss Caroline Olney, New York, treasurer; Miss Lillian Bachus, Brooklyn, recording secretary; Miss Mina M. Bruere, New York, assistant secretary.

The regional vice-presidents are: Miss Maude L. Balch, Springfield, Mass.; Miss Jay Spencer Knapp, Atlanta, Ga.; Miss Katherine P. Howard, New York; Miss Clara L. Dombey, Cleveland; Mrs. Ralph Beebe, Kansas City, Mo.; Miss B. B. Stephens, Aline, Oklahoma; Miss Grace S. Stoermer, Los Angeles, Calif.

NEW SECURITIES CORPORATION

Directors of the Harriman National Bank of New York have approved plans for the organization of the Harriman Securities Corporation, which will operate along lines of the securities corporations which have been organized by some of the largest Wall Street banks.

According to the official announcement, "the shares of the new corporation will be of no par value, and each holder of a share or more of the stock of the Harriman National Bank will be entitled to a beneficial

interest in equivalent amount in the shares of the Harriman Securities Corporation. A special dividend is in contemplation, the proceeds of which will be applied in payment of the capital of the securities corporation. The right to exercise the option to subscribe to the shares in the new corporation will expire on May 18."

JOINT STOCK LAND BANKS ANALYZED

Nehemiah Friedman & Co., investment bankers of 29 Broadway, New York, have recently issued a folder containing an analysis of the Federal Joint Stock Land Bank System. The nature of business, the authority under which Joint Stock Land Banks operate, method of operation, earnings, etc., are clearly and concisely explained.

FEDERATION BANK TO INCREASE CAPITAL

The Directors of the Federation Bank of New York have recommended an increase in the capital and surplus to \$1,000,000, it was announced recently by the president,



DONSTEEL

- ① Cannot be penetrated by
OXY-ACETYLENE TORCHES
- ② Cannot be penetrated by
DRILLS
- ③ Cannot be shattered by
EXPLOSIVES

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DONSTEEL
is the only metal
known to man that
combines within
itself, protection
against these three
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of burglarious
attack

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NEW YORK CITY ~ HAMILTON, OHIO.

An Invitation *to* Visiting Bankers

The facilities and services of this Company are at the disposal of bankers visiting New York, to whom every courtesy will be gladly extended.

UNITED STATES MORTGAGE & TRUST COMPANY

Main Office: 55 Cedar Street

Lexington Ave. at 47th St.

Broadway at 73rd St.

Madison Ave. at 74th St.

125th St. at 8th Ave.

New York

Peter J. Brady. A special meeting of the stockholders will be called June 1, it was said, to take formal action on a resolution authorizing the increase.

An increase in the capital stock is desirable, Mr. Brady said, because of a substantial increase in deposits. Old and new subscribers will be treated alike, he added, and the stock will be issued at the same price paid by the original stockholders, that is, \$200, \$100 of which will go into the surplus.

FARRELL SUCCEEDS JARDINE IN BANKERS' ADVISORY COUNCIL.

Acting President F. D. Farrell of the Kansas State Agricultural College has been appointed to the advisory council of the Agricultural Commission, American Bankers Association, by President William E. Knox of the organization, to succeed W. M. Jardine who resigned following his appointment by President Coolidge as Secretary of Agriculture. President Farrell, who has also temporarily succeeded Secretary Jardine as head of the Kansas Agricultural College, where he became dean of agriculture in 1918, has been active in the agricultural work

of both state and national bankers' associations.

The Agricultural Commission of the American Bankers Association, to whose advisory council President Farrell has accepted appointment, consists of twelve bankers, one for each Federal Reserve District. It was formed for the purpose of bringing bankers, farmers and the authorities of the state agricultural colleges into closer relationship for mutual understanding and assistance. The advisory council of the commission, in addition to the newly added member, consists of H. L. Russell, dean of the College of Agriculture, University of Wisconsin, and W. R. Dodson, dean of the College of Agriculture, Louisiana State University.

Secretary Jardine in his letter of resignation from the advisory council stated that the pressing demands upon his time from his new duties made such action necessary. In accepting the resignation, F. N. Shepherd, executive manager of the association said he wished "to express appreciation for the fine assistance which you have accorded us and to assure you that we stand ready at all times to uphold you in your present task."

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

JUNOD RETURNS FROM TRIP TO COAST

Charles F. Junod, vice-president of the Bank of America, New York, has returned from a trip of two months to the Pacific Coast.



CHARLES F. JUNOD

Vice-president Bank of America, New York

COLUMBIA GAS AND ELECTRIC COMPANY

Among the leading items in the consolidated balance sheet of the Columbia Gas

and Electric Company and subsidiary companies, as of February 28, 1925, may be mentioned the property account, comprising gas fields, plants, leases and stocks owned of subsidiary companies, aggregating \$130,865,565; guarantee funds, consisting of state and municipal securities—not taxable in Ohio, United Kingdom 5½ per cent. gold notes, United States Government and territorial securities and cash, \$4,008,125; current and working assets, consisting of cash, accounts and notes receivable, materials and supplies, interest and dividends accrued, \$16,555,948. The company's statement is so adjusted as to give effect to the issuance of \$10,000,000 three year 5 per cent. gold notes, due May 1, 1928, and to the acquisition of more than 99½ per cent. of the common stock of the Dayton Power and Light Company.

The aggregate funded debt is \$40,844,078. Reserves for depreciation and contingencies, \$16,091,230; surplus, \$11,126,431.

In 1924 capital expenditures for additions and extensions of the properties of Columbia System aggregated \$10,113,578. During the year, cash dividends have been paid to the shareholders of Columbia System companies in the amount of \$6,087,456.50. This total sum includes \$2,435,755 paid as rentals; \$186,278.91 to holders of preferred stocks of subsidiary companies; \$1,500,000 paid to the minority common stockholders of subsidiary companies; the four quarterly dividends of 65 cents per share, totaling \$3,873,545, on the no par value common shares of the Columbia Gas & Electric Company; and \$91,877.59 as the initial quarterly dividend, at the rate of \$1.75 per share per quarter, on the new Columbia Gas & Electric Company cumulative 7 per cent. preferred stock, series A.

THE obligations of this institution are selected as appropriate and sound mediums for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Full information may be secured through usual banking channels, or by addressing Financial Sales Department, at any of our offices.

GENERAL MOTORS ACCEPTANCE CORPORATION

Executive Offices:

224 West 57th Street, New York City

Branch Offices:

Atlanta	Cleveland	Kansas City	Philadelphia
Boston	Dallas	Los Angeles	Pittsburgh
Buffalo	Dayton	Memphis	Portland, Ore.
Charlotte	Denver	Minneapolis	St. Louis
Chicago	Detroit	New York	San Francisco
Cincinnati		Omaha	Washington
	London, England		Toronto, Canada

NEW OFFICE OPENED BY U. S. MORTGAGE AND TRUST

With the opening on April 14 of its new office in the Grand Central Palace Building, Lexington avenue and Forty-seventh street, the United States Mortgage and Trust Company of New York places in operation its fourth uptown branch. The new office has a frontage of seventy feet on Lexington avenue and runs the full depth of the building on Forty-seventh street. It is made readily accessible by entrances from Lexington avenue, Forty-seventh street, Park avenue and Forty-sixth street.

The architects's plans provide an admirable arrangement for the banking offices and the safe deposit vaults of the United States Safe Deposit Company which is affiliated with the United States Mortgage and Trust Company. Equipment and arrangement are thoroughly modern, providing a maximum of comfort and convenience for the public and for the company's staff.

The new branch will be in charges of Blinn F. Yates, vice-president, with E. W. Cromwell as manager.

Other branches of the company are located at Broadway and Seventy-third street, where a new bank and office building is now

being erected by the company for occupancy in September; Madison avenue at Seventy-fourth street and 125th street at Eighth avenue.

CENTRAL MERCANTILE SHOWS 400 PER CENT. INCREASE

The Central Mercantile Bank of New York reports over 400 per cent. increase in total business in less than a year. The total deposits of the bank on April 14, reached \$17,000,000, against \$2,800,000 in May, 1924, when C. Stanley Mitchell became president. Total resources on April 14 were \$23,000,000, against \$3,400,000 in May, 1924.

LAWYERS TITLE AND GUARANTY

Subscription to the increased stock of Lawyers Title and Guaranty Company of New York is completed, raising capital and surplus to \$16,000,000.

Lawyers Trust Company, the affiliated company, now has a capital and surplus of \$6,000,000.

A NEW INVESTMENT CERTIFICATE

The Associated Banking Corporation of New York has inaugurated a new invest-

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

ment certificate paying $5\frac{1}{2}$ per cent. and redeemable at par. The new certificates will range in par value from \$50 to \$5000.

MANUFACTURERS TRUST

The condensed statement of the Manufacturers Trust Company as of April 1, 1925, which is the first published statement since the merger with the Yorkville Bank, shows capital of \$8,000,000, surplus and undivided profits of \$9,033,691, deposits of \$150,979,645, and total resources of \$174,886,555. As compared with the last published statement of January 1, 1925, the capital stock of the company has been increased from \$5,000,000 to \$8,000,000. Surplus and undivided profits from \$5,520,474 to \$9,033,691 and deposits from \$118,193,226 to \$150,979,645.

HOGUET MADE DIRECTOR OF AMERICAN TRUST

Robert Louis Hoguet has been elected a director of the American Trust Company of New York.

Mr. Hoguet is first vice-president and trustee of the Emigrant Industrial Savings Bank; vice-president and director of the Antimony & Compounds Co. of America and of the United States Nickel Company; director of the Bystrom Realty & Construction Company, and president and director of the Oaklawn Corporation and Van Cortlandt Realty Company.

The Hoguet family has been active for many years in New York's financial life, Mr. Hoguet's grandfather having been one of the former presidents of the Emigrant Industrial Savings Bank.

Robert L. Hoguet practiced law for twenty years, and is a member of the executive committee of The Association of the Bar. He is a member of the Harvard Club, the Down Town Association, and the Baltusrol Golf Club.

GLASS MADE AUDITOR GUARANTY TRUST

Joseph E. Glass has been appointed auditor of the Guaranty Trust Company of New York, to succeed Frank J. Scott, who has resigned to become associated with the Industrial Acceptance Corporation.

WILLIAM BAXTER ON TRIP ABROAD

William Baxter, chief agent in the United States for the Chartered Bank of India,



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

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Correspondence and inquiries invited

Capital - \$3,000,000
Surplus and Profits - 9,000,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

Hare & Chase, Inc.
Automobile Finance
 300 Walnut Street
 Philadelphia



The name Hare & Chase has
 fifty-eight years of business
 prestige behind it

Australia and China, London, with an office in New York, has sailed for an extensive trip abroad. While abroad Mr. Baxter will make a close observation of business conditions as affecting the financial situation. He will be accompanied by his wife. The Chartered Bank of India, Australia and China is one of the most important financial institutions in the Far East.

**CROWLEY MADE TRUSTEE OF
 EMIGRANT INDUSTRIAL**

Patrick E. Crowley, president of the New York Central Railroad, was elected recently to the board of trustees of the Emigrant Industrial Savings Bank of New York.

**IRVING BANK-COLUMBIA TRUST
 APPOINTMENTS**

The Irving Bank-Columbia Trust Company of New York has appointed William P. Jenks, of Jenks, Gwynne & Company, as a member of the advisory board of its Columbia office, at 60 Broadway. The

following promotions also were announced: Fritz Hartman, assistant secretary, to assistant vice-president, and L. I. Estrin, to assistant secretary, both in the company's foreign office in the Woolworth Building; and Peter E. Connell, to assistant secretary in the Eighth street office, at Broadway and Eighth street.

**CHELLIS AUSTIN ON BUSINESS TRIP
 TO EUROPE**

Chellis A. Austin, president of the Seaboard National Bank, sailed recently on the Olympic on an extensive business trip to



CHELLIS A. AUSTIN
 President Seaboard National Bank, New York,
 who has recently sailed for Europe

Europe. He will be accompanied by Vice-President Stern, who is in charge of the foreign department of the bank.

**OPENS OFFICE AS CONSULTING
 ECONOMIST**

William F. Collins who for the past three years has analyzed economic conditions at home and abroad for The Seaboard National Bank and who, previously, for a similar time, was secretary of the Commerce

and Marine Commission of the American Bankers Association, has opened an office as consulting economist at 31 Nassau street, New York.

EDWARDS BECOMES CHAIRMAN FIRST NATIONAL OF JERSEY CITY

At a meeting of the board of directors of the First National Bank of Jersey City, N. J., on April 9, Senator E. I. Edwards presented his resignation as president. In explaining his action he stated that his public duties as United States Senator compelled his absence from the city so much that he found it impossible to give the time necessary to the presidency of the bank. The board reluctantly accepted the resignation and immediately elected him the chairman of the board of directors. He will continue, as in the past, to supervise the management and outline the policies of the bank. Kelley Graham, who has been the active vice-president, was elected president. Henry Brown Jr. was appointed vice-president, which position he will fill in addition to his duties as cashier. Clifford A. Spoerl, assistant cashier, was appointed a vice-president.

BUFFALO CONSOLIDATION

The Community National and the South Side National banks of Buffalo, N. Y., have been consolidated under the name of the Community-South Side National Bank. The consolidation became effective on March 2. The consolidated bank has resources of more than \$13,000,000, with capital, surplus and undivided profits of approximately \$1,000,000. The president of the new bank is Edward A. Duerr, who founded the South Side National in 1919 and who has been president of both of the combining banks. Mr. Duerr is also a director of the Citizens National Bank of Lancaster, State Bank of Ebenezer and other financial institutions. Robert W. H. Campbell, who has been executive vice-president of the Community National Bank since its opening in 1920, is first vice-president of the consolidated bank. Mr. Campbell is also president of the Genesee National Bank and a director of the Bank of La Salle, La Salle, N. Y. Howard Sullivan, formerly cashier of the South Side National Bank, is vice-president in charge of the South Side office, while Bernard M. Norcross, for many years an official of the Citizens Trust Co., is cashier of the new bank.



New building of the Falls National Bank,
Niagara Falls, N. Y.

CONSTRUCTED of Indiana limestone, with a corner entrance peculiarly suitable for this location, the building combines service to customers, through ample and conveniently arranged banking rooms, with several suites of light, commodious offices on the second floor.

*The building was planned
and erected under the
supervision of*

Morgan, French & Co., Inc.

Architects and Bank Engineers

19 West 44th Street . New York



PHOTO BY WINEMILLER & MILLER

Seaboard National Bank, New York, from a recent photograph

SEABOARD NATIONAL BANK

The condensed statement of the Seaboard National Bank of New York as of April 6, 1925, shows total resources of \$171,084,497, deposits \$141,523,084, and capital and surplus \$12,000,000.

BROTHERHOOD BANK OPENS

The Brotherhood of Locomotive Engineers Title and Trust Company of Philadelphia opened for business on April 18 in the Lincoln Building. Paid-up capital is \$500,000, and surplus \$750,000. The Philadelphia bank is the twelfth in the chain of financial institutions owned by the engineers' union. The first bank was started in Cleveland in

November, 1920, with a capital of \$1,000,000. Total resources of the Cleveland institution are now \$29,000,000. The Brotherhood bank which opened in New York fifteen months ago now has resources of \$7,000,000. Freas B. Snyder, president of the new bank, was formerly vice-president of the First National Bank of Philadelphia. He started in the banking business twenty-five years ago as an office boy. He is also vice-president of the Landsdowne National Bank. Mr. Snyder announced that "conservative banking business only" would be the policy of the institution. Other officers are Lawrence V. Byrnes, secretary and treasurer; Rush Gramm, vice-president, and Ernest M. Clark, assistant secretary-treasurer.

**COLONIAL TRUST CAPITAL
INCREASE**

Stockholders of the Colonial Trust Company of Philadelphia, at a special meeting, approved an increase in the capitalization from \$500,000 to \$1,000,000. The increased stock will be allotted to present holders on a pro rata basis at par.

D. E. MULHOLLAND ADVANCED

The board of directors of the Pennsylvania Trust Company of Pittsburgh, have announced the election of D. E. Mulholland as assistant secretary of the company.

CHASE NATIONAL BANK

Capital, surplus and undivided profits of the Chase National Bank, New York, as of April 6, 1925 amounted to \$46,016,813, as against \$45,461,568 on December 31, 1924.

BANCO DI SICILIA TRUST COMPANY

A new Italian bank has started business in New York under the name of Banco di Sicilia Trust Company, with capital and surplus of \$550,000 and with headquarters at 487 Broadway. The Banco di Sicilia Trust Company is affiliated with the Banco di Sicilia of Italy, one of the three Italian banks entrusted to issue currency, the second oldest bank in Italy, and one of the oldest banks in the world.

The officers of the new trust company are as follows: Joseph di Giorgio, chairman of the board; Salvatore Badami, president; Italio Palermo, vice-president and treasurer; Louis Costa, vice-president; Luigi Scala,

HAROLD A. DANNE

**ELECTRIC
LIGHT — POWER**

41 Park Row, New York, N. Y.

assistant vice-president; A. di Marco, assistant secretary; Louis Freiman, assistant manager of foreign exchange, and Frank Gerard, auditor.

**BANCA COMMERCIALE ITALIANA
TRUST COMPANY**

Total resources of the Banca Commerciale Italiana Trust Company of New York, affiliated with the Banca Commerciale Italiana, Milan, Italy, stood on April 1, 1925 at \$11,256,209. The company has a capital of \$1,000,000 and surplus of \$500,000.

**FIFTY YEARS WITH
ALBERT FRANK**

John Henry Schwarting, veteran member of the staff of the well known advertising agency of Albert Frank & Co., New York, familiarly known the length and breadth of the Wall Street district as plain "John," celebrated in April the fiftieth anniversary of his association with the Frank organization.

The observance of the anniversary included a testimonial dinner tendered Mr. Schwarting by the firm of Albert Frank & Co. at which all members of the agency staff were united to join in honoring "John". The dinner was held on April 18 at the Advertising Club of New York. Rounding out the anniversary, Mr. and Mrs. Schwarting will sail for Europe on July 7. After spending the summer months in Germany they will return in September.

**NEW HOME FOR NATIONAL BANK
OF AMERICA**

The growth of the National Bank of America, Paterson, N. J., which has made new quarters imperative, is also responsible for the bank's decision to remodel its building, formerly the Colt Building (opposite the City Hall) for occupancy by July of this year.

The bank was organized in 1923 and

**NEW YORK
CORPORATION LAWS**
Including Amendments, 1925

Contents

Full Text of the Business Corporations Law
General Corporation Law, Stock Corporation
Law, Sections of the Tax Law Applicable
There to, Stock Transfer Tax Act, Uniform
Stock Transfer Act, Blue Sky Laws, Articles
of general application of the Membership
Corporations Law, Legal Recording and Filing
Fees, A Synoptic Analysis and Complete
Index.

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Announcement Extraordinary



The *Personal Letters*
of AMBASSADOR WALTER H. PAGE
to PRESIDENT WOODROW WILSON

*never published before, appear
for the first time in the*

WORLD'S WORK

THESE frank, sparkling, revealing letters, published for the first time anywhere, range all the way from the gossipy, chatty, humorous kind written for the President's amusement; to grim, determined, fearless letters, that changed the entire subsequent course of history. Burton J. Hendrick, author of the first published volumes of *The Life and Letters of Walter H. Page*, which won the Pulitzer Prize and was voted one of the ten greatest books of the century, weaves these letters into a connected narrative. This series is only one of a great many super-features soon to appear in

The WORLD'S WORK

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ONLY \$1.**

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Enclosed find \$1. for which please send me the next
five issues of *The WORLD'S WORK*.
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BM-5

opened for business July 2 of that year. Deposits reached the million dollar mark eight weeks after the opening and the banking rooms in the Watson Building were found to be inadequate for the expansion necessary for the transaction of the volume of business being done by the institution. The acquisition of the Colt Building involved a transaction of about \$500,000 and made

the bank the possessor of the largest office building in town.

Immediately after the purchase of the Colt Building, Fred W. Wentworth, the local architect and a director of the bank, started work on plans for the alterations which would make the building a modern, and convenient home for the bank.

Entrance to the bank will be gained through

"Cooked" Air

"Cooked" air is the term used by scientists for the devitalized product of ventilating systems of the usual type.

The Smithsonian Institution at Washington, the Government Scientific Bureau, has stated that one-third the deaths in the United States are caused by respiratory diseases due to bad heating and ventilation; or, in other words, due to "cooked" air in one form or another.

Nevertheless, "cooked" air is the fashion; monumental buildings are evidently not considered in good taste unless the air in them is thoroughly devitalized, and even the humble home has its pipeless furnace.

By the Gerdes Method of Ventilation healthful and invigorating *unheated* fresh air is diffused without causing draft or chill. The cost of a Gerdes System or of an Electric Window Ventilator is repaid many times in increased efficiency and better health.

Results are unequivocally guaranteed. Reports and proposals made without obligation or charge. Booklet containing references of the highest character sent on request.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 2893

GERDES
METHOD

the present main doorway, which will also serve for the office building lobby. A large opening on the left toward Ellison street will lead into the main banking room, a room to be approximately 26 feet high. This public section will be decorated elaborately with marble and travertine stone. A mural painting typical of Paterson's surroundings will be at one end and at the other a large steel protected banking room window. There will be seventeen cages separated from the public space by a handsome marble and wrought-iron counter screen, which will be polychromed in different tones.

The officers' section will be located at the

front end of the public space and a marble stairway will lead from there to the safe deposit section located in the basement. In back of the cages will be plenty of working space for stenographers and clerks; a book lift to the second floor and an electric, push-button type coil, lift from the first floor to the basement. It is here that a stairway to the second floor will be located leading to the bookkeeping and other bank departments.

The commodious safe deposit section with protecting ornamental iron and steel screens will occupy the basement and will be reached by the stairs from the officers' quarters or by means of an elevator from the main lobby. This space will be lined with ten coupon booths and one large coupon room and the vault will open from here. It will be the largest in the city, measuring more than 16 by 32 feet and will have two entrances—one from the safe deposit department section, the other from the banking section.

NEW JERSEY BUILDING AND LOAN ASSOCIATIONS

Assets of building and loan associations in New Jersey are now increasing at the rate



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

of \$10,000,000 a month. This is shown by a special report of the financial status of these organizations, given out by James MacMaster, Chief of the Building and Loan Division of the State Banking and Insurance Department.

On December 31, 1924, according to the report, the combined assets of the 1364 associations operating in the State were \$599,812,925, while today the assets have jumped to \$630,000,000, with an increase to 1402 in the number of associations.

There were 1,103,581 instalment shares held in all the associations reported on December 31, 1924, with a combined value in instalment dues of \$386,558,681. These shares were held by 927,495 instalment members. Prepaid shares to the value of \$61,297,958 were held throughout the State by 42,576 members. The value of borrowed money in all the associations of the State on December 31 totaled \$55,322,419.

Essex County, with 531 associations, led

the list of counties. The total assets in Essex amounted to \$273,494,489.

AGED 97, STILL ACTIVE AS DIRECTOR

John R. Kauffman, aged 97, director of the Sunbury Trust and Safe Deposit Company of Sunbury, Pa., has a record to which it will be difficult to find a parallel. He became a director of the Sunbury Trust thirty-five years ago, has attended the company's weekly board meetings ever since, and is still very active in the bank's affairs. W. H. Druckemiller, vice-president of the Sunbury Trust writes regarding Mr. Kauffman's life and services:

"Mr. Kauffman was born in Upper Mahanoy Township, Northumberland County, in 1828 and he worked on his father's farm until he was about 22 years of age where he laid the foundation for the long and active life which has followed. In 1850 he entered



JOHN R. KAUFFMAN
Director Sunbury Trust and Safe Deposit
Company, still active at the age of 97

the mercantile business at Asherton in Lower Augusta Township, Northumberland County, and continued there for forty years. Realizing the need of postal facilities he succeeded in having a post office established there and was its first postmaster, which was quite an accomplishment at that early date. In 1889

he came to Sunbury and engaged in the lumber business for a number of years, from which he later retired.

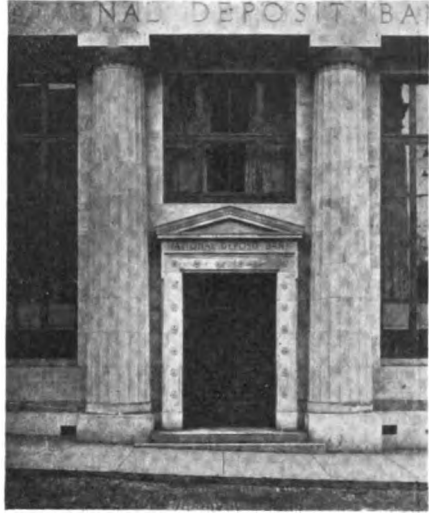
"In 1890 he became one of the directors of the Sunbury Trust & Safe Deposit Co. which was then organizing, and which has since grown to be one of the strongest and most flourishing financial institutions in central Pennsylvania. He has been re-elected each year since, making thirty-five years of continuous and active service in this capacity. Even at his advanced age he is in regular attendance at the weekly meetings of the board of directors and takes an active interest in the deliberations and its business affairs. He can not recall having missed a single meeting of the board during membership. He enjoys good health and is as bright and active as most men at seventy years of age. He looks after his own investments and is keenly alive to the character and value of securities on the market. He bids fair to pass the century mark in active service. Is there another case comparable to this in the banking world?"

THE PUBLIC WAREHOUSE IN PHILADELPHIA

Commenting on the relationship of the public warehouse in Philadelphia to the wider development of banking, the current number of the *Corn Exchange*, monthly house organ of the Corn Exchange Bank of Philadelphia says:

"In the wider development of banking, the public warehouse has been an important factor. Negotiable warehouse receipts issued by reliable warehouses of good standing on staple merchandise are considered good collateral. Banking funds to the extent of many millions of dollars annually in Philadelphia alone are contributing to the operation of trade as a result of the use of these receipts as collateral for loans extended by Philadelphia banks.

"Philadelphia is fortunate in having a number of responsible warehouses of unquestioned standing, which is very important, as it is the reliability of the warehouse on which the bank depends in accepting its receipts as collateral. The business of warehousing in this city has reached the maximum of service because of the splendid facilities afforded by the warehouses themselves and the assistance rendered by the railroads and steamship lines serving them."



Entrance National Deposit Bank,
Brownsville, Pa.

UNIFORMITY in appearance and completeness of detail in a banking house are dependent upon the architectural treatment accorded them.

Such trueness in architecture is best obtained by the employment of specialized knowledge for the designing and building of the bank.



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CHRISTMAS CLUB

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New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island.

CONVENTION DATES

Connecticut—at Swampscott, Mass., June 5-6.

New England Bankers— at Swampscott, Mass., June 5-6.



ALFRED L. RIPLEY
President Merchants National Bank of Boston, re-elected president of the Boston Clearing House Association

BOSTON CLEARING ASSOCIATION RE-ELECTS RIPLEY

Alfred L. Ripley, president of the Merchants National Bank of Boston has been re-elected president of the Boston Clearing House Association at the annual meeting. Frank H. Wright, of the Second National, was elected secretary, and the following clearing house committee was elected: Daniel G. Wing, president of the First National Bank; Herbert K. Hallett, chairman of the Atlantic National Bank; Charles E. Rogerson, president of the Boston Safe Deposit & Trust Company; Thomas P. Beal, president of the Second National Bank; Walter S. Bucklin, president of the National Shawmut Bank; Philip Stockton, president of the Old Colony Trust Company, and Alfred L. Ripley, ex officio.



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.

CONVENTION DATES

Arkansas—at Little Rock, May 6-7.

Tennessee—at Nashville, May 6-7.

Kentucky—Reserve City Bankers at Louisville, May 6-8.

North Carolina—at Pinehurst, May 7-9.

Texas—Associated Advertising Clubs of the World at Houston, May 10-14.

Mississippi—at Jackson, May 12-13.

Texas—at Houston, May 19-21.

Maryland—at Atlantic City, N. J., May 13-14.
 Alabama—at Mobile, May 26-28.
 Virginia—at Hot Springs, June 18-20.
 Georgia—Country Banks of Georgia at Savannah, June 17-19.
 West Virginia—at Wheeling, June 25-26.
 Florida—Investment Bankers Association of America at St. Petersburg, December 2-5.

SANDS MADE PRESIDENT OF RICHMOND BANKERS CLUB

Oliver J. Sands, president of the American National Bank of Richmond, Va., was elected president of the Bankers Club of Richmond at the recent annual meeting of the club held at the Commonwealth Club. He succeeds Colonel Julien H. Hill who has



O. J. SANDS
 President American National Bank, Richmond, Va., recently elected president of the Bankers Club of Richmond

been president during the last year. Other officers were elected as follows: L. Z. Morris, vice-president, and William S. Ryland, secretary and treasurer. Mr. Morris is president of the Savings Bank of Richmond. Mr. Ryland is vice-president of the State and

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

City Bank and Trust Company. Executive committee members were named as follows: Walker Scott, chairman; Charles R. Barrett, Henry S. Hotchkiss and J. H. Patterson.

The banquet which followed the business session of the club was featured by addresses by Andrew Mellon, Secretary of the Treasury; Gerrard B. Winston, Undersecretary; and United States Senator Carter Glass, of Virginia, a former head of the Treasury.

AMERICAN BANK AND TRUST IN NEW HOME

The American Bank and Trust Company of New Orleans opened for business in its new home at 140 Carondelet street, that city, on March 30. The banking rooms were thronged with visitors throughout the day and numerous gifts of flowers from the other banks and financial institutions in the city were received.

A PROPOSED CHARLESTON BANK MERGER

The stockholders of the Exchange Banking and Trust Company of Charleston, S. C. at a meeting held March 16, voted to increase the capital stock from \$150,000 to \$200,000.

On March 27, at a meeting of the stockholders, a resolution was passed approving the conversion of the institution into a national banking association and application for a national charter was immediately made to the Comptroller of the Currency.

The Exchange Banking and Trust proposes consolidating with the oldest banking institution in the section and the largest in the state, the Bank of Charleston, N. B. A.;

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE — Over fifty-nine
years

STRENGTH — Capital and Surplus
\$4,000,000.00

OFFICERS — Experienced, capable and
well versed on conditions
and credits throught this
territory :

invites your business

JOHN M. MILLER, JR.
President

Resources over \$33,000,000

after this consolidation the Bank of Charleston will have a capital of \$1,000,000, surplus \$500,000, undivided profits of approximately \$250,000, and deposits of approximately \$10,000,000.

EDWARD C. TEFFT ADVANCED

Edward C. Tefft, heretofore a member of the executive staff of the Union and Planters Bank and Trust Company of Memphis, Tenn., has recently been made a vice-president of the institution to fill the vacancy caused by the death in February last of the late Larry C. Humes. Mr. Tefft was formerly cashier of the National City Bank of Memphis prior to its consolidation with the Guaranty Bank and Trust Company which latter institution was subsequently merged with the Union and Planters Bank and Trust Company.

BRUCE BAIRD MAKES CHANGE

Bruce Baird who has been manager of the foreign trade department of the Hibernia Bank and Trust Company of New Orleans for the last six years, has been placed in charge of the foreign trade depart-

ment of the New Orleans Bank and Trust Company, New Orleans, La.

For the last ten years, Mr. Baird has been identified intimately with the American Institute of Banking. He was president of the Chicago chapter of the institute during the time of his association with the foreign department of the First National Bank of that city some years ago. He has been a lecturer on foreign trade for the New Or-

FRANK

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FIRST WISCONSIN NATIONAL BANK MILWAUKEE CAPITAL AND SURPLUS TEN MILLION DOLLARS

leans chapter, and at last year's annual convention in Baltimore he was elected national vice-president of the A. I. B.

Middle States

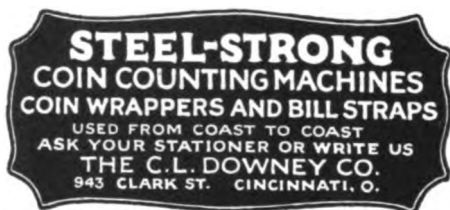
Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri

CONVENTION DATES

Missouri—at St. Louis, May 19-20.
Ohio—at Columbus, June 3-5.
Iowa—at Dubuque, June 15-17.
Michigan—on board S. S. Noronic, June 15-19.
Wisconsin—at Milwaukee, June 16-17.
Illinois—at Peoria, June 18-19.
Minnesota—at Duluth, July 9-10.
A. I. B.—at Kansas City, Mo., July 14-17.
Indiana—at West Baden, Sept. 16-17.
Financial Advertisers Association—at Columbus, O., October 14-16.

MINNEAPOLIS TRUST AND WELLS-DICKEY TRUST MERGE

One of the largest of recent financial mergers in the Northwest occurred April 14, 1925 in the consolidation of Minneapolis Trust Company and Wells-Dickey Trust Company of Minneapolis, under the name of Minneapolis Trust Company. The merger became effective April 27, when Wells-Dickey Trust Company moved to the banking rooms of Minneapolis Trust Company at 115 South Fifth street. These quarters are being enlarged through the acquisition of space in the adjoining New York Life Building, formerly occupied by the Federal Reserve Bank, and including the exceptionally strong vaults installed for that bank when the Federal Reserve System was established. The arrangement of the present banking quarters of the Minneapolis Trust Company is being altered to permit of additional room for the banking business of the Wells-Dickey Trust Company. The combined deposits of the two institutions will exceed \$14,000,000. The total assets will be nearly \$17,000,000. This means that the new organization will



be one of the largest trust companies in the entire Northwest.

Minneapolis Trust Company is an old well-known institution in Minneapolis, having been organized in 1888. In 1913 it became affiliated with the First National Bank, the largest bank in the Northwest. The Wells-Dickey Trust Company was formed nine years ago by the Wells-Dickey Company, which is an investment house. The parent organization will continue to operate its bond business under its present name and at its present location in the McKnight Building.

Robert W. Webb, president of Minneapolis Trust Company, will be president of the consolidated institution. L. E. Wakefield and W. J. Stevenson vice-presidents of the Wells-Dickey Trust Company will join the official staff of the Minneapolis Trust Company as vice-presidents.

The following directors of the Wells-Dickey Trust Company will become members of the board of directors of Minneapolis Trust Company: S. W. Wells, L. E. Wakefield, W. J. Stevenson, Douglas A. Fiske, H. J. Harwick, Harry S. Helm, E. A. Everett, C. G. Ireys, C. R. Williams and O. M. Corwin. S. W. Wells, president of the Wells-Dickey Company and of the Wells-Dickey Trust Company, L. E. Wakefield and H. J. Harwick, will also become directors of the First National Bank in Minneapolis.

The consolidation will effect greater economy and efficiency in the operation and management of the business of both companies and will benefit the trust estates now in the hands of each institution, as well as those which will be acquired in the future by the combined institutions. In addition, it will bring to the clients of the Wells-Dickey Trust Company a safe deposit service in the new vaults which Minneapolis Trust Company installed less than a year ago, in the basement of the First National Soo Line Annex. The new institution will give to the public complete trust, banking,

investment, safe deposit, and real estate management and loan services.

PORONTO MADE DIRECTOR OF LOS ANGELES BANK

Halsey E. Poronto, president of the United States Cold Storage Company of Chicago, has been elected a director of the Citizens' Trust & Savings Bank of Los Angeles. Recent mergers have made this bank one of the leading financial institutions of the Pacific Coast.

As president of Central Manufacturing District, Incorporated, of Los Angeles, and vice-president of the Los Angeles Union Stock Yards and Los Angeles Junction Railway companies, enterprises founded by Chicago men, Mr. Poronto has large Los Angeles interests.

Mr. Poronto is also industrial agent of the Central Manufacturing District of Chicago, an industrial community of some 300 firms, vice-president of the Chicago Union Stock Yard & Transit Company, president of the Kansas City Cold Storage & Warehouse Company, vice-president of the Central Manufacturing District Bank of



RODERICK P. FRASER

Manager foreign department Peoples State Bank, Detroit, Mich., re-elected Editor of "Letter Box", Bankers' Association for Foreign Trade



*Concluding 90 Days of Special
New Business Effort*

New Customers' Business, \$11,649,190.72
New Customers for the Bank . . . 4,738

The results of the campaign, which were made possible by the active assistance of our patrons, stockholders, directors and employees, are probably without parallel among banks of similar size and standing, and again emphasize this Bank's intensive growth.

One of Chicago's Oldest and Most Vigorously Growing Commercial Banks

Chicago, and a director of the Stock Yards Banks of Chicago.

MELVIN J. KATES ADVANCED

Laurence P. Smith, president of the Central Savings Bank, Detroit, has announced the election, by the board, of Melvin J. Kates, as assistant cashier.

**NATIONAL BANK OF COMMERCE
25 YEARS OLD**

The National Bank of Commerce of Columbus, Ohio, celebrated the twenty-fifth anniversary of its founding on April 9. From the start the institution has enjoyed a steady growth. Its original capital was \$100,000. This has been increased during the years until today the combined capital, surplus and undivided profits of the bank amount to more than \$1,000,000. Richard Patton is the present head of the institution, while J. C. Campbell, who held the presidency since the bank's inception until January 1 of this year, is chairman of the board. Other officers are: G. T. Spahr and W. E. Rex, vice-presidents; V. M. Acton,

cashier, and G. E. Coffman and W. P. Reiter, assistant cashiers.

**CONTINENTAL NATIONAL BANK
ORGANIZED**

Interests identified with the Continental Bank of Detroit, a state institution, have organized the Continental National Bank of Detroit with \$1,000,000 capital and \$250,000 surplus. Location will be in the new Free Press Building. James H. Hoyt and H. V. Book are among the organizers.

**TEST SHOWS DESIRABILITY OF AIR
MAIL LINE BETWEEN CHICAGO
AND THE SOUTH**

Further proof of the desirability of an air mail line from New Orleans and other cities in the South to Chicago was given by the test flight of a plane on Friday, April 17. In eight hours, fifteen minutes, flying time, the plane, starting at New Orleans, took in Mobile, Montgomery and Birmingham, Ala., Nashville, Tenn., Louisville, Ky., Indianapolis, Ind. and Chicago, a distance of approximately 1000 miles.

The plane carried more than \$3,000,000 in

Canadian 12 Days Cruises

NEW YORK
HALIFAX
QUEBEC



The Palatial Twin Screw S.S. "Fort Hamilton"

will make 4 unusually attractive yachting cruises (no freight!).

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JULY 11-25

AUGUST 8-22

Stopping One day each way at Halifax. Two days at Quebec.

Sailing through the Northumberland Straits, Gut of Canso, the Saguenay River, thence on to Quebec. Magnificent scenery, smooth water, cool weather. The ship has spacious promenade decks and all deck games, many rooms with bath, finest cuisine, etc. Orchestra for dancing.

No passports required.

The round trip occupies 12 days, rate \$150 and up, or one way to Quebec, 5 days, \$80 and up.



For illustrated literature address

FURNESS-BERMUDA LINE

34 Whitehall St., N. Y., or any Tourist Agent

The plane in the recent flight has a capacity of fully 300 pounds of mail. Its \$8,000,000 test burden weighed only seventy-eight pounds.

UNION TRUST INCREASES CAPITAL

The statement of condition of the Union Trust Company of Chicago at the close of business, April 6, 1925, gives effect to the recent increase of \$1,000,000 in capital stock. This brings the company's combined capital, surplus and undivided profits to more than \$6,800,000.

FEDERAL TRUST MAKES UNUSUAL RECORD

The recently published statement of the Federal Trust Company, shows deposits in excess of \$2,400,000 for Kansas City's newest bank, which has been in operation slightly less than eighteen months. This record of the Federal Trust of deposits amounting to twelve times its capital in that brief period, constitutes an unusual achievement.

Western and Pacific States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico, Oklahoma, Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska

CONVENTION DATES

California—at Santa Barbara, May 20-23.
Kansas—at Topeka, May 20-22.
Oklahoma—at Tulsa, May 26-27.
Washington—at Seattle, June 4-6.
Utah—at Provo, June 5-6.
Oregon—at Corvallis, June 11-13.
Colorado—at Bear Creek, June 19-20.
South Dakota—at Sioux Falls, June 23-24.
North Dakota—at Devil's Lake, June 25-26.
Montana—at Glacier Park, July 11-13.
New Mexico—at Las Cruces, September 21-22.

TRUST COMPANY CONFERENCE

The third regional conference of the trust companies of the United States will be held

registered mail, mostly banking items. It is estimated that the air mail would save thousands of dollars due to the greater transportation speed in enabling banks to clear a day earlier.

On July 29 last year, the same two fliers who finished the flight from New Orleans—Lieut. Vincent J. Meloy of the Army Air Service stationed at Nashville, and Herbert Fox, assistant cashier of the American National Bank, Nashville and a reserve captain in the Army Air Service—made a trial flight from Nashville to Chicago in three and one-half hours.

The recent flight was sponsored by the chambers of commerce of the various cities in their campaign to persuade the Post Office Department to take favorable action. It being understood that the Government will not for the present establish any more air mail lines than the trans-continental ones, the bankers and business men of the various Southern cities are urging the Post Office Department to accept bids from commercial lines to carry the mail from the South to Chicago.

at Seattle, Washington, August 4 and 5, it is announced by Lucius Teter, president Chicago Trust Company, as president of the Trust Company Division, American Bankers Association. Francis H. Sisson, vice-president Guaranty Trust Company, New York, will preside at the sessions. Eleven states will be represented as follows: Colorado, Utah, New Mexico, Arizona, California, Nevada, Oregon, Montana, Wyoming, Idaho and Washington. The program will consist of discussions of fiduciary problems.

DAVIS MADE VICE-PRESIDENT OF AMERICAN BANK

William A. Davis of the American Bank of San Francisco has been elevated from the rank of assistant vice-president to that of vice-president. Davis, who has been with the American Bank since that institution absorbed the Security Bank and Trust Company, was elected to succeed the late S. H. Kitto, who was in charge of the American's Broadway branch in Oakland.

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 wheat and other grains and farm products forming such an important part of the nation's exportable surplus, the smash in grain prices which followed the spectacular rise in the market has naturally had an important bearing on the business situation present and future in Canada. But there are certain reassuring features of the situation which are in danger of being over-shadowed. The feeling that the necessity of selling wheat below the high peak is a serious blow to the country may be easily exaggerated. As a mitigating factor it may be pointed out that last fall there was little expectation that wheat would reach the \$2 mark and when it did there were not many with real knowledge of the situation who expected that it would stay there—optimistic speculators to the contrary. And if the

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BANKS that make use of the business-building force of Super-Safety Bank Checks, this year, will also have use of a service such as has never been offered to banks before!



These checks with their exclusive features of protection against check fraud are the *merchandise*—the tangible, actual merchandise for your bank to sell. Yet they cost no more than *any* checks of even comparable quality.

Back of them we have put the great power of a national advertising campaign that reaches 20,000,000 Americans who are real "prospective" depositors.

In addition, we have retained the services of some of the most successful advertising brains in America to give you a complete year's service of sound, hard-hitting merchandising and advertising. It is a service of extraordinarily effective local advertising, covering the complete year—a service the like of which is *simply not available to any bank*—except on this basis.

You need to have *all* this information in detail—need to *see* the service that is going to revolutionize bank merchandizing.

Write for it—Today.



BANKERS SUPPLY COMPANY, Division
THE TODD COMPANY

5951 So. State Street, Chicago

New York Rochester Denver Dallas



farmers were satisfied last autumn when wheat sold at \$1.40 and they could show a nice profit at that level the surplus of that same crop must still represent a good profit if sold around that figure, and despite the losses which may have been entailed by the speculators the wheat growers themselves must have benefited on that portion of the crop sold at the higher prices. Therefore, serious as is the shaking down process for those directly concerned, it should not have very great effect on the business situation of the country at large even though some adjustment of the outlook based on the buying power of the farmers may be involved.

However, the downward price trend is not being confined to wheat and other grains. The index number of wholesale prices computed by the Dominion Bureau of Statistics, and weighted according to the commercial importance of the 236 commodities included, fell 3.2 points in March, being 161.6 as compared with 164.8 in February. Quotations for fifty-two commodities were lower, twenty-nine were higher

and 155 were unchanged. Pre-war prices are represented by 100. While prices for grain, fruits, etc., declined during March those for animals and their products were slightly higher. Fibres, textiles and textile products declined in sympathy with cotton and wool. Iron and products also declined because of some lower prices for some lines of pig iron. Wood and wood products were slightly higher because of the situation in wood pulp.

These changes in prices, however, are having little effect on the general industrial and business situation. While in the United States the commodity adjustments have been regarded as disappointing in relation to business prospects and Wall Street has indicated that optimism as regards future business as reflected there has not been justified, in Canada there has been no such tendency because any improvement which had been recorded was of a conservative character and evidently based on a more careful analysis of conditions. Steel and iron reports are more favorable with increased railroad orders as a predominant factor. Increased shipments of automobiles to Australia and more employment throughout the industry indicate better conditions in that field. Textile trade continues to do well. Boot and shoe factories and electrical and agricultural implement factories are still on part time but for the agricultural implement factories at least the generally improved status of the farmer should help. Reports indicate that an improved volume of building is contemplated this year. In the lumbering industry the lack of brisk demand from England and the United States has produced discouragement but it is hoped that this condition will soon pass.

The announcement that February newsprint production in Canadian mills exceeded that in the mills of the United States by 1793 tons is accepted as an assurance that exports in this line will continue to increase. Whether or not the Canadian Government



puts further restrictions on the export of pulpwood from Canada in the shape of an embargo, or an export duty, the tendency seems to be for American manufacturers to get closer to their supplies of raw material in Canada. The ratio of finished products being sent out of this country to the United States in relation to raw materials is steadily and rapidly increasing. As late as 1914 Canadian newspapers were importing quite a little cheap newsprint. Within four years not a pound of paper for newspapers was being imported while imports of other kinds of printing paper declined materially. In January of this year the United States took from Canada over 200,000 tons of newsprint or almost as much as for the full year of 1910. The importance of the pulp and paper industry to Canada in maintaining her balance of trade is indicated by the fact that during the last fiscal year shipments of pulp and paper were valued at \$142,000,000 as compared with \$11,000,000 of cattle.

While the business community generally is convinced that constructive steps looking to a reduction in taxation are necessary in order to make the levies in this country more in keeping with those imposed in the United States, and while there was disappointment that the new federal budget contained no reduction in income or sales taxes, there was, on the other hand, an absence of those disturbing changes which were inaugurated in the budget of last session. The new budget involved nothing directed to the undoing of last year's measures or to reverse their consequences but there were certain evidences of an effort to promote stabilizing influences. Chief in this respect was the anti-dumping legislation; but rather curiously this proposal was almost immediately withdrawn by the Minister of Finance and it developed that evidently such legislation was already on the statutes but that the clause permitting an increase in the duty in addition to an adjustment of the valuation of goods from countries whose currencies are depressed had never been enforced. Business is now anticipating that additional protection against dumping will be provided.

An increase in the duty on slack coal from 14 cents to 50 cents is evidently an effort on the part of the government to aid the depressed coal industry of Cape Breton. Manufacturing concerns in central Canada which cannot get supplies from the Maritimes to advantage will have to pay a higher price. A rebate is permitted where coal

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FRANK O. WETMORE,
Chairman

MELVIN A. TRAYLOR,
President

***Combined Resources
Exceed \$350,000,000***

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 - - - - - \$4,823,400
Reserve Fund and Undivided Profits 3,051,110

is imported for the manufacture of coke and this is expected to lead to the building up of the coke-making industry.

Then, too, business is pleased with the budget announcement of the appointment of a commission of experts to advise the Minister of Finance on matters relating to the tariff and other forms of taxation. Particularly since the war, in Canada there have been a lot of taxation experiments which have indicated that the first purpose has been to raise revenue without consideration of how business, in the first place, and general prosperity, in the second place, might be affected. These levies, which have been introduced obviously without expert consideration, have frequently had to be changed and the disturbing effects on trade have been very far-reaching. This difficulty should be largely overcome with a permanent board of experts to advise the minister.

Despite the decline in wheat prices the spring season finds a healthy activity in Western Canada and a general feeling that conditions are much more sound on the prairies than they have been for some years. An increased acreage seeded to grain is promised. Evidence of larger activity is found in improved demand for implements and new parts, in a better demand for suitable farm horses, and in the acquisition by successful farmers of more land. During February and March there was a steady increase in the number of farms sold in practically all parts of Canada; and activity in this respect was most marked in the prairie provinces. All through the country livestock have wintered well and the higher price of

grain is already having some effect upon the price obtained for select beef.

Immigration into Canada has not of late been very gratifying but determined efforts are being made to put more settlers on the land in Western Canada. One constructive plan is by a British colonization company which will advance money to the settlers in order to provide them with the necessary equipment, seed and livestock, to make a success of the proposition. To finance this project it is proposed to issue bonds on certain properties to the extent of \$5 an acre and to ask the owner of these raw lands to accept second mortgage bonds in the company in payment for their holdings. The railroads and the provincial governments are also taking a more active interest in the immigration problem and the Federal Government is also expected to give the question greater attention.

Government Loans Proposed

In a supplementary report to the Federal Government on agricultural credits, Dr. Tory, who has been acting as a commissioner of investigation, recommends the adoption of a system of long-term credits that involves co-operation between the Dominion and provincial governments. He says that Canadian agriculture is confronted today with new conditions in the form of higher-priced land and higher operating costs that demand the consideration of providing money at lower rates of interest. Indeed, he says that the future of Canadian agriculture is dependent on this. His reasons in support of his plan are as follows:

"Co-operation between the Dominion and provincial governments offers a simple and direct way of reaching the desired end. The most effective co-operation could be obtained by the Dominion government agreeing to raise on its own credit the funds necessary for the establishment of a system and advancing the money to the provinces on their guarantee as to principal and interest. Such of the provinces as desire to work the scheme could undertake to set up administrative boards under their own jurisdiction for the purpose of making loans, these boards being subjected to such inspection as the Dominion government might desire."

Referring to the system of land credits in the United States through the Federal Land Banks, Dr. Tory says that they have evidently not yet found any considerable place in the financial system of the country, adding: "I am of the opinion that the road to the solution of the problem for Canada lies in another direction."

A FAST-MOVING CHECK ARTIST

A novel method of passing checks was worked out in Toronto recently by a ticket-of-leave prisoner named Carter, who was finally arrested on some thirty charges. Carter, it is alleged, used scores of names from the city directory as signatures to checks and had a system by which motor accessory and other retail stores were victimized in respect of cash and quantities of merchandise.

By renting rooms and changing his location daily Carter was able to evade the police, it is claimed. The scheme was to enter a store, purchase goods, present a check and then have the goods delivered. As quickly as Carter received them he would drive to a different section of the city and dispose of them.

APPOINTMENTS OF BANK OF MONTREAL

The Bank of Montreal announces the appointment of Jackson Dodds, superintendent of Manitoba branches, to be second agent of the New York agency, filling the vacancy caused by the death of the late Alfred G. Fry. John McEachern will succeed Mr. Dodds at Winnipeg.

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.

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Recollections of a Busy Life

By James B. Forgan

The lighter details of the author's experiences as well as the more serious side make this book of interest to all bankers. The youngsters will receive inspiration from the author's account of the reasons for his success and the older generation will enjoy his recollections of banking days of the past.

The Table of Contents includes: Preface; Five Generations; My School Days; My Apprenticeship and Early Business Training; Leaving Home; My Experience as a Clerk in the Bank of British North America; My Career in the Bank of Nova Scotia; My Connection with the Northwestern National Bank of Minneapolis; My Career in the First National Bank of Chicago; The Se-

curity 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 the Banking Business; Moral Reflections; Some of Mr. Forgan's Public Addresses.

The book is attractively bound in full green leather and each copy contains a special page personally autographed by the author. As only a few autographed copies are left we urge you to act promptly and send for yours today.

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Name
Bank
Address



Main entrance to uptown office of Seaboard National Bank, 24 East 45th street

New Uptown Office of the Seaboard National Bank of New York

FOR some years the Seaboard National Bank of New York has conducted an uptown office located on East Forty-fifth street between Fifth and Madison avenues. With the growth and development of the business of this office the old quarters became inadequate and additional working space was felt advisable. At the same time the bank considered it desirable to maintain its old location in the heart of the uptown business district. Accordingly it was decided to enlarge the old quarters materially and to make certain outstanding changes in both exterior and interior which would lend

to the new office an unusual dignity and impressiveness.

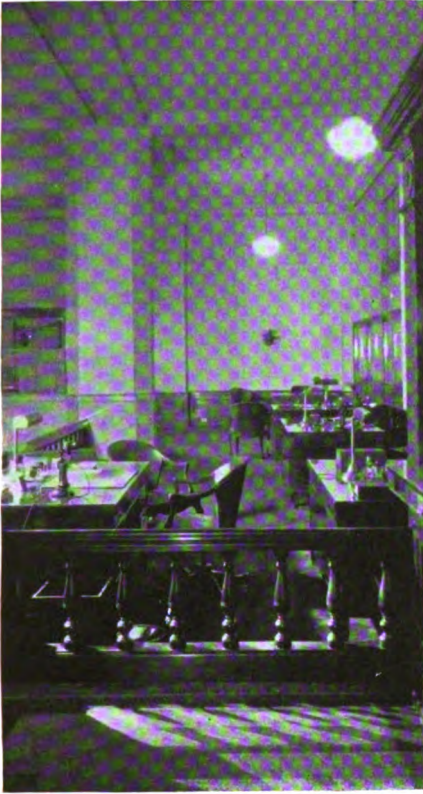
The Seaboard has met very satisfactorily the problem of giving a bank office, not located on a corner, and not in a separate building, a prominent appearance. Careful attention was given to making the exterior of a very striking nature. This has been effectively accomplished through an exterior of black marble, with four impressive black marble pilasters finished in Corinthian style, extending two stories in height and topped with large capitals. The marble used in the exterior is York Fossil.



Forty-fifth street entrance from main banking room



Entrance to main banking room from Borden Building



Partial view of officers' platform



Bronze doors of Borden Building entrance

a type which combines all the beauty and sculptural possibilities of marble with the strength of granite.

Some idea of the material increase in floor space of the new quarters over those formerly in use may be gained from the fact that the new office affords accommodations six times the size of the old one.

This office of the Seaboard is located in the Borden Building, whose main entrance is on Madison avenue. One entrance to the bank is from the main corridor. A public passage is provided from the building's elevators, through the bank, to Forty-fifth street, where the main entrance to the bank is located.

The main banking room has been designed in a simple and dignified manner, with the upper plaster walls resting upon a wainscot of Tavernelle marble. On one side of the public space are located the loan cages and the officers' space, separated by a rail. Opposite the officers' quarters are the tellers'

cages, enclosed with a simple screen of Italian walnut and glass secured in white metal grilles.

Near the street entrance is located a very delightful ladies' room, having a separate teller's cage. The floor is covered with a carpet the design of which was taken from an old hook rug, and electric sconces are fastened to tortoise shell backs, which harmonize with the brown walnut wainscoting. Special desks, a sofa, table and a grandfather clock of old mahogany give the room the appearance of a rest room in an exclusive women's club.

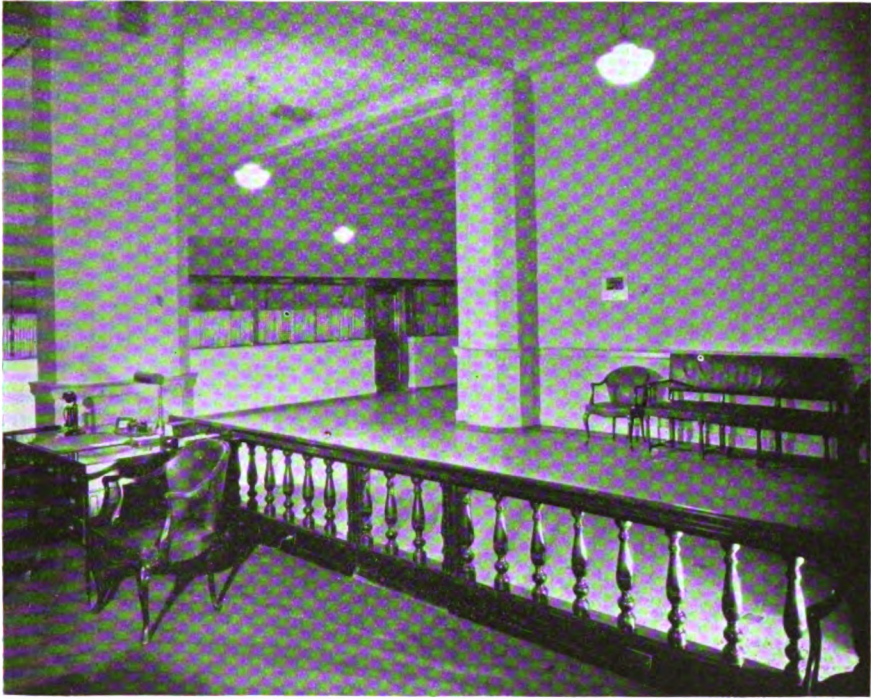
One of the most unusual features of the bank is the treatment of the floor of the public space, which is done in dark green Terrazzo, divided into diamond-shaped spaces by a rather wide brass strip. At the corner of each diamond is placed a three inch brass insert, upon which has been modelled a decoration taken from coins of the principal countries of the world. This



Section of officers' platform and tellers' windows



A view of the ladies' room located near the street entrance



View of the main banking room from the officers' platform

unusual floor decoration, including domestic as well as foreign coins, was adopted as representing the work of the Seaboard in facilitating commerce all over the world. There are fifteen different designs distributed over the floor. On the floor just inside the bank's main entrance, and also inside the entrance from the Borden Building are large brass bas-reliefs showing the seal of the bank in the form of a clipper ship.

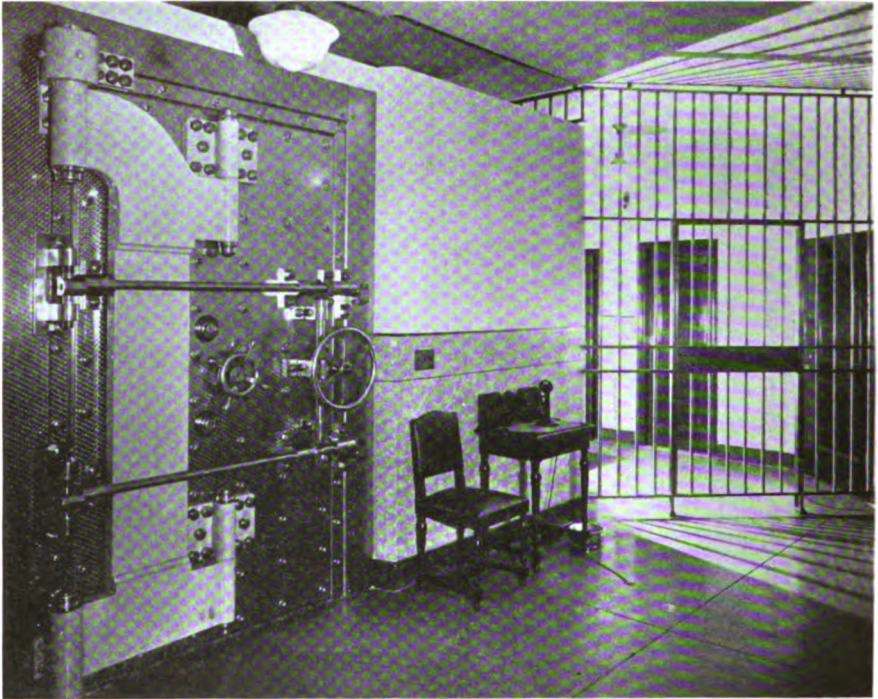
The new quarters occupy basement, ground floor and second floor, which are connected by an automatic Otis elevator of the latest type. The basement contains the vaults, space for coupon cutting, and the usual rest rooms, toilet facilities and storage rooms. The upper floor is used for bookkeeping and clerical purposes.

The vault is vestibuled, double-doored, four-time locked, chrome steel-lined, electrically protected, and contains money chests and security sections. The installation work was done by the Herring-Hall-Marvin Safe Company.

The bandit-alarm and enunciator system is operated by a new type of transformer service by which battery service is elim-



Entrance to vaults



Grill and approach to securities and money vault

inated, and which can be applied to the elevator system.

Ventilation has been provided by double motor-controlled units which more than take

care of present requirements and leave a safe margin for future expansion.

The architects for the building were Walker and Gillette of New York.



Summer Tours to Bermuda

SUMMER vacationists do not generally realize that Bermuda summer tours offer unusual opportunities to visit a quaint, foreign land, without the need of passports,—at the cost of a mountain or sea-shore trip. The Bermuda islands are only two days distant from New York, and contrary to popular belief, because of their unique geographical position, are free from the heat of the tropics.

The ocean trip itself, offers all the many unique and interesting features of a transatlantic trip condensed into two short days.

As there are no trains, trolley cars or automobiles in Bermuda, transportation is principally by means of boats, carriages and bicycles.

Not the least of the visitors' pleasure will

be in witnessing Bermuda's natural marvels—the Crystal caves. Many feet below the surface of the surrounding countryside in the Walsingham section of Bermuda, these creations of crystal calcite are located.

The Furness Bermuda Line of New York, under contract with the Bermuda Government, operates two new twin-screw oil-burning steamers, the S. S. "Fort Victoria" and the S. S. "Fort St. George" on the New York-Bermuda route, on an all-year-round express service basis, with sailings twice weekly. Special summer vacation tours which include all expenses for steamer, hotel and side trips are conducted throughout the entire Summer vacation period from June to November, inclusive.



New building of the head office of the Netherlands Trading Society, The Hague

The New Building of the Netherlands Trading Society at The Hague

PRELIMINARY to a description of the new building of the Netherlands Trading Society (Nederlandsche Handel Maatschappij) at The Hague, it will be found interesting to mention briefly the history of the institution, now reaching over more than a century.

This institution owes its creation to the desire of King William I to found a company whose sole motive should not be profit, but which should also be entrusted with the task of promoting the public welfare. It was his opinion that the establishment of factories and the increase of production were of no value if these were not accompanied by enlarged sales. The King therefore resolved to create a large concern for overseas trade, and the incorporation of the Netherlands Trading Society was announced by the publication of the royal decree of March 29, 1824. The King guaranteed the shareholders a dividend of $4\frac{1}{2}$ per cent. Public interest was shown by the subscription of nearly 70,000,000 florins toward the capital, the King himself subscribing for 4,000,000. The authorized capital was fixed at 37,000,000 florins. After the articles of

association were sanctioned by the King on August 18, 1824, Article 65 of the original charter read:

“The object of the Society is the promotion of national trade, shipping, shipbuilding, fisheries and agriculture, factories and transport, by means of extending, with due observance of its own interests, the commercial connections at present existing and which are advantageous for The Netherlands, by opening up new avenues for Dutch commerce, and by means of all such enterprises as can promote and increase the activity of Netherlands industry.”

This was an extensive program, and naturally encountered some difficulties. But the Society made progress, and rendered great service to the country in trade and shipping. In 1880 a change in policy took place whereby trading operations were discontinued on the Society's own account, the business being confined to giving credits to planters, shipping government produce and to banking. Later, occasional use was made of the Society's right to trade on its own account, but this has been confined to the countries where it has no banking business.



Main entrance to the new building

But until 1903 the Netherlands Trading Society continued, in its own country, more a large financial company of a special nature than a general bank.

In its various operations, extending over a century, the Society has extended its services to the leading cities of The Netherlands, to the Dutch East Indies, and to a number of the principal Oriental countries. Its capital has been raised from the initial 37,000,000 florins to 150,000,000 florins. Dividends have been paid at the following rate: from 1824 to 1849, 7.49 per cent.; 1850 to 1874, 7.64 per cent.; 1875 to 1899, 6.23 per cent.; 1900 to 1922, 9.98 per cent.; average dividend from 1824 to 1922, 7.79 per cent.

Bank Building at The Hague

The Netherlands Trading Society, which was originally established at The Hague in

1824, and subsequently removed its head office to Amsterdam in 1831, opened an agency at The Hague in 1910. The rapid development of this agency proved that it met a long-felt want.

The small building on the Kneuterdijk in which business was commenced in 1910 had to be left for larger and more spacious premises at the corner of the Kneuterdijk and Hooge Nieuwstraat in 1911, which in their turn in 1914 proved too small for the requirements of the Society.

It was, therefore, decided to build premises for the agency which would meet the demands of present day banking, but owing to the war the plans were delayed.

In 1920 the first work on the foundations was commenced, and in April, 1924, the opening of the building took place.

The position of the new premises at the



Main banking room of the Netherlands Trading Society, The Hague

corner of the Kneuterdijk and Lange Vijverberg is one of the most beautiful, oldest and most historic sites of The Hague. In the Middle Ages it was occupied by the castle of the Counts of Egmond. During the great days of the Dutch Republic the Kneuterdijk was the center of diplomatic and patrician life of Holland.

The position of the building of the Netherlands Trading Society is opposite the Court of the Earls of Holland, which was founded in 1247 and first used as a residence by Earl William VI, the court now being generally known as the "Binnenhof." Ever since, this court has been the center of the Government of Holland.

The agency of the Trading Society now occupies a position on the most important artery of the business center of The Hague and also on the main road between the railway stations and the modern residential quarters of The Hague, on one side, and of Scheveningen on the other side.

On entering the building, a few steps lead to a vestibule opening out into a large central public hall surrounded on three sides by a counter. On the other side of this counter may be found the office spaces devoted to the departments which deal with the public in which a clerical staff of more than 100 is located. The ground floor further

contains the managers' rooms and waiting and interviewing rooms.

A staircase and elevator provide the means of reaching the entrance to the safe deposit vault from the vestibule. The vault contains two stories and is situated below the ground floor; each story has a vestibule surrounded by eighteen private rooms varying in size for the convenience of customers (clients) of the safe deposit department.

The dimensions of the safe deposit vault are 8 x 29 yards. The lower story also contains some private safes of 3 x 3½ yards, and one of 5½ x 5½ yards which are let in their entirety.

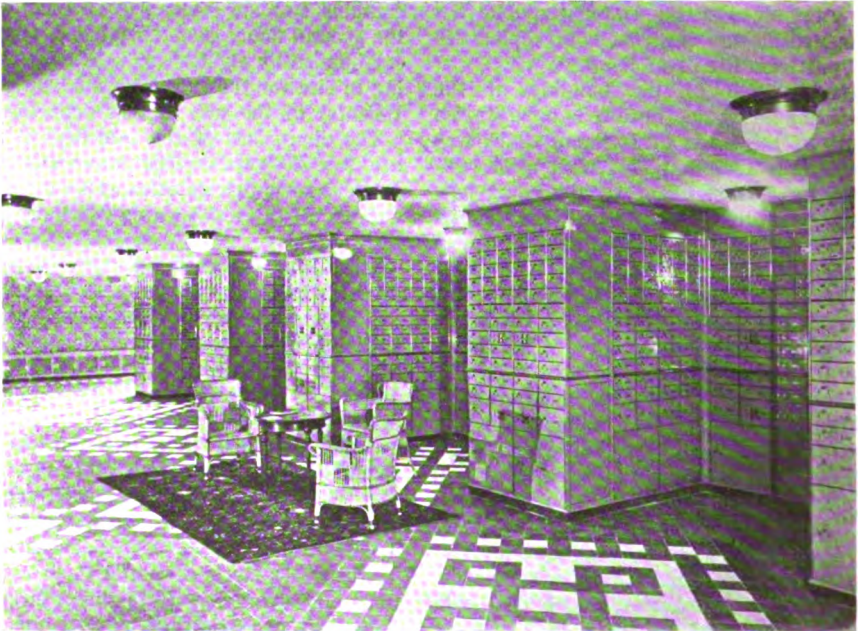
The lower story also contains the vault used exclusively for the safe custody of sealed trunks, cases, safes, etc., the contents of which remain entirely under the depositors' own control.

Next to the safe deposit vault may be found the private vaults of the bank, which are also divided into two stories; and furthermore, the cash vault. The latter and also the private vaults of the bank can only be reached from one of the ground-floor departments.

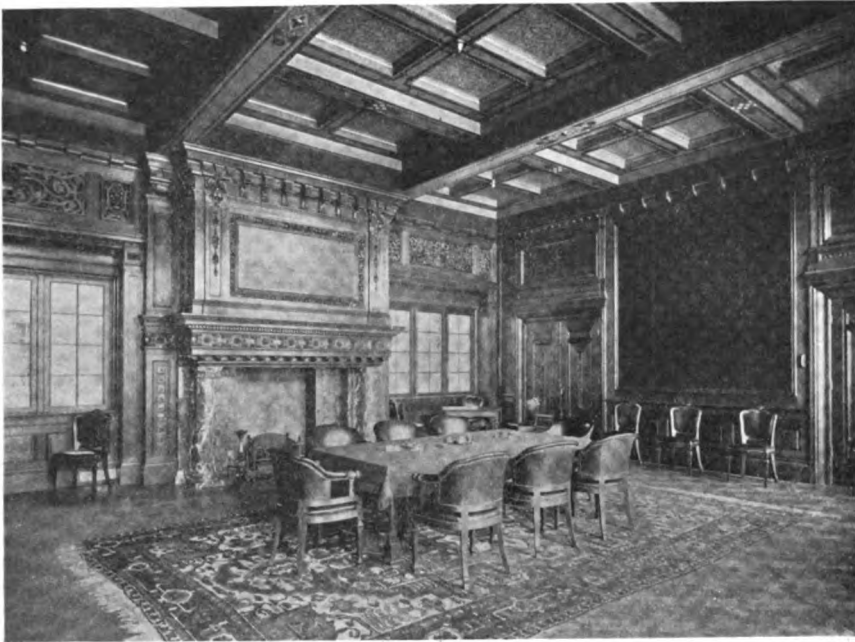
The whole block of vaults is surrounded by walls averaging forty-three inches in thickness, consisting of a core of reinforced concrete, which is further reinforced



Another view of the main banking room



A section of the safe deposit vault



Board room

by rails laid in close juxtaposition to one another and bricked up on either side.

The first floor contains a number of board rooms, meeting rooms, interviewing rooms and waiting rooms. It further contains the offices of such departments as are not in direct touch with the public. The second floor is also devoted to this purpose.

The third floor contains a recreation and lunch room for the staff; the private telephone exchange with automatic exchange for internal communication; the principal station of the internal pneumatic service; the office and store-room for the internal services.

The fourth floor, or attic, is devoted entirely to archives.

Communication between the floors is maintained by four ordinary elevators. Moreover, four electric book conveyors are available besides twenty-six ordinary stations of the pneumatic conveyor system.

The different floors each contain a group of book safes which are so arranged, with a view to the possibility of fire, that they form a kind of single column of safes in the middle of the building.

The building is of fireproof construction

consisting of a reinforced concrete frame with floors and roof of the same material, which have been faced with brick walls.

The staff entrance to the building is entirely separate from the main entrance and leads to the upper of the two basement floors in which the lockers for the staff may be found.

The regulating chamber and central heating cellar have been erected in a part of the building entirely separated from the main building, containing four boilers of which two are for the purpose of ventilating and hot water supply throughout the building, the other pair being for central heating by the hot water system with accelerated circulation.

Over and above the supply of water and electricity obtainable from the municipal works the building contains a private electric power station and has its own water supply obtainable from a well capable of supplying 5000 gallons per hour.

In the rear of the building, besides the engine rooms described above, are also contained a workshop, garage, and accommodation for the households of the caretaker and



Managers' room



A section of the main banking floor from behind the tellers' windows

the foreman of the internal services of the building.

The building was erected under the supervision of Messrs. J. J., M. A., and J. van Nieukerken, architects, The Hague.

It has been so designed that should further extensions prove necessary in the future it will be feasible to erect annexes on neighboring sites on the Kneuterdijk which already are the property of the bank.



Washington's New Mayflower Hotel

THE recent opening of the new Mayflower Hotel increases greatly Washington's capacity for the capable entertainment of guests. The Mayflower has 1059 rooms, of which 650 are hotel rooms with baths,

the accommodation of royalty and distinguished foreign guests. Sumptuous ball rooms with foyer, handsomely appointed restaurants, a terrace garden with sunken dance floor, palm court, etc., are among



The new Mayflower Hotel, Washington, D. C.

and the remainder in 112 apartments, including living room, kitchenette and breakfast room, bedroom and bath, in the residential section. The rooms, both transient and residential, are luxuriously appointed and special provision has been made for

the appointments and the cuisine leaves nothing to be desired. H. L. Merry is president of the Mayflower Hotel Company, and the staff includes D. J. O'Brien, chief accountant; A. J. Harnett, office manager, and Jules Venice, maitre d'hotel.

New Quarters for Two Mechanics and Metals Branches

AN interesting development in the banking business in New York City is the construction by the Mechanics and Metals National Bank of new banking quarters for two of its branches, the Worth street branch, Worth street and Broadway and the Harlem Market branch, First avenue between 103rd and 104th streets. Located as they are, in peculiarly different sections of New York, these elaborate new quarters mark a distinctive step in the history of branch banking in a large city.

The Worth street branch, formerly known as the Leonard street branch, has moved only a block south of its old quarters in the New York Life Insurance Building. Elaborate banking rooms have been constructed

at the Broadway and Worth street corner of the Knit Goods Building where its business will hereafter be conducted.

Located in the center of the textile trade, it is one of the important branches of this institution and particular attention has been paid to the spaciousness or the new quarters. Following the precedent established at the main office and its recently constructed branch buildings, the woodwork of the pillars and cages is of dark oak which gives a tone of richness to the banking room.

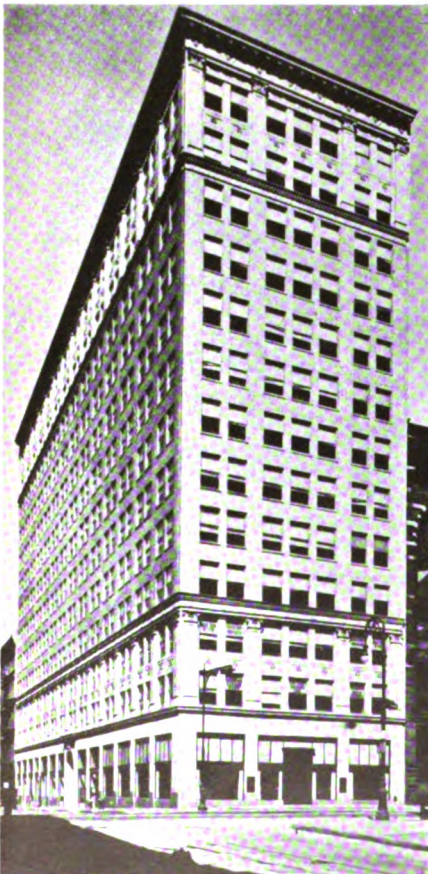
Safe deposit vaults have been installed by the Mechanics and Metals Safe Deposit Company on the floor below and special attention has been paid to the convenience of customers in the arrangement and ventilation of the numerous coupon rooms. Boxes to meet the needs of firms and individuals have been provided and every modern safety device has been installed.

The Harlem Market branch is situated on the east side of the city on the edge of a large Italian district, and in the center of the section where the commission merchants of Harlem Market conduct their business. For years the branch had occupied a small one-story building at the corner of 103rd street and First avenue. The new structure to which it has moved is a red brick building with white stone trim that dominates the entire district as the finest building in the neighborhood.

The main banking room rises to the full height of the structure and is lighted with large windows in the rear and with a skylight as well. The cages are dark oak and the walls are painted a light cream color, the combination giving the effect of dignity and space.

Modern safe deposit vaults installed by the Mechanics and Metals Safe Deposit Company are conveniently placed on the same floor as the banking room, and are entered to the rear directly opposite the entrance. These vaults fill a long-felt want to the commission merchants and shopkeepers of the district.

Both of these new banking quarters show, in the thought which has been expended in providing for the convenience and comfort of patrons, the importance of branch banking in New York, and the growth of this comparatively modern system.



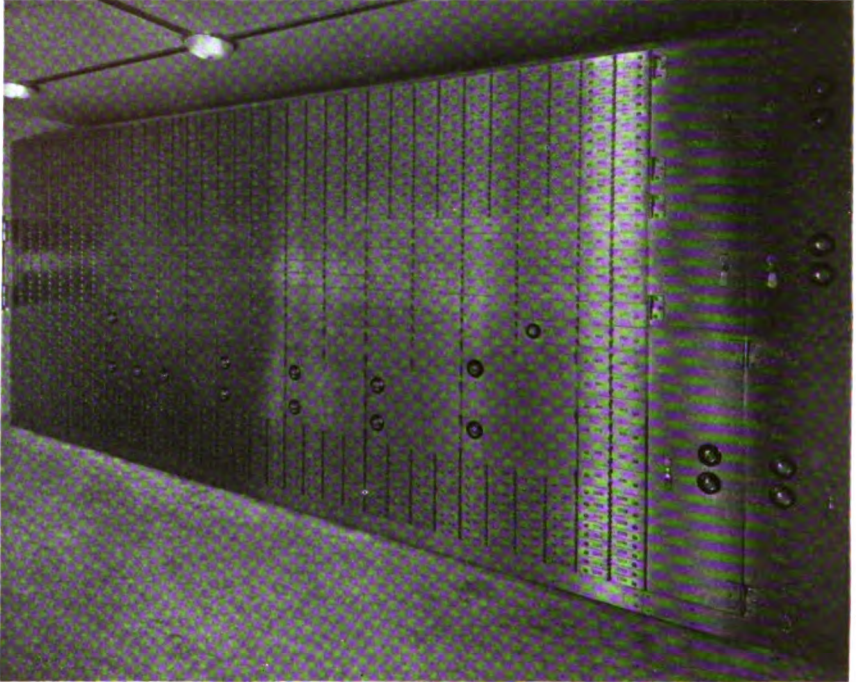
New Home of the Worth Street Branch



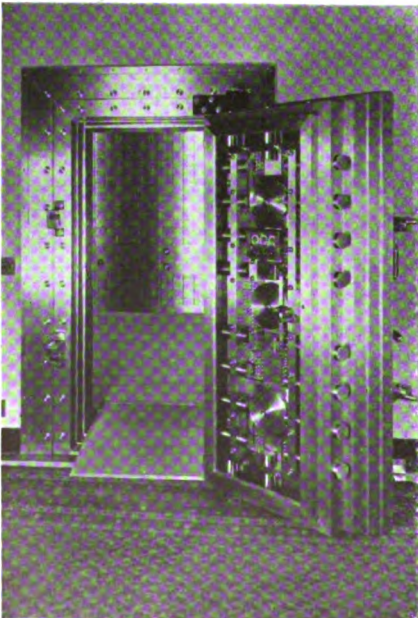
Main banking room, Worth Street Branch, Mechanics and Metals National Bank



Officers' quarters, Worth Street Branch, Mechanics and Metals National Bank

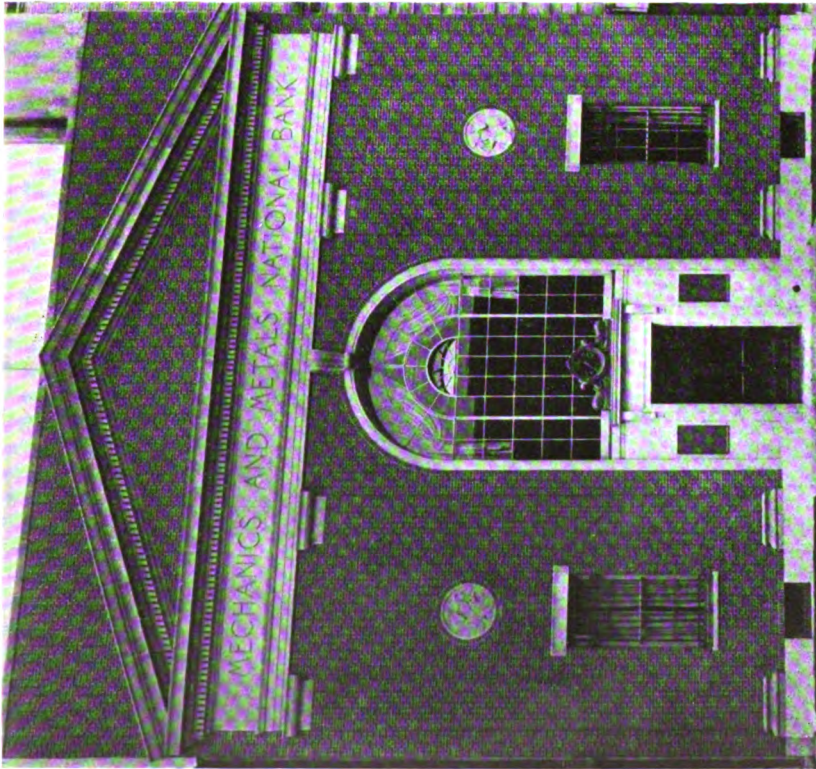


View of interior of the vault, showing various sizes of boxes and safes



Entrance to the vault

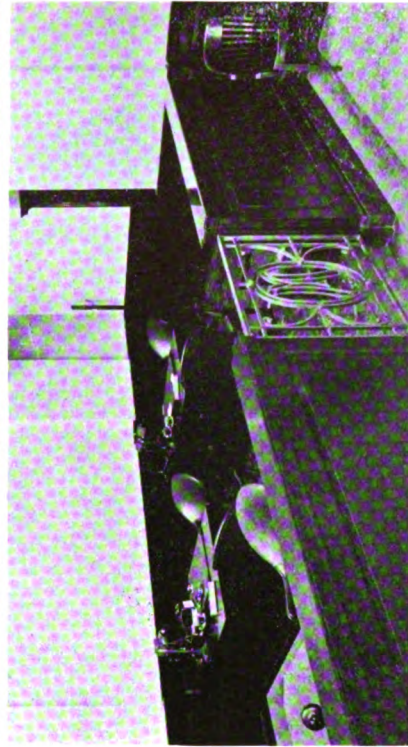
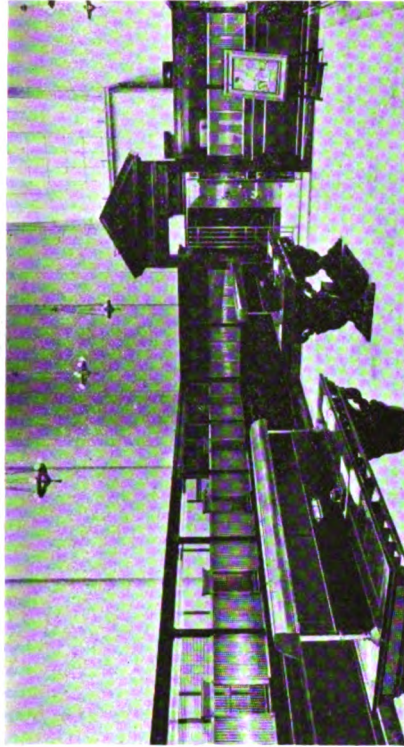
The Safe Deposit Vault at the Worth Street Branch, Mechanics and Metals National Bank. Vault was built and installed by the York Safe and Lock Co. York, Pa.



At left: Facade of Harlem Market Branch.

Upper right: Main banking room of Harlem Market Branch.

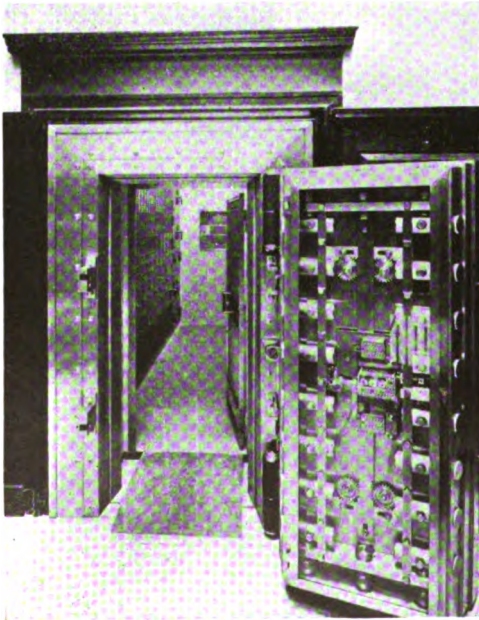
Mechanics and Metals National Bank



Lower right: Manager's platform, Harlem Market Branch,



En ranch to safe deposit vault, showing coupon rooms at right



View of the interior of the vault

Safe Deposit Vault at the Harlem Market Branch, Mechanics and Metals National Bank. Vault was built and installed by Herring-Hall-Marvin Safe Co., Hamilton, Ohio.



New building now being erected for The Plainfield Trust Company, Plainfield, N. J. The building has been designed by, and will be constructed and equipped by the Griswold Building Co., Inc., of New York.

Some Recent Bank Building Operations

THE PLAINFIELD TRUST COMPANY,
PLAINFIELD, N. J.

CONSTRUCTION has commenced on the new home of the Plainfield Trust Company of Plainfield, New Jersey, which, when merged with the old building, will present a model modern banking house serving as a credit to its community. Due to the large increase of business during the past year, plans to merely remodel the present quarters were abandoned in favor of the erection of a new three-story building containing very complete banking rooms offering adequate facilities for all types of banking service.

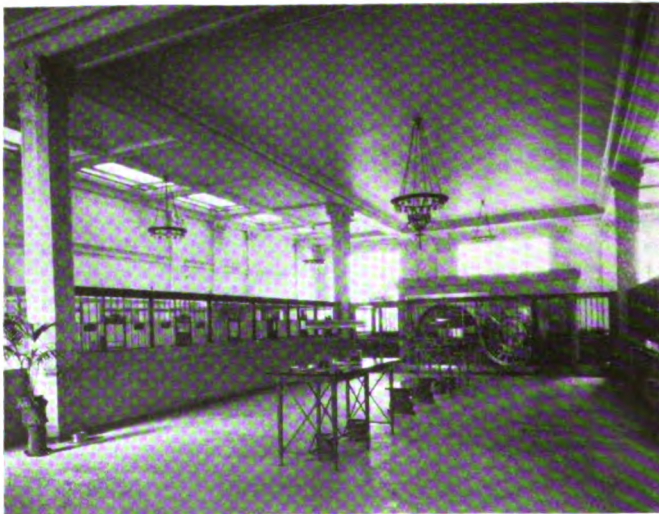
The new building being erected on the site adjoining the present bank permits an interesting example of what may be successfully accomplished with alterations and additions to an old building. In adhering

closely to the architectural treatment of the present building, six columns instead of the four at present will grace the exterior, and although the additions and alterations call for three stories, the same appearance of an individual banking home will be retained. The structure will be fifty feet high, and 132 feet deep, having a sixty-eight foot frontage, and with an ideal location on a corner abundant daylight can be had through the large banking room windows on two streets insuring at all times a well lighted interior.

The main banking room floor, to cover an area of over 10,000 square feet, will allow spacious quarters for every department of the bank's business, while the officers' quarters, ladies' rest and retiring rooms and banking space near the entrance will be tastefully appointed and commodious. The counter-screen will be of imported Botticino



Main Banking Room, Mechanics Bank, Brooklyn, showing Officers' Platform.



Main Banking Room, Mechanics Bank, Brooklyn, showing Safe Deposit Vault. The building was constructed and equipped under the supervision of Holmes & Winslow, bank architects, New York.



Exterior of the New Building of Mechanics Bank of Brooklyn's branch at Gates and Randolph avenues. The building was constructed and equipped under the supervision of Holmes & Winslow, bank architects, New York.

marble surrounded by ornamented bronze glass frames, trim, and bronze wickets, and with the Travertine flooring of the public space, it will serve to produce a contrast lending greatly to the warmth and refinement of the interior decorations. The four Corinthian columns in the rear, extending to the height of the banking room ceiling, will add much to the general aspect of strength and reliability which the room will suggest, while a coffered ceiling will provide the finishing touch to the interior.

The rear of the main banking room floor will be devoted to additional work space, well appointed customers' rooms, the real estate office, posting machine room, a security vault and book vault, and an elevator which will serve three floors of the building. Eighteen inches of reinforced concrete with a laminated steel lining, and a solid steel door with electric protection, will render the security vault worthy of its name. All the cages and their fittings of olive painted steel, will be but a part of the latest fire-proof construction which will be employed throughout the entire building.

Located in the center of the spacious public lobby is to be the Travertine staircase leading down to the safe deposit department and vault in the basement. This vault is to be 24 by 25 feet, having a capacity for over 6500 safe deposit boxes, and will be constructed of 18 inches of solid reinforced concrete, a lining of laminated armored steel, and with its massive sixteen inch round solid

steel door and the most modern of electric burglar proof protection, it will present a secure guardian of the clients' and bank's funds and securities. The vault equipment and door are to be furnished by the Herring-Hall-Marvin Safe Company. Eighteen coupon booths will provide private quarters for the customers, and the safe deposit department will be a complete unit in itself.

A rear mezzanine overhanging the main banking room floor will be used for additional work space and the other two floors above this will also house space for the use of the bank.

The Griswold Building Company of New York City, who are specialists in designing, building, and equipping bank buildings, have been retained as architects and also have the contract to construct and equip the new building.

THE MECHANICS BANK OF BROOKLYN,
NEW YORK

THE new building which this bank has recently completed for its branch at Gates and Randolph avenues, Brooklyn, N. Y. is located on an inside lot 60 by 97 feet. The height is two stories and mezzanine, including a floor of offices for revenue. The design is modified Italian Renaissance and the building is built of Indiana limestone with granite base. The office floor comes underneath the main cornice and gives the appearance of an individual structure. The main entrance to the bank also



Main Entrance to New Office of The Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, Pa. Iron Grill Work by Samuel Yellin, Philadelphia, Pa.

serves as an entrance to the offices above, as the vestibule is sufficiently large to allow for the main staircase in this location without cramping the space.

Upon entering the main banking room an excellent view is had, directly in front, of the main vault at the rear, with a large circular door which features the safe deposit department and also protects the bank's own securities. The public space extends through the middle of the building, with the working force located on both sides. The officers' rooms are located at the front left hand side, and are provided with a private office for conferences and with toilet facilities. The ladies' room is located at the front right hand side, and is directly connected with the savings department cages. The entire layout is most practical and there are very commodious quarters for the employees. Ample space is also provided for the public, particular attention having been given to working details, so that service may be rendered.

The building was constructed and equipped under the supervision of Holmes & Winslow, bank architects, New York.

UNION SAVINGS BANK, MAMARONECK, N. Y.

THE building shown in the accompanying illustrations is now being erected by the Union Savings Bank of Mamaroneck, located on the Boston post road.

The problem of building on this site involved some difficult engineering, on account of a stream under the rear of the building. As a matter of fact, a considerable portion of the building overhangs the stream.

The corner entrance is particularly appropriate in this location.

This building was planned by and erected



New building of the Union Savings Bank, Mamaroneck, N. Y. This building was planned and erected under the supervision of Morgan, French & Co., Inc., architects and bank engineers, New York.

under the supervision of Morgan, French & Co., Inc., architects and bank engineers, New York.

UNION AND PLANTERS BANK AND TRUST
NEW BUILDING

THE current issue of the *Diebold News*, quarterly house organ of the Diebold Safe and Lock Company of Canton, Ohio, contains an interesting article about the impressive new building of the Union and Planters Bank and Trust Company of Memphis, Tenn. The article reads as follows:

"The graphic words 'Here Since 1859,' used on the coat of arms of the Union and Planters Bank and Trust Company of Memphis, Tennessee, tell their own story and are indicative of a spirit that must pervade that institution, not only keeping it alive, but causing it to move constantly and consistently onward. They tell a story of efficient and competent service—a service that has been the foundation for the growth of the Union and Planters Bank and Trust Company, to an institution having at present total assets of approximately \$40,000,000.

"The completion of their beautiful, new, twelve-story home, which was formally opened to the public in December, is only one of the achievements of this institution. It is located at the intersection of Madison avenue and Front street.



Interior view of the Union Savings Bank, Mamaroneck, N. Y.

"In the spacious banking room, massive fluted pillars support the lofty vaulted ceiling. Another feature of the banking room is the large amount of daylight which is admitted through windows on two sides of the room, the windows extending entirely to the ceiling of the mezzanine floor.

"The entrance to the safe deposit vault, which has room for 9000 boxes, is guarded by a circular door weighing approximately 41,500 pounds. In spite of its immense weight, the door is easily swung into place by means of a heavy crane hinge which is 16 inches wide. The door, which has a solid thickness of 12 inches, is built of the various metals which assure its being invulnerable to any known means of burglarious attack.

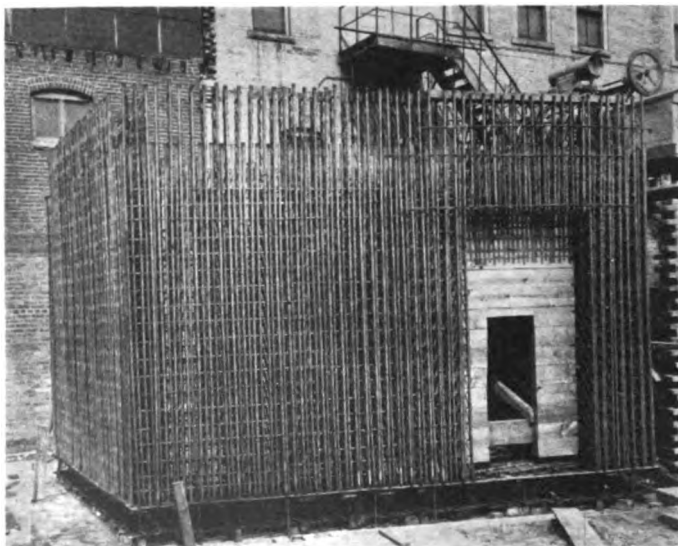
"The exterior finish plates of the door, the architraves and the heavy compressor system, are of a polished, nickel plated satin finish, giving a very beautiful appearance to the door. The twenty-four bolts, each $3\frac{3}{4}$ inches in diameter, are of highly polished satin nickel. The bolts are locked by two Diebold four-tumbler combination locks

which are guarded by a four-movement, seventy-two hour chronometer time-lock.

"The door of the cash vault is of the rectangular integral cast jamb design and has a solid steel thickness of 10 inches. While vastly different in appearance from the safe deposit vault door, it is built to the same high degree of perfection and affords adequate protection for the funds of the bank. The cash vault is equipped with a battery of twelve individual tellers' lockers. The entire equipment of both the cash vault and the safe deposit vault, including the tellers' lockers, the paneled steel ceiling and side walls, mirrors and light fixtures, was furnished by the Diebold Safe and Lock Company and was installed by their Memphis representative, Orgill Brothers and Company.

"The Diebold work was handled on behalf of Orgill Brothers by George Beck.

"The bank's new building, which is one of the finest models in the country, was erected according to plans of McKim, Meade and White, architects, New York."



The picture illustrates the steel reinforcing placed around the lower vault of the Pearl Street Savings and Trust Co., Cleveland, Ohio, before the concrete was poured. The purpose of the reinforcing is to make all sides of the bank vault equally strong to resist the efforts of yeggmen. The installation was manufactured by the Rivet-Grip Steel Co., Cleveland, Ohio.

BOOK TALKS

Special Section of The Bankers Magazine

MAY 1925

The "Short Selling" of Securities

By GLENN G. MUNN

Among the more than 3000 terms fully described and explained by Mr. Munn in his "Encyclopedia of Banking and Finance" (Bankers Publishing Company, \$10) is the following description of the short selling of securities. The student of banking by selecting one topic like this each day and mastering it thoroughly can keep consistently adding to his fundamental knowledge of banking and related topics.

The sale of a security or commodity not owned or not in one's possession. Ordinarily an offer to sell presumes ownership by the seller of the thing to be sold. In a short sale, however, selling precedes buying, the ordinary process being reversed. The short seller is a *Bear* who believes that a security (or commodity), or the entire market is due for a decline. He, therefore, sells in anticipation of a decline in values, with the expectation of buying (covering) when the price has fallen.

In a short sale of securities, the speculator puts up margin just as in the case of a margin purchase. When the order is executed, since he does not possess the stock sold it must be borrowed. The short seller is not entitled to interest upon proceeds of sale of securities sold short and must pay any dividends that are declared.

There have been several attempts to prevent short selling by legislation, on the grounds of illegality. In 1830 a law was passed preventing short sales, but it was repealed in 1858. Short selling, moreover, has been upheld in the courts, and the stock exchange bases its stand as to the legality of short selling on several decisions. In *Bibb vs. Allen* (149 U. S., 481) the Supreme Court of the United States said: "It is held settled that contracts for the future delivery of merchandise or perishable property are not void whether such property is in existence in the hands of the seller or be subsequently acquired." In the case of *Hurd vs. Taylor* (181 N. Y., 231) the Court of Appeals of New York said: "The purchase of stocks through a broker, though the party ordering such purchase does not intend to hold the stocks as an investment, but expects the broker to carry them for him, with the design on the part of the purchaser to sell

the stocks when their market value has enhanced, is, however speculative, entirely legal. Equally so is a 'short' sale where the seller has not the stock he assumes to sell, but borrows it and expects to replace it when the market value has declined." In the case of *Irwin vs. Williar* (110 U. S., 499) the Court said in part: "A person may make a contract for the sale of personal property which the vendor does not own or possess, but expects to obtain by purchase or otherwise, which is binding if an actual transfer of property is contemplated.

Short selling has been challenged on the grounds that it is uneconomic and unethical, that it is sheer gambling and an unfair attempt to depress the value of other peoples' holdings. Most economists and business leaders believe that short selling has a legitimate function.

Short selling is usually participated in only by professionals, but it is erroneous to believe that short selling is more profitable than buying for the long account. There are dangers in short selling that do not exist in the purchase of real securities. In case of a shortage in the floating supply of securities which can be borrowed, a premium may be exacted by the lenders from the borrowers. This always causes a decline in the security lending at a premium. Where a stock is closely held, it is not impossible for the shorts to sell more stock than is available. In this case, a corner exists so that the owners of stock can charge the short sellers any price when they cover their contracts. There is theoretically no limit, moreover, to the amount which one may lose upon a short sale, provided he furnished sufficient margin, inasmuch as there is no theoretical limit to the price to which a stock may rise.

BOOK TALKS

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

MAY 1925

Shop Talk

PRACTICALLY every topic in any way pertaining to banking or of interest to bankers has been covered at one time or another in THE BANKERS MAGAZINE. We maintain a subject index to all of these articles and would be glad to furnish to any reader of BOOK TALKS a list of articles on any subject in which he may be interested. In most cases back numbers containing these articles are available at 50 cents a copy.



AND this reminds us that more and more banks are finding it advisable to maintain a bound file of THE BANKERS MAGAZINE in order to have for quick and easy reference articles covering all phases of banking. The pages of each volume of THE BANKERS MAGAZINE are numbered consecutively from month to month and we furnish, without charge, to all subscribers a printed index to each volume. If you have not a bookbinder available in your own town we would be glad to have your copies bound for you at the cost price to us if you will send on your back numbers.



"WHERE are your future executives working now?" How many banks could answer this question? How many banks have made adequate provision for training within their own ranks the men to fill the executive jobs when the inevitable vacancies occur? In how many cases does the bank reach out to some other bank in some other section to find the man to fill the vacancy? And yet how much better it would be if it were

possible to fill these vacancies from within the ranks. The ambitious worker who has served the bank for a number of years, has had actual working experience in all of its departments, knows and understands its policies and traditions is, or should be, a more efficient man for promotion than the outsider. In most cases the outsider is called in because no man within the bank has been trained to step into the shoes of the man higher up. The man who is ready through knowledge and training to take this opportunity is the man who gets ahead. What do you know about the job of the man just above you on the ladder of progress? Do you know as much as he does? If not, start today to see that you do.



"SOMEWHERE," says an advertisement of the International Correspondence Schools, "Somewhere to-night, in a quiet home, a young man will sit down beside a friendly lamp and dedicate precious hours to self-improvement. He is one man and yet he is many men. For wherever ambition dwells—wherever men go home from their work—wherever the desire for achievement is most keen—there, too, you will find the inspiring and inspired figure of the student before the lighted lamp." One of the most successful and efficient bankers that we know devotes, to this day, a few minutes of his time each day to a serious study of banking. How about you?

While we are on the subject here's what W. R. Morehouse, vice-president of the Security Trust and Savings Bank of Los Angeles, says on the same subject in his "How to Succeed in the Bank."

Devote a part of your spare time to a study of banking and you gain certain knowledge which is imperative if you are to advance. With this knowledge of banking at your command you will find it comparatively easy for you to convince the manager that banking with you is not a matter of guess, but of knowing how your work should be done.

How Does Your Bank Compare with the Average?

In analyzing the statement of your bank it is important to know how your ratios compare with the average ratios of other banks. If your investments, for example, are 20 per cent. of your loans and discounts it is important to know whether this ratio is above or below the average ratio of other banks. It is only by checking your statement with the average statements of other banks that you can determine exactly how your bank stands.

What are the strong and weak points to look for in analyzing the financial

statement of a banking institution? What methods should be used in determining the strength or weakness of any bank's statement? Much has been written on the analysis of statements of commercial companies but little information is available on bank statements.

In order to analyze the condition of any bank thoroughly it is necessary to know certain facts regarding the bank's management and policies. Do you know how to determine these facts? You will find a fund of information on these subjects in

How to Analyze a Bank's Statement

This valuable pamphlet was prepared by the Credit Editor of THE BANKERS MAGAZINE in response to a wide-spread demand for accurate information on this subject.

The author begins by giving a typical bank statement and reviewing it item by item explaining in detail what is meant by each. The items considered are those which usually appear on any bank's statement such as loans and discounts, overdrafts, United States securities, other bonds and securities, stock of Federal Reserve Bank, due from banks and bankers, etc.

After explaining in detail all of these items, the author proceeds to his analysis and shows how to pick out quickly and accurately the strong and weak points of the statement. He gives a list of ratios found in every bank statement and by means of a carefully worked out table shows what these should be for various classes of banks such as country banks, city banks, trust companies, state banks, etc. This table is not based on theory but on actual statistics obtained through the analysis of many different statements.

Every bank should have copies of this pamphlet for the use of officers and directors. If you will fill out the coupon below and mail to us with a dollar bill we will send you five copies by return mail as long as our supply lasts.

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BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

ENGLISH BANKING METHODS; THE PRACTICAL OPERATION OF AN ENGLISH BANK. By L. Le Marchant Minty. New York: Isaac Pitman & Sons. Price \$4.50.

MR. MINTY, whose "American Banking Methods" was published a few years ago, has written the above book, as he explains in his preface, to fill the need for a book describing the actual work of an English bank as a person would see it from within—a book to give a bank man, who already has had some experience of bank life, a more complete view of the work carried out by the type of institution in which he is employed.

For the American reader, the chief interest of this book will be the opportunity which it will give to study the contrasts between American and English methods of operation. The American banker will be particularly interested in reading the chapter on branch organization and the one on the organization of the foreign department. While there is nothing in this country which parallels the English branch banking systems there are many American banks with large numbers of branches so that the English system of branch office accounting and control is well worthy of American study. In foreign department methods American bankers still have much to learn from their English cousins and many of them will undoubtedly welcome this opportunity to study English foreign department organization.

Mr. Minty, in this book, as in his "American Banking Methods" shows an excellent grasp of his subject and presents his thoughts in a clear and pleasing style.

+

PSYCHOLOGY IN BUSINESS RELATIONS. By A. J. Snow, Ph. D. Chicago. A. W. Shaw Company. Price \$1.00.

"PSYCHOLOGY in Business Relations" is quite different from any other book in its field. For the first time it presents in a logical and interesting manner the fundamentals of psychology in business. Step by step, it explains what one needs to know about the general principles of psychology, points out the psychological factors in buying, the consumer's place in the sale, the subjective and objec-

tive influences of demand. Emphasis is placed upon methods of attracting attention, arousing interest, and securing action both in advertising and personal selling. Moreover, psychological methods of employment are outlined in detail.

The table of contents follows: Chapter 1. The Fundamental Nature of Man; 2. Factors in Buying; 3. The Consumer's Place in the Sale; 4. Subjective Influences Determining Demand; 5. Subjective Influences Determining Demand (Cont.); 6. Objective Influences Determining Demand—Price; 7. Objective Influences Determining Demand—Advertising and Selling; 8. Objective Influences Determining Demand—Trade-Marks, Brands, Containers; 9. Objective Influences Determining Demand—Display, Size, Location and Policy of Store; 10. Merchandising; 11. Types of Retail Selling Agencies; 12. The Purpose and Problems of Advertising; 13. The Consumer and the Mediums of Advertising; 14. The Classification and Field of Advertising; 15. The Commodity—Attracting Attention; 16. Holding Attention and Securing Interest; 17. Creating Mental Habits; 18. Securing Conviction by Suggestion; 19. Securing Conviction Through Reason; 20. Retail Selling—The Customer; 21. Retail Selling—The Salesperson; 22. Retail Selling—The Store; 23. The Sale—The Customer, Attracting Attention, Developing Interest; 24. The Sale—Conviction; 25. The Sale—Desire, Decision, Action and Satisfaction; 26. The Professional Buyer—The Salesman; 27. Individual Adaptability to Occupation and Profession; 28. The Futile Search for Methods of Rating Human Quality; 29. Occupational Description and Job Specification; 30. Psychological Test in Employment; 31. The General Methods of Employment.



New Books

THE ELEMENTS OF RAILWAY ECONOMICS. By Sir W. M. Acworth. New York: Oxford. \$1.20.

BASIC ACCOUNTING. By G. E. Bennett. New York: Gregg Publishing Company. \$5.

ACTUAL BUSINESS ENGLISH AND CORRESPONDENCE. By P. H. Deffendall. New York: Macmillan.

PAPER

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Vol. CX

JUNE 1925

No. 6



England Returns to Gold

Extending Credit in Country Banks

Does it Pay Banks to Help Farmers?

Being the "Other Fellow"

Financing the Pacific Cruise of the Fleet

Making Salesmen Out Of Bank
Employees

Australia—The Land of Opportunities

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The Age of a Bank

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Commerce Trust Company

Capital and Surplus \$8,000,000

Kansas City

The
COAL & IRON
NATIONAL
BANK
OF THE CITY OF NEW YORK

MEN WHO KNOW

The personnel of the Coal and Iron is chiefly composed of bankers who had their early training in smaller banks in other states. Therefore, they approach the problems of our correspondent banks with an intimate understanding of your local conditions.

Personal Service Headquarters



In which

Mr. Terry of LOMBARD STREET is required
to “reform his windows”

MR. TERRY OF LOMBARD STREET had outraged the dignity and tradition becoming to a London goldsmith in the year of our Lord 1610. His store windows, to use the language of his brethren, were “becoming of a barber rather than a goldsmith.” Wherefore a committee waited upon him to “require him to reform his windows.”

The goldsmiths of those days were destined to develop into the bankers of later generations and, like some people today, they apparently had a misconception of the importance of dignity.

Probably Mr. Terry was just a normal man with goods to sell. He put them in a window where people could

see them. He was just being natural.

Hail to the memory of Mr. Terry!

At the Seaboard we like people to be natural. We see no reason why frank good humor should be taboo in a bank, or why good spirits are out of place in a door man, a teller, an officer, or a customer.

In fact, when your financial affairs are being smoothly arranged and properly handled, you have a very good reason for feeling happy.

This perhaps is one of the chief reasons for the success of the Seaboard. Here you find every facility for your comfort and convenience. Here you will find also an atmosphere, lacking in artificiality, which makes it a real pleasure to do business.

THE SEABOARD NATIONAL BANK

of the City of New York

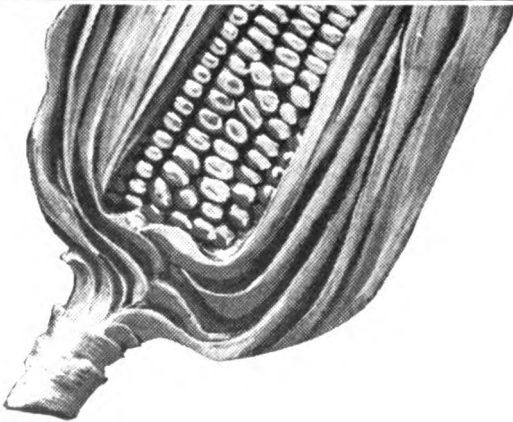
24 EAST 45TH STREET

115 BROADWAY

BROAD AND BEAVER STREETS



Convenient for all
CORN EXCHANGE NATIONAL BANK
PHILADELPHIA
MAIN OFFICE CENTRAL CITY OFFICE
Chestnut Street at Second 1510-12 Chestnut Street



The Publisher's Page

IN his timely article, "Wage Earners' Debts and the Savings Margin," which will appear in the July number of THE BANKERS MAGAZINE, O. R. Johnson points out that the average young married couple who start in house-keeping need not necessarily have accumulated any capital with which to begin. They can buy everything that they need, and many things that they don't need, in the way of house furnishings, on credit, thus mortgaging their earnings for a period of anywhere from a few months to perhaps a year or two years. They are left no savings margin with which to start a bank account. A writer in a recent issue of "Advertising and Selling Fortnightly" remarks that: "Investigation has disclosed that only 10 per cent. of the people in any community buy for cash, while a bare 30 per cent. are able to purchase on charge accounts. In other words, fully 60 per cent. of all present buying is done along easy payment lines, despite the fact that many manufacturers and dealers shun the method as dangerous and unstable." Mr. Johnson believes that the remedy for the situation which he describes in his article lies, in part, with bankers. He tells what he believes bankers can do and ought to do to help lift the mortgage on the wage earner's dollar, so that a savings margin may be created which will get into the savings banks.



IN his article, "Reducing the Labor Cost in Banks," which will appear in the July number, Edward P. Vollertson, controller of the National Bank of the Republic, Chicago, says: "It is paradoxical that banking, which has outdistanced industry in many respects, should drop so far behind in meeting the problem of human relations. . . . The time is at hand when the financial institution with vision and an eye to the future must give careful study and serious thought to its employment department if it is to attract the highest type of employees, reduce the labor turnover, and inculcate the spirit of co-operation, the lack of which is due to the decentralization in dealing with ques-

tions of employment." Mr. Vollertson goes into the problems of personnel and labor costs, and tells where the fundamental weaknesses lie. He gives a remedy for the situation, based on successful experience in dealing with such problems.



IN the second article of his series on "Some Phases of Country Bank Credits," Frank S. Wettack will discuss such subjects as the term "good moral risk" as used in connection with loans. The author takes up the questions of salary and mode of living of the borrower, and whether he is married or single, in the relationship that these matters have to the credit risk. The effects of the enormous popularity of deferred payment purchases as they apply to the credit standing of the prospective borrower who makes frequent use of this form of purchase, are also touched upon by Mr. Wettack. He also discusses the case of the man of good income who will not save. The matter of the family and business connections of the prospective borrower are next considered by the author. He stresses the danger that lies in too much dependence upon such connections. The author closes his article with a discussion of the importance of considering, in a proposed loan, the uses to which the proceeds of the loan will be applied. Mr. Wettack's second article of his series will appear in the July number.



THE third article of the series on "A Complete Campaign for New Trust Business" by Theodore Tefft Weldon, which it was erroneously announced on this page would appear in the June number, will appear in July. The subject of Mr. Weldon's third article is "Direct Mail as Part of the Trust Selling Campaign." The author will discuss the importance of mailing lists and the proper and frequent checking over of such lists; how to approach the question of copy with regard to style of presentation and length; the handling of cover, decoration, layout and title; and the question of the percentage of returns and the check on returns.

=At the New York End

THE BANK OF AMERICA is successfully using the radio to reach not only its clientele, but thousands of other listeners, with weekly talks on some phase of finance, industry or economics.

Tune in on W E A F, New York City, on Tuesday nights at 8:00.



THE BANK OF AMERICA

ESTABLISHED 1812

NEW YORK CITY

Capital, Surplus and Undivided Profits over \$11,000,000



The Bank of United States

Member Federal Reserve System

Resources Over
\$65,000,000.00

DEPOSITORY FOR

United States Postal Savings Funds

State of New York

City of New York

Main Office
Fifth Ave. at 32nd Street

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

OUR NEED — YOUR PROFIT

A Bank with ninety millions of *Individual* Deposits—and these from the leading manufacturers and business interests of the country—must develop for its own purpose exceptional facilities for the collection of the enormous volume of items entrusted to it by exacting depositors.

You can secure for the benefit of *your* customers the advantages of *our* unexcelled collection facilities by placing an account with us.

All items received at par.

THE PHILADELPHIA NATIONAL BANK

Capital, Surplus and Profits \$17,000,000



CAPITAL and SURPLUS
\$9,000,000.00

YOU WILL FIND THIS BANK an active, well-managed institution. Your financial requirements, whether large or small, will receive the benefits of a strong organization, ready to cultivate an interest in the affairs of its customers and friends.

CENTRAL TRUST
COMPANY OF ILLINOIS
CHICAGO

Banks and Trust Companies are offered the cooperation of this institution in attending to any local matters in which our connections, long experience and familiarity with conditions in and around Chicago might be of benefit.

THE NORTHERN
TRUST COMPANY

Capital and Surplus \$5,000,000.00



LA SALLE AND MONROE STREETS, CHICAGO



THE standing of this bank in the public mind has not come suddenly. It is the result of constant fidelity for more than a half century to the highest principles of banking practice.

Capital and Surplus • Forty-Five Million Dollars

ILLINOIS MERCHANTS TRUST COMPANY

*A consolidation of the Illinois Trust & Savings Bank,
The Merchants Loan & Trust Company and
The Corn Exchange National Bank*

LA SALLE, JACKSON, CLARK AND QUINCY STREETS • CHICAGO

HARRIS, FORBES & CO

Successors to N. W. HARRIS & CO., New York

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NEW YORK

BONDS FOR INVESTMENT

Harris, Forbes & Company
Incorporated
Boston

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"THE BANKERS' SERVICE STATION"

Your Chicago "Headquarters"

In line with the "Republic's" ambition to render unusual service to its correspondents, we now announce our new Customers' Club Room. Here you will find the equivalent of a personal club—telephone, stenographic, notarial and travel

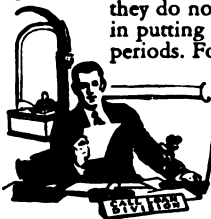


service, writing material, reading matter and complete facilities for obtaining theater, hotel or Pullman reservations. All is provided for your convenience when in Chicago. This is but another feature that makes an account at the "Republic" desirable.

Many of our correspondents also find the following "Republic" services particularly valuable

A Higher Return on Surplus Funds

We have noticed that at certain seasons of the year, many of our correspondents have surplus funds which they do not feel justified in putting out for stated periods. For that reason

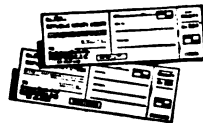


we have developed a special service whereby we grant our correspondents participation in brokers' col-

lateral call loans held by us. These loans earn the current "call" rate and are payable on demand—another advantage of a "Republic" Account. Why not let us explain details?

Another "Republic" Service

"Republic" Money Orders are now being used by hundreds of our correspondents because their old customers prefer them—and because they attract new ones. They combine the advantages of Post Office and Express Money Order, with customer's receipt, remitter's name on the face, etc. "Republic" Money Orders are furnished free to correspondents. We will be glad to send sample.



The National Bank of the
REPUBLIC
OF CHICAGO



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DAVID R. FORGAN, *Vice-Chairman* GEORGE WOODRUFF, *Vice-Chairman*
HUGO E. OTTE, *President*



Meeting the Needs of a Greater Philadelphia

Capital and Surplus \$3,500,000.00
Resources over . \$30,000,000.00

FRANKLIN TRUST COMPANY

Southwest Corner Fifteenth and Chestnut Streets

West Phila. Office
Fifty-second and Market Sts.

Front Street Office
Front and Market Sts.

Germantown Office
5708 Germantown Ave.

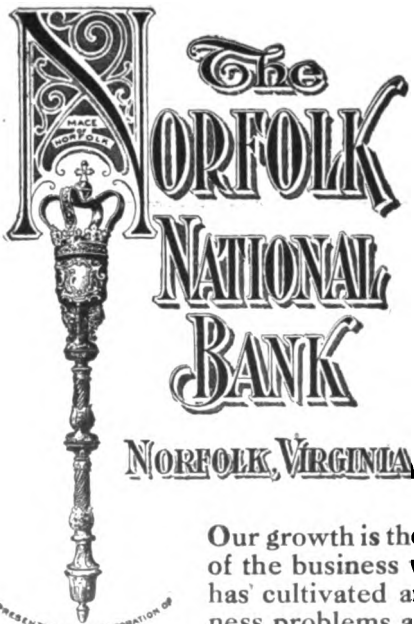
Frankford Office
Frankford Ave. and Paul St.

PHILADELPHIA, PA.

America's Largest Exclusively



Day - and - NIGHT Bank



PRESENTED TO THE CORPORATION OF
NORFOLK BY LY. GOV. ROBERT DINWIDDIE.
MAY 17 1793

Organized 1885

UNITED STATES DEPOSITARY

Capital - . . . \$1,000,000
Surplus and Profits \$1,310,000

- W. A. GODWIN President
- A. B. SCHWARZKOFF Vice-President
- J. B. DEY, Jr. Vice-President and Cashier
- C. S. WHITEHURST Vice-President
- L. T. VAN PATTEN Asst. Cashier
- E. D. DENBY Asst. Cashier
- R. H. MOORE Asst. Cashier
- H. B. REARDON Auditor

*The Oldest National Bank
in Eastern Virginia*

CORRESPONDENTS—National City Bank, New York; National Bank of Commerce, New York; Fourth Street National Bank, Philadelphia; Philadelphia National Bank, Philadelphia; National Shawmut Bank, Boston; Merchants National Bank, Baltimore.

Our growth is the direct result of the confidence of the business world in our bank—a bank that has cultivated an intimate appreciation of business problems and has tried to be helpful in up-building vital business interests of our country.



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 **\$370,000,000**

Corporate Trusts **- \$1,500,000,000**

GIRARD TRUST COMPANY

BROAD AND CHESTNUT STREETS • • PHILADELPHIA



FOR one hundred and ten consecutive years the Pennsylvania Company has unfailingly paid a dividend, despite the wars, crises and financial upheavals through which the country and the world have passed.

This institution, chartered in 1812, has through its integrity and enterprise steadfastly proven its capacity for the highest responsibilities.

Since 1872 the Pennsylvania Company has devoted its entire attention to Banking, Trust and Safe Deposit business. Today the Capital, Surplus and Undivided Profits of the Company amount to over \$20,000,000.

The Pennsylvania Company

for Insurances on Lives and Granting Annuities

PACKARD BUILDING, PHILADELPHIA

Equipped to Meet Every Banking Need

Main Office
S. E. Cor. 15th & Chestnut Streets

Down Town Office
517 Chestnut Street

Detroit—



The Peoples State Bank with its large resources has aided greatly in the development of Detroit's citizens and industries.

May we serve your banking needs, in this, the most prosperous city in the world.



THE PEOPLES STATE BANK

Member Federal Reserve Bank

DETROIT, MICHIGAN

Branches Throughout Detroit

RESOURCES OVER \$150,000,000



The A B C

of international banking is provided through our 62 branches and offices distributed as follows:

Argentina Brazil Chile

ENGLAND
GUATEMALA
URUGUAY

FRANCE
MEXICO
VENEZUELA
SAN FRANCISCO, U. S.

SPAIN
PERU
COLOMBIA

NICARAGUA
ECUADOR
SALVADOR

Anglo-South American Bank, Ltd.

and its affiliations

British Bank of South America

and

Commercial Bank of Spanish America

Represented by

**THE ANGLO-SOUTH AMERICAN
TRUST COMPANY**

Incorporated under the laws of the State of New York

49 Broadway, New York

A Massachusetts Fiduciary Qualified by 47 years' experience

Practically every kind of Trust problem that may arise has been met and solved by this Company during its 47 years' experience. We have handled hundreds of Estates.

We cordially invite individuals and corporations who require fiduciary service in Massachusetts to correspond with the President or other officers of this Company.

BOSTON SAFE DEPOSIT & TRUST COMPANY

100 FRANKLIN STREET

At ARCH and DEVONSHIRE STREETS

Barren 6

Citizens Bank & Trust Co.

TAMPA, FLA.

Member Federal Reserve System



Capital	- -	\$1,000,000.00
Surplus	- -	300,000.00

DR. L. A. BIZE	_____	President
W. W. TRICE	_____	Vice-President
ISAAC MAAS	_____	Vice-President
L. L. BUCHANAN	_____	Vice-President
D. H. LANEY	_____	Cashier
W. W. BLOUNT	_____	Assistant Cashier
EUGENE KNIGHT	_____	Assistant Cashier
C. E. HESTER	_____	Auditor

Our extensive connections and complete facilities enable us to handle all branches of foreign and domestic banking with the highest degree of efficiency

Collections given special attention, and prompt remittances made

IN the last four years, deposits at the Buffalo Trust Company have increased more than \$35,000,000 — a growth unprecedented in Buffalo banking circles.

Less than \$12,000,000 of this increase is the result of mergers.

BUFFALO TRUST COMPANY

Named for the City it Serves

Resources more than
\$50,000,000

*Oldest Trust Company
in Western
New York*



DRESDNER BANK



Head Office:

BERLIN W.

8 Behrenstrasse



*Branches in about 100 towns,
including*

**Aachen, Bremen, Breslau,
Dresden, Düsseldorf, Essen,
Frankfurt a/M, Hamburg,
Köln, Leipzig, Lübeck,
München, Stettin, Wiesbaden
Danzig Bucharest**

Telegrams: Dresdbank

Amsterdam:

PROEHL & GUTMANN

Telegrams: Dresdagent



Head Office:

LONDON, E.C. 3.

Over 1,650 Offices in
England and Wales, and
several in India, Burmah
and Egypt.

(31st December, 1924.) (\$5=£1.)

DEPOSITS, &c. \$1,707,171,660

ADVANCES, &c. \$823,571,655

The Bank has Agents
and Correspondents
throughout the British
Empire and in all parts
of the World, and is
closely associated with the
following Banks:—

The National Bank of Scotland Limited.
Bank of London & South America Limited.
Lloyds & National Provincial Foreign Bank Ltd.
The National Bank of New Zealand Limited.
Bank of British West Africa, Limited.
The British Italian Banking Corporation, Ltd

THE BANK OF TORONTO

Incorporated 1855

Facilitates Your Canadian Collections

Banks and business houses in the United States and Foreign countries are assured of prompt, accurate, satisfactory service through our branches at
Toronto, Ontario Montreal, Quebec Winnipeg, Manitoba
Calgary, Alberta Vancouver, British Columbia

Each of these offices handles items drawn on any point in Canada

Correspondence Invited

Close rates of exchange are given on amounts transferred

Interest allowed on balances

Capital
\$5,000,000

Surplus
\$7,000,000



JOHN R. LAMB
General
Manager

Branches or agents at
all important points
in the Dominion.

Head Office: TORONTO, CANADA

Austin National Bank

AUSTIN, TEXAS

Capital \$300,000

Surplus and Profits \$726,000

Resources \$8,622,663

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JOHN H. CHILES, Vice-President **MORRIS HIRSHFELD, Vice-President**
T. H. DAVIS, Vice-President **C. M. BARTHOLOMEW, Vice-Pres. & Cashier**
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This old established bank is thoroughly equipped in every department. Its strong financial position, efficient management and reputation commend it to banks, bankers and individuals requiring a good banking connection at the capital of the Union's largest State.

We are at the center of an Empire of Business and would like to represent you here

H. A. WROE, President
R. C. ROBERDEAU, Vice-Pres. **L. J. SCHNEIDER, Vice-Pres.**
A. D. THOMPSON, Vice-Pres. **L. D. WILLIAMS, Cashier**
H. PFAEFFLIN, Asst. Cashier **D. H. HART, Jr., Asst. Cashier**

For Prompt and Best Service Send Your
Texas Items Direct to the

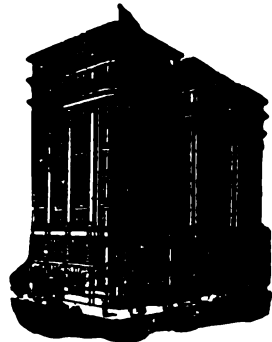
American National Bank

AUSTIN, TEXAS

Capital, \$300,000

Surplus, \$800,000

Directors' Responsibility Over \$8,000,000 United States Government Depository
 Will remit in New York, Boston, Chicago, St. Louis, Kansas City
 or New Orleans Exchange when requested. We have unsurpassed
 facilities for collecting on all banking points in Texas.





ESTABLISHED 1832

Banking Service in Canada, Newfoundland and West Indies

With 265 branches in Canada, 18 in Newfoundland, 10 in Jamaica and 9 in Cuba, Porto Rico and the Dominican Republic, we are well equipped to handle the accounts of banks and corporations wishing to do business with these points.

Capital Paid-Up - - \$10,000,000
Reserve Fund - - \$19,500,000
Total Assets over - \$220,000,000

The Bank of Nova Scotia

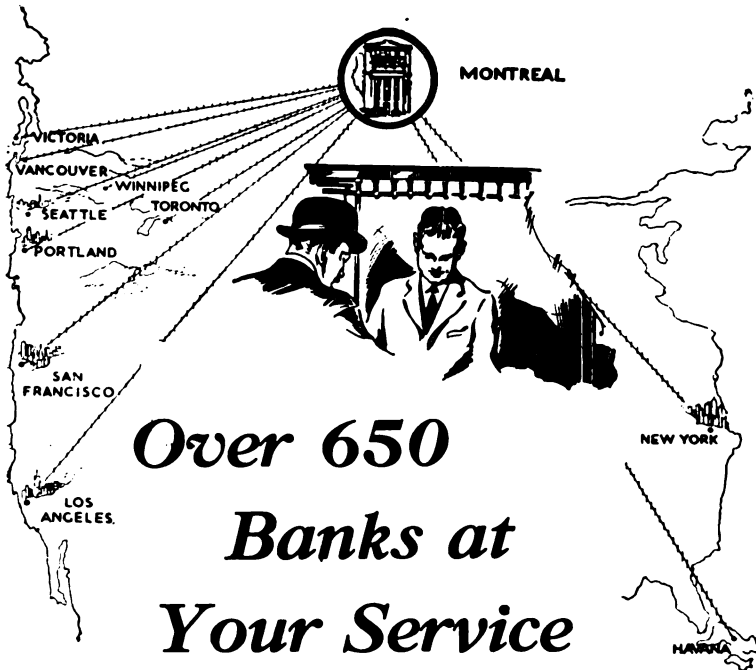
GENERAL MANAGER'S OFFICE: TORONTO, ONT.
 J. A. McLEOD, General Manager

NEW YORK AGENCY - - - - 49 WALL STREET
 P. W. MURPHY and F. W. MURRAY, Agents

LONDON BRANCH: 108 Old Broad St., E. C. 2

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**LONDON, ENG.—Midland Bank Limited, Bank of England,
 Royal Bank of Scotland**
**NEW YORK—Bank of New York & Trust Co.
 National Bank of Commerce in New York .**



*Over 650
Banks at
Your Service*

VALUABLE information covering data on markets, tariffs and confidential credit reports is furnished to bankers, exporters and importers through our special departments created for this purpose.

¶ Our information is gathered direct by the Managers of our 655 branches located from coast to coast in Canada, Cuba, the West Indies, Central and South America, as well as in New York, London, Paris and Barcelona. Extensive credit files are maintained at New York and at Head Office, Montreal. Our specialized service is at your disposal.

Write to our New York Office, 68 William Street

**The Royal Bank
of Canada**

Resources Exceed 600 Million Dollars

Established 1875

Imperial Bank of Canada

HEAD OFFICE, TORONTO

Capital (Paid Up) \$7,000,000

Reserve Fund 7,500,000

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SIR JAMES WOOD, VICE-PRESIDENT

A. E. PHIPPS, GEN. MANAGER G. D. BOULTON, ASST. GEN. MANAGER

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 Boston—National Shawmut Bank.
 Philadelphia—Fourth St. National Bank
 Buffalo—Marine Trust Co.
 Chicago—First National Bank.
 San Francisco—Wells Fargo Bank &
 Union Trust Co.
 Seattle—Seattle National Bank.
 Minneapolis—First National Bank.

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England—Lloyds Bank Limited.
 Scotland—The Commercial Bank of Scot-
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 Ireland—Northern Banking Co., Limited,
 Belfast, and Branches.

FRANCE, BELGIUM and SWITZERLAND

Lloyds & National Provincial Foreign
 Bank, Ltd.

Having as its correspondents the largest and strongest banks throughout the world, the Imperial Bank of Canada is in a position to afford the most efficient banking service.

With 212 branches in Canada our facilities for handling business throughout the Dominion are unexcelled.

Bank of Liverpool & Martins Limited.

Head Office: 7, WATER STREET, LIVERPOOL.

London Office: 68, LOMBARD STREET, LONDON, E.C. 3.

Capital Subscribed	\$5=£1 \$93,955,600
Capital Paid Up	11,744,450
Reserve Fund and Surplus Profits.....	9,209,310
Deposits, etc., at 31st Dec., 1924	306,450,100

375 BRANCHES AND SUB-BRANCHES.

*All descriptions of Banking, Trustee and Foreign
 Exchange Business Transacted.*

The Bank is prepared to act as Agents for Foreign Banks
 on usual Terms.

Banca Nazionale di Credito

Capital - - Lit. 300,000,000

HEAD OFFICE: MILAN, ITALY

Over 60 Branches and Agencies Throughout Italy

Correspondents

in all the Principal Cities of the Kingdom

**Every Description of Domestic and International
Banking Business Transacted**

**Special Travelers' Letters of Credit and
Money Order Departments**

Inquiries and Correspondence Solicited

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ITALIAN DISCOUNT & TRUST COMPANY
New York City

BANCO ITALO-EGIZIANO
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BANCA DALMATA DI SCONTO
Zara Sebenico

BANCA COLONIALE DI CREDITO
Asmara Massaw

In Every Important Italian Market

IN EIGHTY commercial and industrial centers of Italy a branch of the Banca Commerciale Italiana performs all the functions of a local bank, with its services closely interwoven with the business affairs of the community it serves.

The New York Agency of this institution, therefore, brings to American bankers and business men an intimate knowledge of Italian commerce and industry obtained by constant and direct relationship with these eighty Italian business centers. Foreign branches and affiliations extend our service to England, France, Switzerland, Poland, Czecho-Slovakia, Austria, Hungary, Roumania, Jugoslavia, Bulgaria, Turkey and throughout South America. Facilities thus provided for American foreign trade are of exceptional breadth and scope.



Banca Commerciale Italiana

Head Office, MILAN, ITALY

Authorized Capital Lire 500,000,000

Paid in Lire 410,000,000

Surplus Lire 300,000,000

NEW YORK AGENCY, 62-64 WILLIAM STREET

Telephone John 1000

Recently organized

Banca Commerciale Italiana Trust Company

Capital \$1,000,000

Surplus \$500,000

62-64 WILLIAM STREET, NEW YORK

Telephone John 4666

All Banking Facilities

A Native Bank in Peru
for all Banking Operations
BANCO ITALIANO

LIMA, PERU

Established 1869

Capital Fully Paid Lp. 400,000

Surplus Lp. 450,831

BRANCHES

Callao—Arequipa—Chincha Alta—Mollendo—Trujillo

*Representatives for the U. S. A.***Banca Commerciale Italiana**

Agency in New York

62-64 William Street

Phone: John 1000



In Rhode Island
—the Industrial Trust

Branch offices in the principal centers throughout the state, and headquarters in Providence, equip the Industrial Trust for prompt and satisfactory service. Your first transaction with us will prove this to you.

INDUSTRIAL TRUST COMPANY*Member of Federal Reserve System***Main Offices: Providence, Rhode Island**

Commerz-und Privat-Bank
Aktiengesellschaft

(Established 1870)

HAMBURG-BERLIN

and

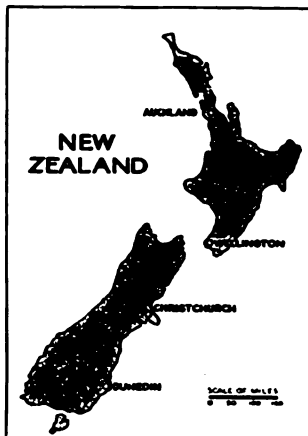
Two hundred twenty other places throughout Germany**Capital and Surplus, R.M. 63,000,000****All Banking Transactions****Extensive Trade Information Service**

Cable address for main offices and branches

"HANSEATIC"

The National Bank of New Zealand, Ltd.

Authorized Capital, \$30,000,000
 Subscribed Capital, \$22,500,000
 Paid-up Capital, \$ 7,500,000
 Reserve Fund, \$ 7,350,000



Head Office
8 Moorgate Street, London, E.C. 2
 Manager, ARTHUR WILLIS

Chief Office
In New Zealand at Wellington
 General Manager, ALFRED JOLLY

80 Branches and Agencies Throughout New Zealand.

Bills of Exchange Collected. Wool and Produce Credits Arranged.
All Classes of Banking Business Undertaken.

The Anglo-Egyptian Bank, Limited

(Affiliated with Barclays Bank, Ltd.)

Subscribed Capital	. . .	£1,800,000
CAPITAL PAID-UP	. . .	£ 600,000
Reserve Fund	. . .	£ 720,000

Head Office : 37 to 39 King William Street
London, E.C. 4

BRANCHES

- EGYPT.** Alexandria, Cairo, Port-Said, Suez, Tantah, Zagazig, Mansourah, Assiut, Beni-Suef, Minieh, Musky.
- SUDAN.** Omdurman, Khartoum, Port Sudan, Makwar, Wad Medani.
- PALESTINE.** Haifa, Jaffa, Jerusalem, Nazareth.
- MEDITERRANEAN.** Malta, Gibraltar.

The Bank transacts every description of Banking business in Egypt and other Countries where it has branches, grants letters of credit and affords facilities to travellers proceeding to Egypt and elsewhere. Deposits received for one year at rates to be ascertained on application.



THE BANK OF TAIWAN, LTD.

Incorporated by Special Imperial Charter, 1899

Head Office: TAIPEH, JAPAN

Capital Subscribed.....Yen 60,000,000

Capital Paid Up.....Yen 52,500,000

Reserve Funds.....Yen 14,180,000

KOJURO NAKAGAWA, Esq.
President

HIROZO MORI, Esq.
Vice-president

Directors

GUNJI KAWASAKI, Esq.
DENKICHI TAKITA, Esq.

TADASU HISAMUNE, Esq.
MASAKAZU SHUTO, Esq.

Branches :

JAPAN—Tokyo (General Manager's Office), Kobe, Osaka, Yokohama.

**TAIWAN—Giran, Heito, Kagi, Karenko, Keelung, Mako, Nanto,
Shinchiku, Taichu, Tainan, Takao, Taito, Toyen.**

CHINA—Amoy, Canton, Foochow, Hankow, Shanghai, Swatow.

**OTHERS—Hongkong, London, New York, Singapore, Semarang,
Soerabaia, Batavia, Bombay, Bangkok, Calcutta, Dairen.**

New York Office: 165 Broadway

K. YAMAMOTO, Agent

London Office: 25 Old Broad Street

**Cable Transfers, Drafts, and Letters of Credit issued; the
Negotiation and Collection of Bills of Exchange and other
Banking Business transacted through our various Branches
as well as correspondents in all parts of the world; offers
exceptional facilities for handling transactions in the Far East.**

The Sumitomo Bank, Limited

Cable address: "Sumitbank"

ESTABLISHED 1912

(Successors to The Sumitomo Bank)

Capital Subscribed Yen 70,000,000

Capital paid up " 50,000,000



Head Office : OSAKA, JAPAN

BARON K. SUMITOMO, President

K. YUKAWA, Esq., Managing Director

S. YOSHIDA, Esq., Managing Director

N. YATSUSHIRO, Esq., Managing Director

New York Agency, 149 Broadway, New York

G. HIGASHI, Agent

HOME OFFICES

Osaka (11)
Shimonoseki
Kurume

Tokyo (15)
Moji
Kure

Yokohama
Hiroshima (2)
Wakamatsu

Kobe (3)
Hakata
Kokura

Kyoto (2)
Hyogo
Yanai

Nagoya
Niihama
Onomichi

Foreign Branches—Shanghai, New York, London, Hankow, San Francisco, Los Angeles, Bombay

Affiliated Banks—The Sumitomo Bank of Hawaii, Ltd., Honolulu, T. H.; The Sumitomo Bank of Seattle, Seattle, Wash.

Bankers—National City Bank of New York, New York;

Lloyds Bank, Ltd. London; Lloyds & National Provincial Foreign Bank, Ltd., Paris.

Correspondents in All Important Places at Home and Abroad

The Bank buys, sells and receives for collection drafts and telegraphic transfers; issues Commercial and Travellers Letters of Credit available in all important parts of the world, and acts as Trustee for Mortgage Bond, besides doing general Banking Business.

THE MITSUI BANK, LTD.

Capital Subscribed Yen 100,000,000.00

Capital Paid-Up Yen 60,000,000.00

Reserve Funds (June 1924). Yen 47,100,000.00



Head Office : TOKYO, JAPAN

(No. 1 Suruga-cho, Nihonbashi-ku)

President

G. MITSUI, Esq.

Managing Directors

S. IKEDA, Esq.

N. KIKUMOTO, Esq.

H. KAMESHIMA, Esq.

R. IMAI, Esq.

New York Agency, 61 Broadway, New York City

Home Branches :

Fukuoka, Hiroshima, Kobe, Kyoto, Marunouchi (Tokyo), Moji, Nagasaki, Nagoya, Nihonbashi (Tokyo), Osaka (4), Otaru, Shimonoseki, Wakamatsu (Kyushu), Yokohama

Foreign Branches :

Bombay

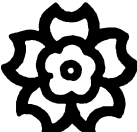
London

New York

Shanghai

The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese Government, 1909

Capital Subscribed . . .		Yen 80,000,000
Capital Paid-Up . . .		Yen 50,000,000
Total Resources . . .		Yen 660,000,000

Head Office, Keijo (Seoul), Chosen (Korea)

Governor, K. NONAKA

Deputy Governor, S. SUZUKI

Y. KATAYAMA

Directors

I. IUCHI

M. HASHIMOTO

FOREIGN DEPARTMENT: TOKYO

(All communications relating to the arrangements of correspondents and the Bank's general foreign business to be addressed to the Foreign Department)

Principal Branches:


CHOSŌN: (*Korea*) Chemulpo, Pyengyang, Wonsan, Fusan, Taiku.
MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung.
JAPAN: Tokyo, Osaka, Kobe, Shimonoseki.
CHINA: Shanghai, Tsingtao, Tientsin, Tsinan
SIBERIA: Vladivostok.

New York Agency, 165 Broadway

H. YAMASHITA, Agent

The Kajima Bank, Limited

Established in 1888

CAPITAL SUBSCRIBED		Yen 30,200,000.00
CAPITAL PAID UP . . .		18,875,000.00
RESERVE FUNDS . . .		5,600,000.00
DEPOSITS (Dec. 31, 1924)		168,531,134.00

Keizo Hirooka, Esq., President
 Chusuke Yoshii, Esq., Managing Director
 Seijiro Glon, Esq., Director
 Tadanosuke Emura, Esq., Director
 Manroku Matsui, Esq., Auditor

Yukinori Hoshino, Esq., Managing Director
 Seishichi Kawakami, Esq., Managing Director
 Hikotaro Ohmura, Esq., Director
 Kyuemon Hirooka, Esq., Auditor
 Kin-ichiro Hoshijima, Esq., Auditor

Head Office, Osaka, Japan

Principal Branches:

Tokyo Kyoto Kobe Okayama Hiroshima Fukuyama Tokuyama

**General Banking, Foreign Exchange and Trust
 Business Transacted**

New York Correspondents

Yokohama Specie Bank, Ltd.
 Bank of Taiwan, Ltd.
 American Express Co.

London Correspondents

Yokohama Specie Bank, Ltd.
 Bank of Taiwan, Ltd.
 London & Brazilian Bank, Ltd.

SKANDINAVISKA KREDITAKTIEBOLAGET

Established in 1864

GOTHENBURG STOCKHOLM MALMÖ

Branches
In All Parts of Sweden

PAID-UP CAPITAL AND RESERVES

KR. 182,000,000

Telegraphic Address: Kreditbolaget

Foreign Exchange bought and sold, bills collected, deposit
and current accounts opened and all kinds of banking
business transacted

Commercial Bank of Greece

(A Limited Liability Company registered in Athens)

Head Office: Athens

*Branches: Piraeus, Argos, Pyrgos, Patras, Corfou, Cephalonia, Nauplie,
Vostizza, Calamata, Syra, Chio, Candia, Volo, Salonica, Larissa,
Tricala, Mytilene, Canea, Zante, Plomari and Tripolitza*

ASSOCIATED BANK in LONDON

The Commercial Bank of The Near East, Ltd.

4 London Wall Buildings, E. C. 2

with branch in CONSTANTINOPLE

*Correspondents in the principal towns of Greece and in foreign countries
throughout the world*

GENERAL BANKING BUSINESS TRANSACTED

Collections, Letters of Credit, Cable Transfers, Current
and Term Deposits, Etc.

Capital and Reserves . . . Dr. 58,106,143

of the above Dr. 25,000,000 are represented by assets of £1,000,000 evaluated at Dr. 25

Nederlandsche Handel-Maatschappij.

(NETHERLANDS TRADING SOCIETY).

Established by Royal Charter A.D. 1824.

Capital Paid up.....f.80,000,000 Neth. Currency (£6,666,666)
 Statutory Reserve Fund.....f.20,045,032 “ “ (£1,670,419)
 Extraordinary Reserve Fund f.22,660,000 “ “ (£1,888,333)

Head Office: AMSTERDAM.

Branches in HOLLAND: ROTTERDAM, THE HAGUE.

Branches in the NETHERLANDS INDIES: BATAVIA, SOURABAYA, SAMARANG, MEDAN, and further Principal Ports.

Branches in the STRAITS SETTLEMENTS, BRITISH INDIA, CHINA and JAPAN: SINGAPORE, PENANG, RANGOON, CALCUTTA, BOMBAY, HONGKONG, SHANGHAI and KOBE.

Grant Drafts and Issue Letters of Credit on all their Branches and Correspondents in the East, on the Continent, on Great Britain, Africa, America and Australia, and transact Banking Business of every description.

LONDON CORRESPONDENTS :

The National Provincial Bank, Ltd., LONDON.

DEUTSCHE LAENDERBANK

Aktiengesellschaft

Head Office :

78, Unter den Linden (corner Pariser Platz)

BERLIN N. W. 7

Telephone: Zentrum 10130/39. Trunk Calls: Zentrum 13640/44

Branch Office: 2, Börsenbrücke, HAMBURG

Telephone: Roland 2000/7. Trunk Call: Roland 2008

Telegrams: Länderbank

Codes used: ABC (5th Ed.) Marconi's, Rudolf Mosse, Bentley's, Lieber's (Five Letters)

*Every kind of Banking Business transacted
 Property Administration*

NATIONAL PROVINCIAL BANK

LIMITED
Established 1833

(£5=£1)

Subscribed Capital - - -	\$218,085,400
Paid-Up Capital - - -	47,397,080
Reserve Fund - - -	47,397,080

Head Office: 15, BISHOPSGATE, LONDON, E. C. 2
UNION BANK OFFICE: 2 Princes Street, London, E. C. 2

OVER 1,100 OFFICES in ENGLAND and WALES

The Bank offers special facilities for the conduct of accounts of
Colonial and Foreign Banks

AFFILIATED BANKS

COUTTS & CO., GRINDLAY & CO., LTD.

AUXILIARY: LLOYDS and NATIONAL PROVINCIAL FOREIGN BANK LIMITED

The Union Bank of Australia, Limited

Established 1837. Incorporated 1880.

Capital Authorized and Issued.....	£9,000,000
Capital Paid-Up	£3,000,000
Reserve Fund	£3,350,000
Reserve Liability of Proprietors	£6,000,000

Head Office—71, CORNHILL, LONDON, E. C. 3

Manager—W. J. ESSAME Assistant Manager—W. A. LAING
Secretary—F. H. McINTYRE

193 Branches throughout Australia and New Zealand, viz.:

In Victoria, 47; In South Australia, 15; In New South Wales, 43; In Western
Australia, 20; In Queensland, 19; In Tasmania, 3; In New Zealand, 46.

Agents and Correspondents in all parts of the World

The Bank offers facilities for the transaction of every description of
Banking business in Australia and New Zealand.

Bills negotiated or sent for collection. Commercial and Circular Credits
issued available throughout the World.



Commonwealth Bank of Australia.

Guaranteed by the Australian Commonwealth Government

HEAD OFFICE, SYDNEY



Head Office
Sydney, N. S. W.

Branches in all the principal towns and cities of Australia, at London (2), and Rabaul.

A Savings Bank Department at all Branches and 3,355 Savings Bank Agencies at Post Offices throughout the Commonwealth of Australia, Territories of Papua and New Guinea, Solomon Islands Protectorate and other parts of the Pacific.

Agents and Correspondents throughout the World

Banking and Exchange Business

of every description transacted within the Australian Commonwealth, United Kingdom, United States, Canada and Abroad

December 31st, 1924

General Bank Deposits	- -	\$144,988,059.57
Other Items	- -	41,424,536.18
Savings Bank Deposits	- -	204,743,071.46
Note Issue Department	- -	284,451,130.00
		\$675,606,797.21

Cable Remittances made to, and drafts drawn on United States, Canada and foreign places direct

Letters of Credit issued to any part of the World

Bills Negotiated or Forwarded for Collection

Current Accounts Opened Interest on Fixed Deposits

Advances made against approved Securities

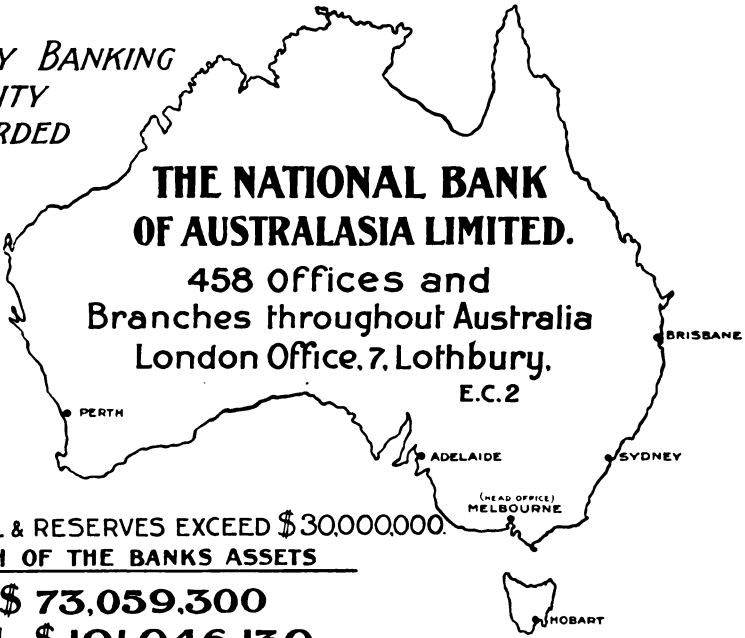
JAMES KELL, Esq., Governor

EVERY BANKING
FACILITY
AFFORDED
BY

**THE NATIONAL BANK
OF AUSTRALASIA LIMITED.**

458 Offices and
Branches throughout Australia
London Office, 7, Lothbury.

E.C.2



CAPITAL & RESERVES EXCEED \$30,000,000.
GROWTH OF THE BANK'S ASSETS

1914. \$ 73,059,300
1924. \$ 191,046,130

CORRESPONDENTS IN EVERY IMPORTANT CITY IN THE WORLD
\$5 = £1

**English, Scottish & Australian Bank,
Limited**

Authorized Capital	\$15,000,000
Paid-up Capital	\$7,500,000
Further Liability of Shareholders	\$7,500,000
Reserve Fund	\$9,100,000

**HEAD OFFICE:—5, GRACECHURCH STREET, LONDON, E.C. 3
and 370 Branches and Agencies in Australia**

Chief Office in Australia—Collins Street, Melbourne

BANKING AND EXCHANGE BUSINESS of every description transacted with Australia. BILLS NEGOTIATED or sent for COLLECTION. REMITTANCES made by TELEGRAPHIC TRANSFER. WOOL and PRODUCE CREDITS arranged. LETTERS of CREDIT and DRAFTS issued on all the Branches of the Bank.

Chief Agents in United States

NEW YORK—Guaranty Trust Company of New York.
CHICAGO—First National Bank.
SAN FRANCISCO—Crocker National Bank.

E. M. JANION, Manager.



THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter, 1835)

Paid-up Capital - - - - - £4,000,000
Reserve Fund - - - - - £3,700,000
Reserve Liability of Proprietors
under the Charter - - - - - £4,000,000
£11,700,000

Head Office, 4 Threadneedle Street, London, E. C. 2

EDMUND GODWARD, Manager

West End Branch, 17 Northumberland Avenue, London, W. C. 2

Branches in Australia

VICTORIA

Melbourne: 394 &
 396 Collins St.; 384
 Elizabeth St.; 71
 Collins St. East
 Brunswick
 Burnley
 Coburg
 Collingwood
 Elsternwick
 Malvern
 Middle Brighton
 Port Melbourne
 Prahran
 St. Kilda
 Williamstown
 Bairnsdale
 Ballarat
 Benalla
 Bendigo
 Bright
 Castlemaine
 Charlton
 Chiltern
 Cobram
 Corryong
 Drouin
 Euroa
 Fish Creek
 Foster
 Geelong
 Katamatite
 Kingston
 Korolt
 Korong Vale
 Korumburra
 Leongatha
 Mirboo North
 Mooroopna
 Morwell
 Nathalia
 Numurkah
 Port Fairy (Belfast)
 Rutherglen
 St. James

Victoria, Contd.

Sale
 Shepparton
 Stawell
 Stony Creek
 Strathmoreton
 Tallangatta
 Torang
 Traralgon
 Tungamah
 Walwa
 Warragul
 Warrnambool
 Wedderburn
 Welshpool
 Wycheproof
 Yackandandah
 Yarram
 Yarrawonga

NEW SOUTH WALES

Sydney: 85 Martin
 Place; 85 Pitt St.;
 555 George St. So.;
 Wentworth Ave.;
 236 William Street
 Bondi Junction
 Hurstville
 Kogarah
 Leichhardt
 Marrickville
 Newtown
 North Sydney
 (84 Mount St.)
 Petersham

Petersham

Albury
 Ballina
 Bathurst
 Bega
 Berrigan
 Berrigan
 Blayney
 Broken Hill
 Cessnock
 Cootamundra

N. S. Wales, Contd.

Corowa
 Crookwell
 Dorrigo
 Dubbo
 Forbes
 Glen Innes
 Goulburn
 Grafton
 Grenfell
 Hamilton
 Howlong
 Jerilderie
 Kempsey
 Kyogle
 Lamore
 Maitland (West)
 Maitland (East)
 Moree
 Murwillumbak
 Murrumbidgee
 Narrabri
 Narramine
 Newcastle
 Nowra
 Orange
 Parkes
 Peak Hill
 South Grafton
 Stroud
 Tamworth
 Tullamore
 Wagga-Wagga
 Wee Waa
 Young

QUEENSLAND

Brisbane
 Cairns
 Charters Towers
 Chillagoe
 Cooyar
 Crow's Nest
 Herberton
 Hughenden
 Ipswich

Queensland, Contd.

Kingaroy
 Longreach
 Maryborough
 Oakey
 Richmond
 Rockhampton
 Roma
 Toowoomba
 Toowoomba
 Townsville

SOUTH AUSTRALIA

Adelaide
 Kooronga
 Mount Barker
 Port Lincoln
 Port Pirie
 Wirrabara

WESTERN AUSTRALIA

Perth
 Albany
 Beverley
 Bunbury
 Fremantle
 Gnowangerup
 Kalgoorlie
 Moora
 Northam
 Wagin
 Wickiepin

TASMANIA

Hebart
 Burnie
 Deloraine
 Devonport
 Fingal
 Latrobe
 Lancaaston
 Sheffield
 Stanley
 Ulverstone
 Wynyard

Branches in New Zealand

Wellington
 Ashburton
 Auckland
 Christchurch
 Dannevirke
 Dunedin
 Eihana
 Featherston
 Feilding
 Gisborne
 Gore
 Hamilton

Hastings
 Hawera
 Invercargill
 Kaitiaki
 Levin
 Mania
 Mangonui
 Marton
 Masterton
 Matamata
 Morrinsville
 Napier

New Plymouth
 Otaki
 Palmerston Nth.
 Patea
 Raetihi
 Rotorua
 Stratford
 Taihape
 Taumarunui
 Tauranga
 Te Aroha
 Te Kuiti

Temuka
 Te Puke
 Timaru
 Waipawa
 Waipukurau
 Waipua
 Wanganui
 Waverley
 Whakatane
 Whangarei

Principal Correspondents in North America

CANADA :

Bank of Montreal
 Canadian Bank of Commerce

UNITED STATES :

Bank of New York & Trust Co., New York
 Hanover National Bank, New York
 National Bank of Commerce, New York

UNITED STATES, Contd. :

National City Bank of New York
 Continental & Commercial Nat. Bk. of Chicago
 Illinois Merchants Trust Co., Chicago
 National Bank of the Republic, Chicago
 Fourth Street National Bank, Philadelphia
 Wells Fargo Bank & Union Trust Co., San Francisco

Offer facilities for the transaction of every description of Banking Business in Australia and New Zealand. Negotiate or Collect Bills. Issue Telegraphic Transfers. Letters of Credit and Drafts, also Circular Notes and Circular Credits, on all parts of the world

THE STANDARD BANK OF SOUTH AFRICA, LIMITED

(with which is incorporated the
AFRICAN BANKING CORPORATION, LIMITED)

Bankers to the Government of the Union of South Africa
in Cape Province; to the Imperial Government in
South Africa; and to the Administration of Rhodesia.

Authorised Capital - - - - -	£10,000,000
Subscribed Capital - - - - -	£8,916,660
Paid-Up Capital - - - - -	£2,229,165
Reserve Fund - - - - -	£2,893,335
Uncalled Capital - - - - -	£6,687,495
	£11,809,995

BANKING BUSINESS TRANSACTED IN ALL PARTS OF THE WORLD

HEAD OFFICE: 10, Clements Lane, Lombard Street, London, E.C. 4.

London Wall Branch : 63, London Wall, E. C. 2

West End Branch : 9 Northumberland Avenue, W. C. 2 (Opposite the Royal Colonial Institute)

Rotterdam Branch : 15, Coolingsel

Hamburg Agency : Bank of British West Africa, Ltd., 49-53, Schanzenburgerstrasse

Branches and Agencies Throughout
SOUTH and EAST AFRICA

New York Agency: 67 Wall Street

ROWLAND SMITH and R. GIBSON, Agents

Representing in } Bank of British West Africa, Ltd.
New York } Bank of New South Wales

The New York Agency

offers to Bankers and Merchants throughout the United States and
Canada its unsurpassed service for facilitating trade with
the markets of Africa, Australia and New Zealand.

ESTABLISHED 1817

BANK OF NEW SOUTH WALES

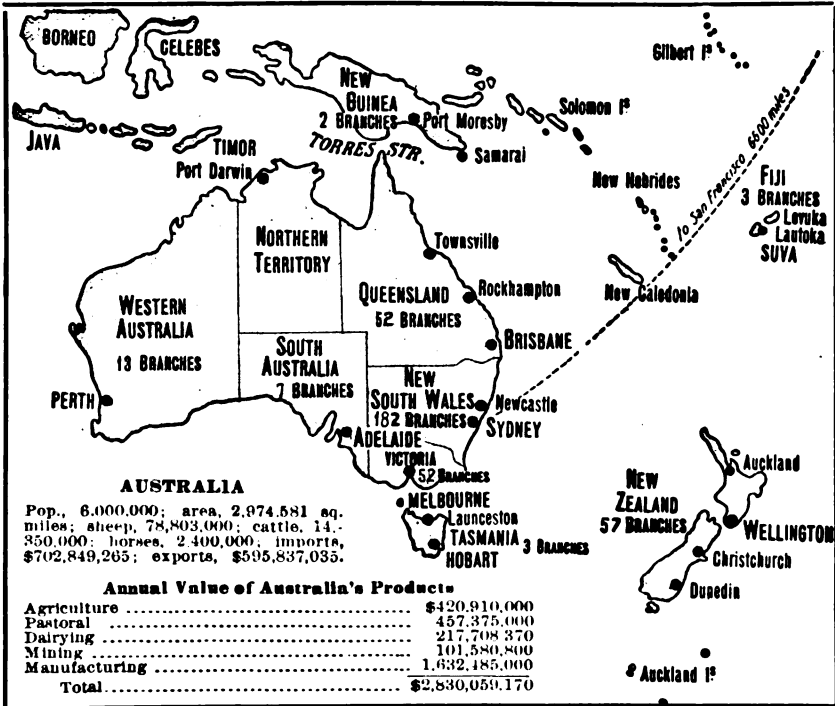
AUSTRALIA

Paid-up Capital . . .		\$30,000,000
Reserve Fund . . .		20,750,000
Reserve Liability of Proprietors . . .		30,000,000
		<u>\$80,750,000</u>



Aggregate Assets, 30th Sept., 1924, \$370,242,890

OSCAR LINES, General Manager



403 BRANCHES AND AGENCIES

403 BRANCHES AND AGENCIES

Head Office—George St., Sydney London Office—29 Threadneedle St., E. C.

403 BRANCHES AND AGENCIES

In all the Australian States, New Zealand, Fiji, Papua (New Guinea) and London
 Cable remittances made to and drafts drawn on Foreign Places DIRECT
 Foreign Bills Negotiated and Collected. Letters of Credit Issued.

NEGOTIABLE THROUGHOUT THE WORLD

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

Agents in New York: Standard Bank of South Africa, Ltd.
 National City Bank of New York.

Agents in San Francisco, Bank of California National Association, Crocker National Bank and Anglo and London Paris National Bank

Specialized Service to Banks



Guaranty Trust Company of New York

MAIN OFFICE: 140 Broadway

FIFTH AVENUE OFFICE: Fifth Ave. and 44th St.

MADISON AVENUE OFFICE: Madison Ave. and 60th St.

NEW YORK

London Offices:

32 Lombard St., E. C. 3 50 Pall Mall, S. W. 1

Bush House, W. C. 2

Paris: 1 & 3 Rue des Italiens *Brussels:* 156 Rue Royale

Liverpool: 27 Cotton Exchange Buildings

Havre: 122 Boulevard de Strasbourg

Antwerp: 36 Rue des Tanneurs

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-NINTH YEAR

JUNE 1925

VOLUME CX, NO. 6

Editorial Comment

England Returns to Gold

BY ending on December 31 next the requirement that the exportation of gold shall take place by license only, and by further providing for the immediate redemption of Treasury and Bank of England notes either in gold coin or bullion, at the option of the bank, England returns to the gold standard. Announcement to this effect was made in a speech by the Chancellor of the Exchequer on April 28. While prior to this announcement the pound sterling had already approximated par, and while it is believed that no great difficulty will be experienced in maintaining the parity, provision was made for a credit of \$300,000,000 in the United States, to be used in case of need. It is understood that this fund was furnished to the extent of \$100,000,000 from private sources and \$200,000,000 from the Federal Reserve Banks.

In refusing to listen to the advocates of a "managed currency," and in moving steadily toward a restoration of the gold standard, England has again displayed that courage and wisdom which have long marked the country's monetary policy. Under existing circumstances it has required great courage to take the step that has been taken. For depression in trade and industry, with widespread unemployment, made the pathway of inflation very alluring. But British statesmen and financiers have shunned it, and in the face of extreme difficulties and of great provocation to take a contrary course, have firmly adhered to their purpose to restore and to

maintain their ancient and time-honored standard of value.

The good effect of this example, both in England and throughout the world generally, can scarcely be overestimated. The pound sterling long held a leading place in the esteem of the commercial and financial world for its steadiness of value. This confidence was shaken by the Great War, but now it has been restored. As trust in the money of a great financial and commercial center like London constitutes a prime factor in the world's trade, the return of the pound sterling to the place it long occupied must have a salutary effect in restoring and preserving that confidence which is so essential to prosperous commerce.

The fact that the return to a gold standard in England does not mean the restoration of gold coin to hand-to-hand circulation is of considerable interest. Before the Great War, England was one of the comparatively few countries where gold coin was largely used in the ordinary channels of circulation. The fact that gold so circulated was partly due to habit and partly to the necessities of the case, there being no smaller Bank of England notes than £5—roughly, \$25. But with the war, notes of the denomination of one pound, and of ten shillings, were issued, and now the people have become so accustomed to them that even if gold coinage were restored it is at least an open question if the people would not prefer the paper currency. The circulation of gold coin in most parts of the United States has virtually ceased, and on the Atlantic seaboard gold coins partake

more or less of the nature of a curiosity. They may be seen at Christmas or on other special occasions, but rarely at other times. Until recently gold did circulate quite freely on the Pacific Coast, but the war greatly reduced its use in that section of the country.

Generally, throughout the entire United States, gold still circulates extensively in the form of certificates, which rest upon an exact gold equivalent.

If gold coin should permanently disappear from circulation, several of the arguments heretofore relied on to support the employment of gold as a standard of value would disappear. One of the advantages of gold as a money metal is its ready divisibility; another is its durability, and still another, its beauty. But ease of division of the metal into coins of various denominations means nothing if coinage is to be abandoned, and the same remark applies to the durability of the metal. And what avails unseen beauty?

The disappearance of gold from circulation, in this country and in England, is not a circumstance of unmixed satisfaction. Gold coin is said to be an expensive kind of money to carry in the pocket. It represents 100 per cent. actual value, and there is the loss through abrasion. A more accurate view of the case could be had if someone would furnish reliable figures showing how much people have lost by the lock-up of 100 per cent. actual value in their money, and by abrasion of gold coin, putting down on the other side the losses sustained through paper money. Probably the expense incident to the printing of paper currency corresponds to the loss through abrasion of coin and to the cost of coinage.

Seeing all the havoc wrought by paper, and the ineradicable delusions instilled into the human mind through its use, it may be regarded as a curse rather than a blessing. If all paper had an equivalent gold backing, as was substantially the case of the Bank of England notes before the Great War, and as is still true of the gold certificates issued

by the United States Treasury, we should then have a truly sound paper currency. Bank credit notes might still be issued, having no greater utility than bank checks except that they would circulate by mere delivery instead of by endorsement.

Both England and the United States are now technically on the gold standard; that is, in each country gold may be had in exchange for paper. But neither England nor the United States is exempt from the effects of the delusion that the Government possesses some magical power which it can confer upon a piece of paper.



Proposed Renewal of Federal Reserve Bank Charters

ALTHOUGH the twenty-year charters of the Federal Reserve Banks will not expire by limitation until 1933, there is already some discussion as to the propriety of their renewal in advance of the expiration of the charters. The principal reason for taking such action so long in advance appears to be the feeling that the Federal Reserve Banks ought not to be expected to operate under the possibility that, when the charters come up for renewal eight years from now, the existence of these important institutions may be abruptly ended. Perhaps a sufficient answer to this is that if the Federal Reserve Banks, in the first twenty years of their existence, succeed in establishing in the public mind a confidence in their usefulness, their charters will not be terminated but are sure to be extended either for another twenty-years, or indefinitely.

Without at present engaging in a discussion of the merits of the Federal Reserve System, may it not be said with truth that it would be better to give the system a greater opportunity of establishing its usefulness during the coming eight years before taking action in relation to the renewal of the char-

ters? Surely it cannot be interpreted as unfriendly criticism to say that the Federal Reserve System should be given still further opportunity of demonstrating its usefulness before acting on the matter of charter renewal long before the necessity for such action exists.

Under the enormous strain imposed by the war the Federal Reserve System has rendered great service to the banks, to industry and trade, to the people, and to the Government. It seems a reasonable expectation that since the system did so well in this great emergency, it can do quite as well or better in what we call normal times.

It may be, by 1933, that time and experience will indicate some modifications of the Federal Reserve System such as in the light of present experience are not revealed. The greater part of the period in which the Federal Reserve Banks have existed has been marked by exceptional conditions, such as hardly offer a fair test of the efficacy of the system under widely different circumstances. Should the next eight years be reasonably exempt from political and economic upheavals, if the Federal Reserve Banks are let alone, we can then see more clearly how they function in fair weather. They have already proved their strength in times of stress.

Proposals are now pending for restoring to the member banks a considerable part of the reserves they have contributed to the Federal Reserve Banks. This would substantially put the reserve situation back where it was before the war amendments to the Federal Reserve Act were enacted in 1917. Some opinion prevails to the effect that the Federal Reserve Banks have been endowed with funds beyond their ability to employ profitably, except under unusual circumstances. Their diminished earnings last year give color to this view. Unless business becomes active, a reduction in the reserve funds of the Federal Reserve Banks and their return to member banks may become desirable.

In the absence of unlooked-for developments a waiting policy in regard

to rechartering the Federal Reserve Banks would seem wisest. No urgency for action exists, and the movement for immediate renewal of the charters may be considered as premature.



Laxity in the Enforcement of Law

MUCH concern is being shown in various quarters respecting the laxity of law enforcement in this country. It is not only the prohibition law which is being openly flouted, but many of the laws relating to the preservation of life and property are also widely disregarded.

Responsibility for this lamentable situation is generally placed upon the shoulders of the public, and in the last analysis there is where it properly belongs. For we cannot look for law enforcement unless there is a sound and vigilant public opinion to back it up, nor will laws be enforced unless the right kind of men are elected to office to enforce them.

But granting all this, there are other weighty considerations that enter into the matter. In the first place, we have too many laws, and here again responsibility rests with the people who are demanding that government enter more and more into the realm of private and business affairs. The social reformers are so busy in working up new legislation that hardly any relation of private life or of business enterprise is now free from wholly unnecessary and vicious interference. This is not, in any sense, a plea for unrestrained freedom either of business or of the individual; but it is to express the belief that we are moving too fast and too far in the direction of regulating everything and everybody in matters which the people are quite competent to manage for themselves.

Much has been said of late of the desirability of codifying international

law. But is not something of the kind needed quite as badly with reference to our multifarious state and Federal laws? They are, in many cases, conflicting and confusing. Furthermore, with the growth of communication, practically obliterating state lines, they are not infrequently annoying and burdensome, if not at some points actually oppressive.

If our numerous legislative bodies could be prevailed on to restrain their activities for a while, and give the people an opportunity of digesting a little of the great mass of legislation now in existence, meanwhile allowing some properly-qualified body to codify, reconcile and simplify existing statutes, the country would benefit greatly, and the enforcement of law would become a much less difficult problem.

While, in a general sense, the enforcement of law rests upon the people themselves, it must not be forgotten that this is not a pure democracy, but a government of delegated and representative powers. Laws are not enacted by public assembly. They cannot be enforced by a mass meeting. To enforce the laws, men elected and paid for that purpose must be held to strict accountability. They cannot shift the blame for lawlessness from themselves to the shoulders of the public. Their own responsibility is clear.

Too many of our executive officers—Presidents and governors—have a misconception of the chief functions of their offices. They regard themselves as instruments of the people to put through a legislative program of some sort. This tends to a multiplication of laws, and weakens the responsibility which should attach to executive position in securing the enforcement of laws we already have.

Undoubtedly it is the duty of the people to elect the right men to office. It is no less the plain duty of executive officers to do the work for which they are elected and paid. Obligations for effecting the better observance of law, therefore, rest jointly upon the citizens and their chosen representatives.

A Fair Field for Business

WELCOME intimations from Washington, of a semi-official character, are to the effect that in the near future there will be a minimum of intervention on the part of the Federal Government in business affairs, and that it is hoped that the enterprises of the country will go ahead relieved of any anxiety on that score, while at the same time not looking to Washington for any special legislative or administrative support. As Congress will not be in session again until December, new legislation will be impossible. There are probably laws enough already to last the country for the few intervening months.

With the freedom thus assured from both governmental intervention and coddling, enterprise will have a fair field, and will have an excellent opportunity of showing what can be done in the absence of undue restraint or benevolent assistance from Washington. As the opportunity is one long desired, it should be welcomed and used to show what can be done with it. Probably the leaders of enterprise will take advantage of the occasion to demonstrate their ability to manage their affairs with due regard to ethical principles and to make a record of success and prosperity. Should this happen, as it is hoped will be the case, the example might be interpreted by Washington as a hint that much less attention is needed by business enterprise than has heretofore been bestowed from that quarter.



The Stable Money Association

UNDER this title an organization has been formed in New York by leading economists and bankers, whose declared object is "to promote a better understanding of the vast, though subtle, evils caused by fluctuations in the purchasing power of the dollar, sovereign, franc, mark, ruble or

other units of money, the constant menace of inflation or deflation, and the consequent insistent need of safeguarding against those evils." In the account of the meeting it was stated that the organization did not commit itself to any specific plan for safeguarding purchasing power or stabilizing monetary units, every member being left free to support whatever plan he deems best.

This latitude of opinion and effort was no doubt considered necessary because of the great diversity of views prevailing in regard to the fundamentals of money and price theory. Doubtless, whether these divergences of opinion are reconciled or not, prices will continue to fluctuate, to the despair of those who expect constancy in an inconstant world.

One need not enter very deeply into these matters to recognize that while the Stable Money Association may never succeed in stabilizing prices, it may perform a most useful service in bringing to light some of the factors that help to bring about extreme fluctuations in the price level. Those members not rigid adherents of the quantitative theory of money will readily admit that these factors are not exclusively of a monetary or credit character; but they will not, on the other hand, deny that money and credit powerfully influence the price level.

Perhaps the best service the Stable Money Association will be able to perform will consist in pointing out the futility of attempting to cure budget deficits by a resort to the printing press, and the equally important fact that the evils of deflation would never afflict mankind but for the preceding inflation.

Although, for rather obvious reasons, the United States has suffered less from these twin evils in recent years than have other countries, we have by no means been exempt from them. There has been inflation of credit and currency, necessarily followed by deflation and all its pangs.

Facility in the manufacture of credit and currency tends to accelerate an in-

flationary movement, though it cannot be said with certainty that it creates the movement. Men are incited to speculate and to over-trade by many concurring factors, of which the supply of credit and currency forms but one. No organization can change this disposition of human nature, but something may be done in modifying the contribution which inflation of currency and credit makes toward encouraging this tendency.

The alterations in the price level which have recently occasioned so much concern have resulted from political disturbances, shortage of revenue as compared with outlay, deranged production and distribution, and an attempt to remedy these and other economic ills by excessive borrowing and the manufacture of paper currency. So far as instability has been caused by money and credit, a return to the gold standard generally, whenever practicable, is desirable. The attempt to control the price level by credit manipulation may be safely postponed.



Popular Character of Our Banks

AGITATION has been going on for some time in England by certain representatives of the Labor Party looking to the nationalization of banking. The end sought is to have the ownership and operation of banks become substantially a function of the state. It is claimed that in this way banking would be made more popular in character.

Without intending a comparison with the banking systems of other countries, it may be said that this popularity of banking has already been reached in the United States. There are, in round numbers, 30,000 independent banks, most of them locally owned and managed. Hardly any kind of bank is lacking, the most recent innovation being the organization of labor banks. Several types of farm credit banks are success-

fully functioning. Savings bank facilities are open to the humblest depositor. Many thousands of stockholders own the banks, and literally millions of people are depositors. It is actually the case that any man with a single spare dollar will find many banks bidding for its custody and employment in commerce, industry, or investment.

With this popular character of our banking already assured, we do not need to have further intervention on the part of the Government. The best opinion supports the view that governmental association with banking means that political influence will almost surely be exercised to modify adherence to sound banking principles and practice. The recent financial difficulties in France have been partly attributed to this source, and concern has been expressed by banking students that our own Federal Reserve System, linked as it is to the Government through the composition of the Federal Reserve Board, may not be wholly exempt from danger of a like character.

The experienced banker knows that politics and banking make a bad combination. To call any bank a political bank is to give it about the worst name possible. Wise bankers are careful to see that their institutions are free from this reproach.

Popularity of banking, through a wide distribution of ownership and management, and universality of service, has been achieved in this country. The banks are not the servants merely of the few of a particular political faith, as they might become if owned and operated by the Government. They are the servants of all the people.



Alleged Negligence of Bank Directors

FILING of a suit against the directors of a failed national bank in New York State, for alleged negligence in the management of the bank's affairs, has served to call attention to

the responsibilities generally resting upon bank directors. In this case the suit was brought at the instance of the stockholders of the failed bank.

Although the directors of a bank are not directly in control of the management, since they delegate their powers to officers, they are, nevertheless, indirectly responsible for having made a wise choice of such officials and for holding them to a proper discharge of their duties.

In the average case, where the bank runs along smoothly, and pays a fair return to the shareholders, the directors are seldom reminded of this responsibility, but when a bank fails, and especially when there is a large deficit to be made up by assessments on shareholders, this obligation on the part of directors is apt to be brought home to them suddenly and unpleasantly. The fact that, as a rule, banks do not fail, but go along prosperously, tends to give the directors a feeling of security from being called on to shoulder the responsibility from which in fact they are never exempt. Probably the only safe course for the bank director is always to exercise the duties of his office in a manner that places this obligation upon him actually rather than contingently. Greater vigilance upon the part of bank shareholders and the officials charged with supervision of the banks has tended in recent years greatly to increase the vigilance of bank directors generally.



Too Free Use of Instalment Credit

FROM a prominent official of a labor organization comes complaint of the too free use of instalment credit buying on the part of wage-earners. It is asserted that the practice of buying by this method has been carried to such an extent as to constitute in many cases a serious burden upon the wage-earners of the country. For this state of affairs a good deal of the blame is attributed to glib salesmen,

who have the ability to convince the average person that his happiness depends upon the immediate possession of things which, until recently at least, were commonly regarded as luxuries if not superfluities. It is admitted, however, that the expert salesman is not wholly to blame, and that keen desire of prompt possession of a car, a radio, a victrola, jewelry, fine clothes, fine furniture—or some of the multitude of things popularly supposed to be components of earthly bliss—greatly assists the salesman in landing his instalment prospect. Besides, to buy on this simple plan of a dollar down and small instalments weekly or monthly, seems so easy that it is no wonder the average mortal is beguiled into entering into such contracts, only to find in too many instances that he has really put a serious burden upon his income, likely to be severely felt in case of sickness or loss of employment.

Of course, instalment buying has its proper uses, and something is to be said for it as a means of enlarging sales, and thus reacting favorably upon production and employment. No doubt, it

is the abuse of this form of purchase, rather than its moderate use, which the labor official had in mind. For example, in buying a home and furnishing it—something requiring a considerable outlay difficult to meet at once out of the average income—it can hardly be deemed subject to censure if the payments are distributed over a convenient period. Were this plan not adopted, the realization of an entirely proper ambition would frequently be long delayed, and in not a few instances defeated altogether. There are other expenditures which will readily suggest themselves as properly coming within the same category.

But for expenditures which may be postponed without hardship, the better way is to wait until the necessary funds are accumulated in a savings bank. By this method the buyer will get the advantage of cash prices, and instead of paying interest on his purchases, he will himself receive interest from the bank. As a matter of fact, one of the best things to buy on the instalment plan is a savings bank account.



A picture of the check that is said to be the largest ever drawn in a single commercial transaction. This check was drawn by Dillon, Read & Co., heading a group of banking interests, for the sum of \$146,000,000 in payment for the automotive property of Dodge Brothers. The check was drawn on the Central Union Trust Company of New York, and deposited in the Hanover National Bank of that city.

How Foreign Nations Stand on Debts Owed America

IN connection with the admission of a definite move to obtain action by foreign nations owing the United States, the Treasury Department issued on May 16 a statement showing the principal amount of obligations of for-

ign governments held by the Treasury, the interest accrued and unpaid up to and including the last interest period prior to May 16, 1925, and the payments heretofore made on account of principal and interest.

The table is as follows:

Country	Principal amount of obligations now held	Total indebtedness (with accrued interest)	Payments on account of principal	Payments on account of interest
Armenia	\$ 11,959,917.49	\$ 14,959,479.94	.....	.....
Austria	24,055,708.92	30,550,750.35	.....	.....
Belgium	377,029,570.06	480,503,983.62	\$ 2,057,630.37	\$ 18,526,408.21
Cuba .....	.....	.....	10,000,000.00	2,286,751.58
Czecho-Slovakia	91,879,671.03	117,679,095.70	.....	304,178.09
Estonia	13,999,145.60	17,794,020.28	.....	.....
Finland	8,910,000.00	8,910,000.00	90,000.00	\$47,965.27
France	3,310,516,043.72	4,210,556,948.27	64,302,901.28	221,386,302.82
Great Britain	4,554,000,000.00	4,554,000,000.00	248,181,641.56	633,206,657.11
Greece	15,000,000.00	17,625,000.00	.....	1,156,153.34
Hungary	1,958,412.50	1,958,412.50	9,672.50	30,056.18
Italy	1,647,869,197.96	2,138,543,852.77	164,852.94	57,598,852.62
Latvia	5,132,287.14	6,352,139.45	.....	126,266.19
Liberia	26,000.00	32,768.85	.....	861.10
Lithuania	6,030,000.00	6,030,000.00	.....	91,996.97
Nicaragua	110,590.28	110,590.28	40,513.86	6,180.69
Poland	178,560,000.00	178,560,000.00	.....	2,048,224.28
Rumania	36,128,494.94	46,508,661.17	1,794,180.48	263,313.74
Russia	192,601,297.37	255,147,692.24	.....	7,911,594.39
Yugoslavia	51,037,886.39	65,414,997.98	720,600.16	636,059.14
Total	\$10,556,804,223.40	\$12,151,238,393.39	\$327,361,993.16	\$946,430,821.72
FUNDED OBLIGATIONS HELD INCLUDED ABOVE				
Finland	\$ 8,910,000.00	\$ 8,910,000.00	\$ 90,000.00	\$ 538,650.00
Hungary	1,958,412.50	4,554,000,000.00	46,000,000.00	275,310,000.00
Lithuania*	6,030,000.00	1,958,412.50	9,672.50	29,303.14
Poland*	178,560,000.00	6,030,000.00	.....	90,450.00
Total	\$ 4,749,458,412.50	\$ 4,749,458,412.50	\$ 46,099,672.50	\$275,968,403.14

*Funding agreements approved by Congress but bonds have not been exchanged.



WERE I required to state an ethical code for our profession, I think I would say the first rule should be never do something you do not approve of in order more quickly to accomplish something you do approve of. That means that there are no safe short cuts in the piloting of business or of a ship.—*J. P. Morgan.*

On What Should a Country Bank Extend Credit?

Some of the Important Factors Entering Into Successful Credit
Operations of Country Banks

By Frank S. Wettack

THIS is the first article of a series which will outline the credit principles upon which country bank credits should be based. The author has had twenty-five years of active daily experience in meeting successfully the varied credit problems of a country bank. Mr. Wettack is cashier of the First National Bank of Coffeyville, Kansas.—THE EDITOR.

THE proper granting of credit by country banks is largely responsible for the splendid growth which the United States has enjoyed. Country banks operating under the independent system of banking which prevails in this country, with intimate knowledge of the industry, integrity, temperament and capacity of borrowers, and with accurate knowledge of business conditions in the community, can properly and safely provide credit.

In a large number of loans, made after careful analysis and all of which merited favorable consideration, some will before maturity become inferior and result in loss. Such losses will always confront the most able banker. Losses of this character are not in such an amount that they cannot readily be absorbed by the earnings of an efficiently managed bank. Such losses can be ascribed to no fault of the banker or the borrower. They seldom strike so hard that "it hurts." Losses of this character arise from the fact that the business sea is full of uncertainty. Since commerce was established, tidal waves have periodically occurred that rock the foundation of all business, and from time to time there are experienced the little squalls of changing conditions that hurl their attack on some particular activity.

The proper granting of bank credit is not a simple matter. It involves the consideration of a complex whole. Each

of the various phases of a credit risk must be analyzed, and a misconception of any one of them may lead to a wholly erroneous conclusion.

Institutions and persons possessing entirely adequate assets or security, which make unnecessary any analysis, are usually not borrowers of country banks. When they are, no particular skill is required to pass on the credit. The banker's service to his community is in matching the assets, industry and capacity of borrowers with proper lines of credit. No assets, no industry, no capacity, no integrity, necessarily mean no bank credit. Through an intelligent lending of the accumulated funds of depositors to borrowers who possess the requisite assets, trade, commerce, manufacturing and agriculture are carried on.

The successful handling of the banker's part in this process is not an easy task. If bankers fail in safely handling their credits, business is thrown into chaos. The granting of an unwarranted credit is seldom a favor to a borrower. Many prospective borrowers have been saved from distress by having their entire position subjected to a careful analysis at the hands of an experienced credit man, whereby the vulnerable points of the borrowers' courses have been subjected to the spotlight.

Many bankers are led into serious condition in their ambition to procure a large volume of business. They overlook the fundamental and vital fact that their banking business should be good before it grows large. The growth is desirable, but making volume an objec-

tive is a path which is strewn with thistles.

An Easy Path to Trouble

The volume of business of any bank can be quickly and surely multiplied by too liberal credit policy. Nothing is more pleasing to borrowers than to have a large line of unsecured credit. When a banker provides this, he has done the ultimate in flattering the borrower and insuring the borrower's friendship. Banks, like every business institution, desire friends. Large lines of credit are often granted where friendship obscures the defects of the loan. An ambition to promote the growth of the bank influences many bankers to grant unwarranted lines. These friends proceed to promote the growth of the institution by recommending it to their friends who may also desire liberal credit treatment. This process repeated again and again, will result in a quick growth in volume of business. Yet, if the loans thus made are defective, presently the ruling credit principles will speak in a language which cannot be misunderstood, and say that "Unmerited credits granted in violation of established practices, to make friends and promote growth, will bring distress to depositors, borrowers and stockholders."

Many banks which have failed have been rapidly growing institutions preceding the failure. Such institutions usually have had a host of friends and workers in their behalf. Their friendship was usually based upon the fact that the institution had granted to them an extensive use of its credit facilities. The loans were not based on an analysis of merits and defects. Again, many bankers who grace penitentiaries possessed kind, loving temperaments. They too often extended a helping hand, with their depositors' money. These bankers were often public spirited men, greatly admired in their communities, and enjoyed a strong personal and social following. Their weak point as bankers was a disposition to lend their depos-

itors' funds on altruistic rather than ruling credit principles. They failed to realize that to be successful bankers they must critically analyze the character and capacity of applicants for loans, the purpose of the loans, the nature, value and source of the borrowers' assets, and the general conditions of the borrowers' businesses and ruthlessly reject loans to borrowers whose courses did not contain the elements of success.

Should Be Guided By Ruling Principles

Bankers should be guided by ruling credit principles. Credit is a large subject, as broad as human activities. This fact should not deter bankers from an effort to outline and forever follow time-tested ruling credit principles. Years of banking have established credit guide posts. To them the novice in banking, the more mature banker and the borrowing public may have recourse.

The banker's desk is daily flooded with literature of advertising agencies offering to procure more deposits. A bank, however, is something more than a place to deposit money, and it is better that a bank should not receive deposits unless the loans of the bank are based on ruling credit principles.

The credit field is so broad that only a part of what follows can be applied to any one loan. There is no loan to which there is not stated some relevant matter. Very little of this discussion can have application to loans adequately secured by definite tangible collateral or real estate. The discussion should be of interest in provoking the student of bank credits into a deeper and further analysis of this interesting subject.

The public does not have an adequate understanding of banking. It is often assumed that banking is a dull routine work, consisting of receiving deposits, paying checks, making change and posting ledgers. None of these things are banking in any except the mechanical sense. Banking in its broader sense consists very largely of determining

what men and what business ventures are going to be successful. The gulf which exists between the routine work of the tellers or bookkeepers, and the work of credit analysis is very wide. The two lines of bank work call for the exercise of entirely different types of mind. Indeed, much experience in routine work seems to deaden rather than develop the analytical type of mind the successful bank credit man must possess. Frequently bank clerks, after a quarter of a century of daily activity, are utterly without value as credit men.

Few realize the complexity of bank credits. The fundamentals upon which safe banking must proceed are not generally known. To get before the public an understanding of the principles upon which safe banking rests, would be a valuable aid to bankers.

The young man ambitious to be a successful banker must early recognize that banking embraces a great deal more than receiving deposits, paying checks, posting ledgers or possessing the pleasing personality of a successful teller. He must be able to intelligently analyze business conditions and the character, ability, industry, integrity and assets of borrowers. It is seldom that a loan will be offered which meets all the requirements of a perfect loan. The credit man must weigh the merits and the defects and arrive at a decision on such an analysis.

If the sun always shone when sunshine was desired; if rain always fell when needed; if droughts and floods were unknown, and if all persons were possessed of high and unvarying personal qualities; if commodity and real estate prices were always advancing, and if business conditions were always growing more favorable; then, bankers could turn their banks over to boys and spend their time at the seashore, returning only to collect their salaries and dividends.

Must Allow For Unforeseen Adversity

But experience shows that rain does not always fall when needed, that sun-

shine is frequently lacking when desired, that individuals have varying degrees of ability, industry and integrity, that values of commodities and real estate are constantly shifting in their position from one extreme to the other, and that business conditions are constantly undergoing drastic changes. Country bankers must conduct their credit operations so as to meet adverse conditions, and so steer their credit boats that the adverse changes will not wreck their crafts and strand them on the high shores of insolvency. The successful country banker must by a careful process of analysis, keep his credits in proper balance at all times.

Country bank loans must be based upon:

1. Intimate acquaintance with the personal qualities of the borrower, including his age, ability, temperament, integrity, industry, mode of living, past record, family and business connections.
2. Careful consideration of the purpose for which the loan is desired.
3. The source, kind and value of the borrower's assets.
4. Conditions of the business or employment in which the borrower is engaged.

Special emphasis must be placed on the personal qualities of the borrower. Most loans offered to banks would not be attractive to an individual seeking employment for his funds. The individual investor looks primarily to definite, tangible, readily marketable security, which requirements are best met in municipal or government bonds. In this class of investments, the personal qualities of the borrower receive no emphasis. Country bank loans are largely based on the borrower's possessing some assets, but in most cases the character and amount of the assets will not give the loan an unqualified approval. Satisfactory personal qualities of the borrower supply a necessary element of strength. Any bank could absolutely avoid losses by lending only on security of unquestioned value, where no considerations of the personal qualities of the borrower were required, but the volume of such business is so small

that the bank would not have sufficient income to meet expenses. The country bank's real function in serving its community, is in taking the deposits of a multitude of individuals and lending such deposits to borrowers whose assets, character, ability, integrity and industry give necessary strength to the loans.

Extending Credit on Personal Qualities

How much credit can be safely extended on the ability of a borrower? He may be strong in ability but if lacking in industry he will not be successful. How much credit can be extended by reason of the borrower being absolutely honest? He may be honest but if his honesty isn't coupled with ability, his honesty alone will not provide the legal tender with which to pay his loan. How much credit can be safely extended on honesty, ability and industry? If favorable business conditions do not exist, the proposed venture may result in failure. How much credit can properly be extended on the sole strength of the borrower drawing a good salary? If his mode of living is not in keeping with his income, his salary will not produce the funds necessary for paying indebtedness.

While usually subject to question when tested by the borrowers' assets, small unsecured loans afford satisfactory employment of a bank's funds where the personal qualities of the borrowers afford necessary strength. Such loans enable banks to grant credit even though the borrowers do not meet the requirements as to assets. This class of loans is highly advantageous to the bank. Desirable connections for growth are formed. It is frequently more of a problem to pass on a \$500 loan of this nature than a \$10,000 ordinary loan. Most applicants for small loans possess small assets, and the strength of such loans is intangible personal qualities of the borrower, which are often difficult to assess. Large loans are usually based upon adequate security or tangible assets. The personal qualities are always an important consideration, but

in small loans they occupy the center of the stage. The profit in small loans is not in the interest collected. The small amount of interest hardly pays the necessary bookkeeping expense. Worthy people, whose chief assets consist not of property but of high character, ability, industry and integrity, are desirable bank customers, as they will be the successful people of tomorrow.

Borrower's Age as a Factor

The age of the borrower should have consideration. Too advanced age may be an adverse factor. The borrower may have passed the days of his most fruitful efforts. A man physically unfit by reason of age or otherwise is at a disadvantage in any business. He would have to rely on hired help, which would place him at a disadvantage in competition with those not laboring under such a handicap. An extreme example of age as condemning a loan, is where a man seventy years old desired to borrow \$100 to pay the initial fee in a correspondence school. This man's school days are over. A youth of twenty-one, who has saved \$1000 by operating a small dairy, would, if he desired to borrow \$1000 to engage in the grocery business, be subject to the double condemnation of youth and lack of experience. The general rule would be that he would not be successful in grocery venture. Success in the dairy business indicates industry. A man operating a dairy has little to do but work. The eight-hour law in a dairy means eight hours in the morning and eight in the afternoon. Success in a dairy indicates willingness to give constant application, for a dairyman knows neither Sundays nor holidays. One young man with a temperament not enjoying such conditions, made quite a success in the dairy business, but abandoned the dairy line to engage in the real estate business. He said he would rather starve to death in the real estate business than grow rich running a dairy. The young dairyman's success carries a strong endorse-

ment as to his industry, but does not necessarily show the selling and credit experience required for success in grocery business. Moreover, if a man has reached middle life without having been successful in anything, this fact is an adverse element. The fruitful years of business life usually follow not less than ten years experience. The best results are usually procured in the next twenty years. During the first ten years the individual has energy and enthusiasm, but is lacking in judgment. During the twenty-year period his energy and ambition are also attended with experience and judgment. The general rule is that this combination is required for success. The subsequent period is attended with judgment founded upon experience, but presently "old Father Time" lays his hand upon the shoulders with an increasing pressure each year.

There comes a period in every man's life when his faculties begin to slip. This time will vary greatly in individuals. The physical capacity will usually wane before the mental faculties. Both decline in orderly pursuance to the requirements of nature. The perception becomes less acute. The individual is less able to analyze. The individual may be guided by conditions and principles which had their best application a quarter of a century before. Frequently the individual at this time has the greatest confidence in his judgment and ability. He will not seek counsel. He feels that he is at the prime of his powers. This over-confidence may lead him to mass his energies for one grand attack. These symptoms may indicate that the slipping process has begun. The foregoing mental processes are the reasons why many men successful up to middle age lose all in one big business mishap.

Helping the Young Man

Nearly every banker, in the early days of his experience, entertains the view that he should build up young men by placing at their disposal credit facil-

ities. The motive in granting such credit is too frequently the desire to be helpful and advance the interest of the borrower and the community.

Too frequently in such ventures the ruling credit principles are not kept in mind. A few adverse experiences will convince the banker operating on this plan that it is impossible to make something out of nothing, and that unless the other necessary elements are present, the furnishing of credit to a man who doesn't possess the requisite qualities of industry, integrity and ability, is simply furnishing the fuel to build a fire dangerous to all parties concerned.

The age of the borrower should be given consideration, with particular reference to the venture involved in the credit. A railroad conductor of sixty years of age, desiring to borrow on his real estate (the result of years of saving) to engage in the retail ice cream and confectionery business, is subject to the double condemnation of too advanced years and lack of experience in that line. Confectionery and ice cream business requires great physical activity. It also requires constant attention to multitudinous small details for a day consisting of fifteen hours. Another objectionable feature to a man of this age engaging in this line of business is that the best patrons of such establishments are young persons. Usually they patronize establishments of young people—people who have similar tastes, ambitions and outlooks upon life. All the elements point to the venture resulting unsuccessfully.

Yet, a man subject to criticism as a credit risk on account of age, may overcome the objection by his maturer experience. Error is committed by assuming that an old head is found upon young shoulders. Youth is a period when everything looks favorable, ability is frequently over-estimated, and obstacles are discounted.

Jumping From One Business to Another

Another trap into which many middle-aged business men step, is the

conclusion that they can be more successful in a business which they know nothing about, than in the business in which they have grown up and had a matured experience. The defects and difficulties of the business in which they are engaged are well known, but in the other business they see only the bright spots. All lines of business have about the same amount of griefs and blessings. If one line of business shows unusual profits, others rush into that line. Then it soon has about the normal amount of perplexities.

High ability or great capacity in the borrower will be a strong argument that the venture will be successful. There is no such thing as equal ability. Nature seems to abhor equalities in both physical and mental capacity of men. One man may make a remarkable success because of a great ability—and another man under exactly the same conditions may make a dismal failure.

The credit man must make an estimate of the borrower's ability in the particular line for which credit is desired. If the loan is unsecured, and there is no showing of ability, a very adverse element is presented. Even if a secured loan is offered, it may not be practicable to grant the credit. And it must be stressed that the ability must be in the particular activity for which credit is sought. Success as a railroad conductor does not carry much weight as indicating ability as a merchant. Success as a doctor does not indicate that the doctor would be successful as a banker. Ability as a public speaker may carry a strong endorsement if the borrower is engaging in work as a revivalist, political, ministerial or other work where such ability is required. Ability in this line has little value in operating a garage or an insurance agency. The survey of a prospective merchant borrower may include whether he has the accounting ability to accurately determine the costs of doing business, the credit ability to safely extend credit, the buying ability not to overbuy, the selling ability to sell the merchan-

dise at a profit. Has the prospective borrower resourcefulness to meet new adverse competitive conditions? Has he ability to get proper co-operation between partners, stockholders and employees? How does the borrower's ability rank in comparison with his competitors? The elements which enter into a survey of capacity and ability are too extensive to be mentioned here, but a credit survey of a loan, the proceeds of which are going into a business venture, should be exhaustive.

The Temperament of The Borrower

The temperament of the borrower is an item inviting careful consideration. Men have different temperaments, the result of heredity, environment and association. Different activities over a period of years mold temperaments. What the banker is concerned with is not the cause of the temperament, but whether the borrower's temperament indicates success in the business in which the proceeds of the loan are to be used.

The general rule is that the temperament developed by successful lawyers and successful physicians, is not an asset in business operations. There are exceptions to this rule, but the results obtained by lawyers and doctors engaging in business as a side line, are not gratifying. Lawyers and doctors who invest their earnings in bonds and mortgages will, over a twenty-year period, make a much better showing than their brothers who engage in business as a side line.

Highly spiritual qualities as a basis for a credit risk may be an asset only if the possessor is engaged in ministerial work. Such qualities may be a negative factor if the individual is engaged in business. His genuine spiritual temperament may cause too much contemplation of the spiritual aspect of life and detract from the close application to material things, required for success in business.

Strong intellect and scholarship may serve as a proper basis for credit, where

the individual is in a profession where these qualities count as a big asset. Such qualities may not have their maximum value in the restaurant business. An individual with strong intellect may not be able to become a successful server of sandwiches and soup. It is possible that such work would irk him. The possession of a strong intellect and a studious mind is a valuable asset, yet it is only one of the necessary elements to business success. Character, capacity, industry and integrity are just as essential.

The fact that a man is profane may subject him to criticism. Such a man may, however, possess the essential qualities of a successful buyer, feeder and shipper of cattle.

A miserly man with a temperament which denies his family the comforts of life, and gives nothing to further religious, educational or other welfare work of the community, may deserve strong criticism. He may fail as a husband, a father and a good citizen. Such a man may constitute the finest credit risk.

Many farmers who cannot read or write make notable successes as farmers. Their illiteracy is sad to contemplate, yet as a credit risk they may be preferable to the most brilliant agricultural college graduate who cannot co-ordinate his scientific knowledge of agriculture with the unrelenting hard work that goes with success in that line. Education sometimes breeds a distaste for the hard work upon which good results in business depend.

A pleasing personality and ability to make friends may have a major bearing, in determining whether a man may be successful in operating a hotel or in selling life insurance. The same qualities may have a limited bearing on a man's success as a pumper on an oil lease or as an auditor. In the latter two employments, success will depend only to a limited degree upon pleasing personality.

Elements of danger are often present where loans are sought by persons pos-

sessing as their chief assets a strong personality and social standing. The merits of the proposed loan must be tested, not entirely by these qualities, but by other elements of success. It will be conceded that these qualities contribute to business success, but the successful credit man will not be swept off his feet by a strong array of high personal and social qualifications.

Ability as a school teacher, sustained by twenty years successful record, may not be a favorable item where the applicant is embarking in the banking business. Experience as a teacher over that period may be a negative factor in many business pursuits. The temperament developed by a teaching experience of that length, may not fit a man for the average business pursuit. Success as a preacher may be an item of doubtful value if the preacher desires credit to engage in the construction business. The general rule is that a long experience as a teacher or preacher does not develop an alert resourceful mentality. Teachers deal largely with immature minds, and no one is given an opportunity to directly combat a preacher's reasoning.

A lawyer's mistakes are almost instantly taken advantage of by his brother lawyers. A man in business has to be constantly alert to avoid pitfalls set for him by others, and his every mistake in judgment is instantly taken advantage of and proves costly. Lawyers and those engaged in business—to a far greater extent than preachers and teachers—must weigh their conclusions very carefully. Lawyers' mistakes are costly only to their clients. Business mistakes are costly to the one that makes them. But when the credit man, in banking or in the business field, makes a mistake, he is pointedly reminded of it by the loss to his institution. The painful recollection of these losses is what makes the credit man alert to avoid similar losses.

The next article of Mr. Wettack's series on country bank credits will appear in the July number.—THE EDITOR.

Condition of National Banks

ACTING Comptroller of the Currency Collins issued a statement on May 18, with respect to the condition of reporting national banks, as reflected by the compilation of statistics shown by reports of condition, to the Comptroller's office, as of April 6, 1925.

The statement shows that combined resources of these banks amounted to \$23,832,463,000, on the date indicated, and were \$1,769,575,000 in excess of the amount March 31, 1924.

Loans and discounts amounted to \$12,468,836,000, April 6, 1925, and were \$516,549,000 in excess of the amount a year ago.

Holdings of United States Government securities and other miscellaneous bonds and securities, likewise showed noticeable increases in the year. United States Government securities amounting to \$2,614,185,000, show an increase in the year of \$119,872,000 and other bonds and securities amounting to \$3,139,255,000, an increase of \$627,618,000.

Balances on the books of these banks, due from other banks and bankers, including lawful reserve and items in process of collection with Federal Reserve Banks, show an increase since March 31, 1924, of \$510,254,000, and amounted to \$3,272,517,000, April 6, 1925. Cash in vault, amounting to \$361,671,000, at the date of the last report, was \$18,702,000 more than a year ago.

The paid-in capital stock of national banks was increased from \$1,335,572,000, March 31, 1924, to \$1,361,444,000, April 6, 1925, while surplus funds and

undivided profits were increased in this period from \$1,581,268,000, to \$1,597,001,000.

The liability for circulating notes, due to the retirement of the 4 per cent. bonds of 1925, subsequent to February 1, last, was reduced in the year \$77,036,000, and amounted to \$649,447,000, April 6, 1925.

The total deposit liabilities amounted to \$19,382,947,000, April 6, 1925, and were \$1,784,251,000, greater than a year ago. Included in the deposit liabilities are the items of: \$3,418,841,000, representing balances due to other banks and bankers, including certified checks and cashiers' checks outstanding, which exceeded the amount a year ago, by \$404,242,000; demand deposits, including United States deposits, aggregating \$10,178,895,000, which show an increase in the year of \$703,768,000, and time deposits, including postal savings deposits, to the amount of \$5,785,211,000, which were greater than the amount a year ago by \$676,241,000. The gain in individual deposits (demand and time) exclusive of United States deposits, since March 31, 1924, was \$1,307,357,000.

Of the total liabilities for money borrowed amounting to \$445,795,000, April 6, 1925, \$160,143,000 represented bills payable with Federal Reserve Banks and \$110,334,000, notes and bills rediscounted with these banks. The reduction in these combined liabilities in the year, was \$64,738,000.

The percentage of loans and discounts, to total deposits, April 6, 1925, was 64.33, compared with 67.92, March 31, 1924.



Does it Pay Banks to Help Farmers?

Figures Show Definitely That Agricultural Development Work
by Banks is Profitable to the Banks, the Farmers
and the Communities

By E. B. Harshaw

THIS is the last of a series of six articles on the various activities of the agricultural department of a bank. In this final article the author sums up the results that a properly operated bank agricultural department can obtain for the bank and for the community. The author of this series, Mr. Harshaw, has had several years of highly successful experience in bank agricultural work. He is cashier of the Grove City National Bank of Grove City, Pa. and is president of the Pennsylvania Bankers Association.—THE EDITOR.

NO banker, or business man, or farmer would be interested in a program such as has been outlined in the preceding articles unless he was sure of some definite results, either in increased business, increased profits, a better community, improved social life or a happier and more contented people.

Through an agricultural development program the farmer is given a broader outlook, the vision of a new rural life, and a better understanding both of his neighbors in the country and his associates in town. All of these things soon lead to better living conditions and organize the home so that drudgery is reduced to the minimum. Beyond a doubt, farm life has been largely drudgery and still is in sections where the industry has not yet been fully developed. The long hours of hard work for seemingly little return have been discouraging for both the farmer and his wife, and this has perhaps been the force which has impelled the young man of the farm to go to the city to seek employment, where he is sure of his regular weekly pay and a regular and definite working day, and where he knows that his day's work is done at five o'clock.

But in the highly developed areas we find this drudgery reduced to a minimum. These farmers have come to realize that their business is a big business, and that to carry on big business

modern equipment must be installed and modern methods instituted in order to get returns on their investments and to meet the competition of the other big businesses. The progressive farmer, like any other business man, recognizes the fact that he must have some recreation and hours of leisure for himself and his family. In order to make life easier he has installed electric lights running water, bathrooms, furnaces and machinery for different purposes.

We must not forget that the farmer's business is, taken as a whole, the largest business in the United States and that the farmer, to be successful, must be a real business man. Nothing develops his business instinct more rapidly than his coming into contact with the business men of his community. His contact with the banker and business man has many times shown him the advantage of borrowing money, if done on a sound basis; the advantage of establishing credit; and certainly it has taught him that farming is a business and to be successful must be run on a strictly business basis.

Increasing the Farmer's Profits

One of the chief benefits of a development program to the farmer, and that which is of greatest benefit to any business, is increased profits. I note that practically all of the bankers who have carried on such a program state that increased profits is one of the most outstanding benefits.

In Chambersburg, Pennsylvania it is estimated from latest figures that the annual milk checks now amount to \$1,400,000 as compared to a few thousand dollars previous to the development in that section. The Heinz tomato plant

will bring to the growers of that community an income of about \$250,000 this year at a time when no other crops are ready for the market, and to employees it will pay over \$10,000 a week. These figures show a far greater income than the farmers of that section would receive if the development had not been undertaken.

The main difficulty is to get the farmer to keep any sort of records so that he may know just how much he is making. Of course one does not wonder at a man's not wanting to sit down and puzzle over a set of books after he has worked hard all day. Some of the earlier systems of farm accounting required this. But today the bookkeeping work has been reduced to the minimum, and by the expenditure of a few minutes time each day accurate records can be kept.

In one community before the development work began the average cow of the community sold for \$60. Today the average price for a cow is \$200, and some sell for as high as \$700. Of course, this has been brought about by the improvement of the herds, and the importation and raising of better cattle, assisted by a cow testing association which established the worth or worthlessness of an animal. During the first year of the association the average amount of butterfat per cow was 225 pounds while the average today in the same association is 309 pounds which means a real increase in money for the members of \$20,000 per annum. There are forty members of the association, each receiving an increased income of \$500 while there are about 320 or more farmers raising about the same grade of cattle who do not belong to the association and do not test. The members of the cow testing association say that the value of this association is inestimable. They have learned that it requires as much care for a scrub cow as it does for a purebred, and that the scrub requires as much feed, and gives much less return. Hence the scrub has been eliminated from members' farms and

dairying thus put on a more profitable basis.

How Organization Helps

Another of the benefits accruing to the farmer from this work has been the organization of the community. If in a dairy community there is more than one breed, an organization for each breed is of great value. It arouses in each breeder a specific interest in a specific breed. Through organization, farmers having a certain breed can have the use of the best sires with little cost to each, and thus acquire and maintain a high standard for that breed and their individual herds.

In a dairy community where a development program has been put on, organization and a high standard of excellence in breeding will combine to instill in the farmers' minds a knowledge of stock judging and of the leading families of breeds; knowledge necessary for the intelligent selection of live-stock. A marked improvement will be noted in the general care, feeding and management of the live-stock, and an improvement in barns and general equipment—all, no doubt, brought about through organized community effort.

Organization creates a friendly sense of competition which is quite beneficial to the farmer and his community. Through organized effort, community and county exhibits are made of live-stock or whatever the product may be in which the community is specializing. These have proved valuable in promoting the breed interest and in giving publicity to the herds of respective owners of the community. Sometimes a breeder does not realize the value of an individual animal until he has had the opinion of the cattle expert who usually judges at exhibits of this kind.

At last year's cattle show in Grove City, Pa., after a class had been judged and the cattle were being taken back to their places, the judge called the owner of one of the animals and said to him, "What do you want for that cow?" The farmer replied, "Oh, I think I ought

to have about \$500 for her, but I don't know that I want to sell her." Then the judge said, "Well, if you want to sell the cow, I know where I can get \$1000 for you." The farmer was almost paralyzed at this. He had no idea that he had an animal on his farm so valuable.

In this same community there is an organization which fosters and manages a community dairy show. This association has for its chief purpose the eradication of tuberculosis in cattle, and through its efforts the entire county has become an accredited area. Forty thousand cattle in this area were tested and less than 1 per cent. were condemned. This is one of the features which make Grove City cattle so valuable. Practically all of the sales of cattle in the community are made through the association, on a commission basis. In this way the sellers get a better price for their cattle and the buyers know absolutely what they are getting.

Co-operating to Get Better Roads

Some communities have their organizations so complete that they have found it necessary and advisable to employ a field agent to devote his entire time to the further development of these organizations.

In the present day the farmer, with his automobile and modern means of transportation, goes to town oftener, both for pleasure and to attend religious and educational attractions, as well as for the purpose of getting his produce to market. He is clamoring for better roads, along with the city dweller. With the organizations of the farmers co-operating with the organizations of the city dwellers a constructive road program can be put across, whereas it is impossible to do much individually. The farmer is fast learning that his power comes from organization and co-operation.

This development work has made the farmer a better citizen, a student of

general conditions and of his own business particularly, and a really scientific farmer. The banker has been able to have his farmer friend see the value of making use of the service of experts. With the state agricultural agents in every county, the farmer has at hand the finest agricultural advice, and where he is persuaded to make full use of this service he is able to produce more and better crops at less cost and with less work. "It used to be that the farmer worked almost entirely by rule of thumb," says Kenneth L. Roberts in a recent article in the *Saturday Evening Post*. "He guessed at the weather that the next day would bring; and though long experience gave him some skill at guessing, storms and frosts caught him unprepared too often. He fertilized his farm and planted his seeds in the manner that had been laid down by his father and grandfather and great-grandfather before him. If the seeds grew and escaped the storms and the frosts, he gave thanks and took similar chances the following year. If pests and the weather beat him, he figured that nothing could ever be done to prevent such catastrophes; and when the next planting season came around, he took another chance.

"Today, thanks to the Department of Agriculture, skilled scientists daily apprise the farmer of the exact whereabouts of winds, rains, snow storms, thunder showers, floods, frosts, cold waves and all other weather peculiarities that might influence or affect his land, crops, live-stock and personal belongings. Other skilled scientists tell him what to plant, where to plant it and what to do when it is planted. All of these things have greatly improved the lot of the farmer and greatly increased the size and quality of his crops."

But just how to get this information has been a puzzle to many of the farmers of the land. Banks can help by distributing bulletins among the farmers, but the most effective method is to have the farmer make use of the county agent who is a scientist. He will make

a personal visit to the farm, analyze each particular case, and thus teach the farmer how to farm his own land scientifically.

The responsibilities of organization have developed leaders among the farmers who never would have been developed in any other way. At farmers' meetings there is no longer difficulty in getting some one to preside and take part in the discussions.

The development of co-operative movements, both for purchasing and selling, has suffered, in many cases, from lack of proper contact with sound financial counsel in shaping the policy of their organization. Banks working with such groups and through the proper development of such contact are safeguarding against losses to the farmers and enabling the co-operative effort to be of more service in the community.

One of the benefits to the farmer derived from this development, which is not generally stressed, is the investment service which the bankers are rendering to their farmer customers. As the banks develop a closer contact with the farmer he will feel free to call upon them for counsel as to investments and thus save himself and the community much money that in the past has gone into unsound and fake projects.

Many of the farmers are coming to realize that the best investment they can make is in their own farms, and that a little bit of money invested in a piece of new machinery, a modern dairy barn or purebred stock will pay greater dividends than any other investment. I have in mind just now the story of a foundation cow and the dividends which have come from a very small investment.

This Cow Paid Dividends

In 1916 a certain farmer in the writer's community bought, out of a carload of cattle which the Grove City National Bank had purchased for distribution, a cow for which he paid \$225. To him this was then a big price for

a cow, but he took good care of her and in four years he sold this cow and her offspring for \$1400. None of these animals had been tested, but the man who purchased them immediately put them on test and found that they were capable of good records. He then put them on official test and while they had not completed much more than half their records, they had done so well that he was offered \$2000 for the original cow and two daughters. He sold them at this price. One other daughter and a bull calf were sold for \$250, making \$2250 that he received from this family for which he paid \$1400. Besides this he had won \$500 premium money at fairs. Since that time he has sold another cow for \$300, making a total of \$3050 realized from animals sold. He now has, from this original cow, two daughters worth \$700, five grand-daughters worth \$1000, two great-grand-daughters worth \$500 and one grand-son worth \$150, making a total of \$2350 which shows a profit in nine years of \$4000 above feed cost, for he figures that the cream checks have taken care of the feed. Some may say that this is an exceptional case, but the writer believes that there are several others quite similar.

Few farmers understand how to use their credit to the best advantage. This is illustrated in their failure to buy equipment that would more than pay for itself, such as silos, and supplies such as feed and fertilizer, at a price which saves much more than the interest the bank would charge on the money. It would pay them often to borrow money with which to buy foundation stock for their farms, and borrowing of this kind, for constructive purposes should be encouraged. With the Federal Land Banks and the Joint Stock Land Banks, long-term loans can be taken care of more satisfactorily than they could be taken care of locally. Practically every development has meant the financing of the farmer by the banker or business man to get the work started on the proper basis.

Where the Banks Gain

Not all the benefits of such developments have accrued to the farmers. The bankers have had a large share of the profits, only perhaps not in so many different ways as the farmer has.

Perhaps the greatest single benefit to the bank is the absolute confidence in the bank which has been established. This is the greatest constructive force which a bank or any other business can have, the breaking down of old superstitions that the banker is a selfish, self-centered person and that his only interests are himself and his prosperity.

Not only is this confidence established by the farmer in his banker but by the merchants and business men in town as well, for many of the townspeople have regarded the banker in the same manner as has the farmer. The banker, through his efforts in developing his community along some agricultural line, can show his community that he is interested in all others and is not the self-centered person people suppose him to be, and through these efforts he can build up a friendly feeling throughout the community which will mean much to him and his bank.

One banker states that the benefit to the bank is the satisfaction which comes to it in making an effort to do something that will be of lasting benefit to the community in which it is located.

No bank can be prosperous unless it is situated in a prosperous community, and no community can have its measure of prosperity unless that community covers its natural farm radius as well as its town. That is, the more prosperous the community the farther it will extend its influence and business radius into the rural districts, and the more service it is able to extend to its community the greater will be the distance from which it will draw trade. In the writer's own community, through our development work, we have been able to increase our business radius from five to fifteen or twenty miles.

An active program demands money,

and by increasing the activities in a community we are able to create a strong local demand for money, which is the ambition of every bank. Loans of this class are almost invariably good. The money loaned in a community for constructive purposes remains in the community, is passed around from one to another and finally reaches the bank again in increased deposits and resources. That is, if a farmer borrowed \$500, the chances are that he would buy limestone for fertilizer from a nearby quarry, thus the limestone company would use part of this money as profit, and would use another part to pay the employees. The employees in turn would spend it at the grocers for food, or would buy clothing, thus the merchant would deposit it finally in the bank.

The bank which takes on a program of this kind usually creates for itself a leadership in the community which cannot be obtained in any other way. It has the distinction of being different, being friendly, and of being of service, and service, after all, is about all a bank has to sell.

The Increased Profits Cycle

The bank, of course, is benefited by an increase in profits which includes deposits, and this is one of the strong points in talking with bankers everywhere, who have done any agricultural work. This increase in deposits is not only brought about by the farmers but by the whole community. The farmers' income has been increased, so they have more money to deposit.

I know a farmer who ten years ago was putting aside in his savings account about \$200 or \$300 a year, but today, since he has become interested in the dairy development of the community and purchased some purebred cattle, he is putting aside in his savings account about \$2500 a year. This is a direct result of the banker-farmer movement in this section. This perhaps is an outstanding example, but many, many

farmers are doubling and tripling their savings under this plan.

A visit to any community which has undertaken an agricultural program as outlined will convince even the most skeptical that such a plan is fully practicable, and a census taken of such a community will show, in authentic figures, the increase in the real wealth of that community, its rising social standard, its rapid improvement in roads and communications, its growing desire for home comforts, its spirit of contentment permeating its people. Such a program will bring together, under the proper organization, the whole community, both rural and urban. The people learn to know each other better, and through a contact of this kind are able to discover the others' problems and often by seeing things from a different angle, the problems can be worked out to the greater satisfaction of all.

One of the benefits to the community of an agricultural betterment program is the increased buying power of the farmer. With his increased income there is created a desire for more of the comforts of life. He has a desire for better clothes, a better home, and more of all of the things which go to make life enjoyable. These things tend to make him spend more than formerly, because he has it to spend, and in this way, some of his income reaches out to all sections of the community.

In our own community we find that through this co-operative effort it is much easier to raise money for civic enterprises than ever before.

Contentment and happiness are what the farmer, like everyone else, wants, and to be content and happy he must be making a certain amount of money. Where you find this contentment and happiness you find a deep-rooted sense of patriotism; loyalty is fostered, and both town and country are willing to make sacrifices for the community's

good. There is also developed a feeling that no one in the community is satisfied with anything short of the best.

Good Advertising for the Community

All of these things taken together make one of the best advertisements a community can have. By increasing the production of the farmer and by producing a higher quality and through the publicity which his community is receiving he is able to find a better market, his land becomes more valuable and more salable and more people are attracted to agriculture. Usually the people attracted to a dairy section through the advertisement of that section are likely to be real dairy farmers and will no doubt add something of value to that dairy section, and will be willing to cooperate in every way for the advancement and betterment of their section.

Year by year the increased interest of bankers and business men in the "better agriculture" movement is more and more changing their attitude toward the farmer. The more they study the problems of agriculture, the more it is brought home to them that their success is closely wrapped up with that of the farmer. This contact with the business interests of the country has also been the means of changing the attitude of the farmer towards his own business. It has made him realize that his business is the greatest business of all and that other industries depend upon agriculture. This gives him a new vision of his opportunity and a greater ambition to make good.

Hon. F. P. Willits, Secretary of Agriculture for the State of Pennsylvania says, "It will be very much to the interest of all when the banks in every county are united in a county organization through which they will study how to make their services more effective to the community and wherein they may support worthy projects of a local and county-wide nature."



Being the "Other Fellow"

By A. H. Lewis

ONE of the difficult duties a banker is called upon to perform is that of getting the other fellow's viewpoint, and a duty it is in every sense of the word, as he cannot, with fairness to the customer, and the bank as well, arrive at a decision unless he becomes figuratively the other fellow.

It seems to be the nature of a banker, particularly an officer, to be continually on guard, with the idea in mind that when approached in a majority of cases he is liable to be taken advantage of, and that, therefore, he must be governed by strict rules, which like those of the Medes and Persians must not under any circumstances be broken.

The meeting and handling of the customers of a bank must necessarily involve self-control, diplomacy and an agreeable manner, and at the same time kindly firmness in maintaining a position when once arrived at. The banker, however, should endeavor to bear the other fellow's position and thoughts in mind, so that he can explain to him where he might be wrong, and thus enable him to see to his satisfaction where his demands upon the bank are not reasonable.

It has been said that a banker who can refuse a customer a loan and send him away with a smile is a real banker in every way, for he has thus retained the friendship of the applicant by having taken into consideration every angle of the loan desired, pointing out not only what is best for the customer, but also for the bank, covering the ability to pay as well as the necessary protection to the bank's depositors. In so doing he may even suggest to the customer his undoubted desire to do business with an institution which is careful in its transactions, and that in refusing the desired loan the bank is only acting for the best interests of its depositors. Occasionally a customer complains bitterly

that he has been refused a loan without any particular reason being given, and in what to him seems a very terse and abrupt manner. It can be well maintained that under no circumstances is there necessity for refusing a loan in such a way as would cause any hard feelings. Courtesy under all conditions is a 100 per cent. asset, and its constant exercise by all officials and the staff in general is well nigh invaluable to the institution, remembering always that "A soft answer turneth away wrath."

One Cause of Impracticable Requests

Upon officers, aside from the loan department, coming in daily contact with the public, devolve many situations that likewise demand a just consideration involving patience and courtesy. Very often ignorance upon the part of the other fellow as to simple laws which must necessarily govern, and precautions which must be taken, is his only reason for asking the banker to do something impracticable. When this situation is kindly explained he invariably recognizes wherein his request is not feasible. It is not difficult to make friends if you show yourself friendly, but it is sometimes quite difficult to regain friendship after having blighted it by a discourteous manner, involving perhaps a lack of self-control on the part of the official or employees.

Frequently customers are of a very erratic or nervous disposition, losing their tempers easily, and quickly disturbed if their request meets with some questioning on the part of the banker. Such persons have been known to go so far as to accuse the bank of being a cold-blooded corporation operated for the benefit of a chosen few. People of this nature are the hardest to deal with, and in many cases it is difficult to get their viewpoint as it is so shortsighted. The writer when acting as a teller had

the unpleasant experience of being accused by a very excitable woman of having forged her name to several checks to the extent of several hundred dollars, and appropriating the money for his personal use. There was nothing to do but refer her to an executive, who upon examination of her cancelled vouchers in statement rendered, showed her that several of them were from her old closed account of several years previous about which she had forgotten. It then dawned upon her that her accusations were very unjust, and she hastened to extend her most profuse apologies. The handling of such customers in a calm manner invariably reacts favorably to the bank, unless the person is of too small a nature to admit having made a mistake.

The "High Hat" Complex

Another situation frequently arises among officers of larger banking institutions in their failing to be the other fellow by not recognizing the various

members of the force whenever reasonable occasion presents itself. An officer would surely possess distorted reasoning who would imagine that he must maintain a false dignity among the employees under him, with possibly the idea prevailing that a cheery "good morning," or a pleasant nod of recognition might lead to undue familiarity on the part of employees. As a rule every employee has a circle of friends, and where a bank's employees number several hundred or more it is of great importance and value to the institution that they be proud of their bank and the officers who are directing its destiny.

Quite frequently we observe certain slogans adopted and widely advertised by banks, setting forth wherein they are supposed to excel in being of personal benefit to their friends and customers, but if the officers and employees of a bank will always endeavor to recognize the other fellow's viewpoint no slogan will be necessary, as actions speak louder than words.



Discount Rates of Leading Countries

COMPARISON of discount rates in the leading banking countries of the world for 1924 shows that the discount rate in the United States, using the rate of the Federal Reserve Bank of New York, was the lowest, says *The Index*, issued by the New York Trust Company. Hungary had the highest discount rate, with an average rate of 15.3 per cent.

Average discount rates of leading banking countries for 1924 follow: United States 3.7 per cent., Great

Britain 4 per cent., Holland 4.9 per cent., Spain 5 per cent., Belgium 5.5 per cent., Czechoslovakia 5.9 per cent., France 6 per cent., Jugoslavia 6 per cent., South Africa 6 per cent., India 6.7 per cent., Denmark 6.9 per cent., Norway 7 per cent., Greece 7.5 per cent., Japan 8 per cent., Portugal 9 per cent., Finland 9.2 per cent., Germany (gold mark) 10 per cent., Poland (zloty) 12 per cent., Austria 12.2 per cent., Hungary 15.3 per cent.

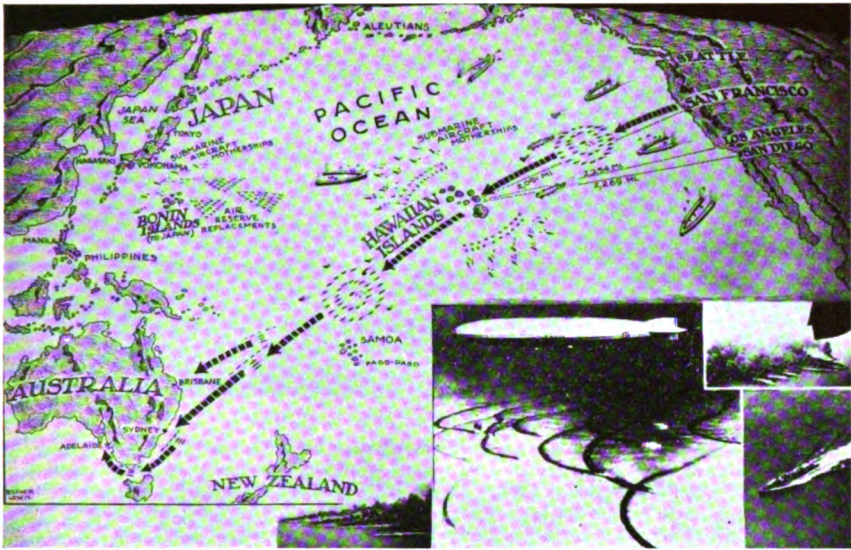


Chart showing course of the navy's coming trip to the Hawaiian Islands and Australia

Financing the Pacific Cruise of the Fleet

By G. K. Spencer

DURING the forthcoming cruise of the United States Navy to the Commonwealth of Australia, twenty-two millions of American dollars are to be placed in Australian hands in return for necessities for our fleets. Ten million American dollars are to be left in Hawaii in return for fleet supplies and other expense connected with the movement of the fleet.

An Australian Commissioner has just spent six months in the United States completing the arrangements for the reception of the United States forces in the Commonwealth. No possible advantage which it may be possible to secure from the presence of the armada in Commonwealth waters is to be overlooked.

The logical results which are expected to follow the clasping of hands across the Pacific water are an increased trade between the nations concerned, an increased tourist traffic, more favorable and better understood commercial agreements between the mercantile elements—all of which tend to strengthen the

lines for the competition to come and which already clamors at our doors.

Part Played by the Dollar and the Banker

And credit must be deposited directly at the door of the American dollar, with the American banker, for the merit of the entire plan. An American banker of the highest type directs the entire movement—the Secretary of the United States Treasury, Andrew W. Mellon.

"Coin Diplomacy," is the word utilized in naval parlance for what is to happen in the Pacific this summer. This summer the navy will be almost a direct branch of the Treasury Department.

It is interesting to know that our fleet is actually carrying aboard ship in United States currency \$31,632,000, the bulk of which will be deposited in Australian seaports. This, of course, does not include the credits which will be passed without the transference of actual money.

Highest paid of all navies, the fleet's



OFFICIAL PHOTOGRAPH U. S. NAVY

A division of torpedo planes of the aircraft squadrons, scouting fleet, about to "open up" for taking the air. These planes fly in a similar formation for mutual protection, the guns of one plane covering the "blind" angles of the other. Enemy fighting planes usually hover overhead to swoop down and destroy the unfortunate plane that drops out of such formations, for their superior speed enables them to keep out of range of the lone torpedo plane.

visit to Hawaiian and Australian ports will represent a veritable El Dorado to these communities.

The U. S. S. California, our battle flagship, is carrying aboard \$5,000,000, as is also U. S. S. Wyoming, flagship of our scouting fleet. Each of our first line battleships, the U. S. S. West Virginia, Tennessee, Mississippi, Idaho, Pennsylvania, Oklahoma, Nevada and Arizona, carries \$1,000,000.

In charge of this money the navy has assigned its Bureau of Supplies and Accounts, known colloquially within the navy as "Sanda." About twenty-six officers direct this organization, and approximately 575 officers function in its work. Now that the navy's banking system is figuratively and actually "at sea," these officers represent the world's greatest floating banking system.

In addition to their normal activity of purchasing and disbursing, they are now in charge of financial operations of the Treasury Department of the United States in the Pacific.

A \$32,000,000 expenditure is not a gargantuan undertaking to these men, for they are trained to disburse more than \$300,000,000 annually. This they receive directly from the Treasury on the command of the United States Congress through its naval appropriation.

Centralization of Activity—And no Red Tape

Centralizing all activity at Washington, the navy department maintains a purchasing organization there, equal to any existent. With the lack of red tape, which intermingles in most govern-



Naval scouts before Hawaii, full steam ahead

mental activity, this organization proceeds upon well-established business principles.

The navy always pays cash. This means a great saving in the cost of doing business to all firms with which the navy deals. The navy, however, makes all purchases by bids, and all bids must be up to certain specifications laid down by the navy as a minimum requirement of excellency. Naval inspectors ascertain that these requirements are adhered to.

money promptly turned over to him. In ordinary times the Los Angeles banks turn over on naval requisitions more than a million dollars a month to the fleet at San Pedro, a seaport near Los Angeles. Paymasters with Marine guards carry this money to the fleet vessels.

This method enables the Treasury Department to equalize purchases throughout the year, so far as such equalization is necessary to obtain the best seasonal prices on naval purchases.



A section of the central naval pay station and accounts office aboard the U. S. S. California.
The largest floating office in the world

For the present cruise, and, indeed as a regular routine at all times, the naval paymasters and supply officers are credited at the Treasury Department with certain amounts which they must not exceed. This money is at all times in the national treasury, and is drawn on direct from Washington by requisitions made out by these officers.

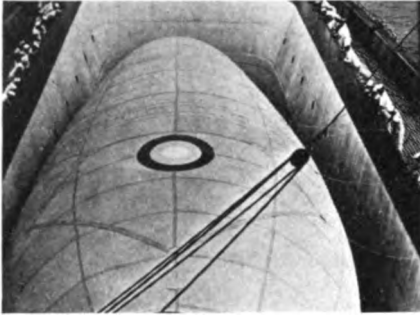
Requisitions for Money

Requisitions for money are either wired or mailed to the Treasury Department. These are confirmed at the Federal Reserve Bank where the paymaster requesting money is stationed and the

Since the Bureau of Supplies and Accounts, on behalf of ships of the navy, must daily carry on monetary transactions at ports scattered over the civilized world, it is necessary for the bureau to handle complicated questions of differences in exchange between United States money and money of other countries. Officers of the bureau specialize in the study of matters connected with foreign exchange, and these officers are now daily in touch with ports of call to be touched by the fleet during its Hawaiian-Australian cruise.

The work of these officers, a staff of which is now aboard U. S. S. Seattle,

flagship of Robert E. Coontz, commanding admiral of all forces afloat, is carried on directly with the leading bankers of all important countries. From these



A dirigible "pit" on the U. S. S. Wright. The dirigible rises directly from this pit into the air

bankers they obtain the rates of exchange, pass on them and recommend them to the Treasury Department. In many countries, for instance in Japan and China, the banks are requested by the bureau's exchange experts to bid for the privilege of handling the fleet funds, and "coin contracts" are made with the banks offering the best exchange rates for money with which to pay our forces in their ports.

To accord with recent decisions of the Comptroller General, the regulations covering foreign exchange transactions of the navy, particularly in regard to rates at which foreign moneys are issued to the service personnel, have been thoroughly revised and brought up to date. The long-standing practice of using monthly rates, estimated in advance by the Director of the Mint, in issuing Chinese currencies, has been abandoned, and these, together with all other foreign moneys, are now issued to the officers and men at the actual cost of the money to the Government.

Banking Activities of the Navy

For nearly ten years the navy has had its own banks operating in Guam and Samoa, carrying on regular banking business, receiving time deposits even, and discounting drafts and notes, making loans, advances and radio and telegraphic transfers of money. Insular Government funds were advanced as capital for these institutions. Each of these navy banks does a business of more than \$500,000 a year.

In Australia the ships will be paid in Australian currency, the rates on which will be secured at the highest favorable point by the fleet paymasters.

The money thus disbursed is expected to tend toward creating a more favor-



Naval torpedo plane snapped in the act of releasing torpedo

able trade balance and better money rates on Australian money. This will be felt by the American banking system. Thus the fleet reacts on the homeland's finances.

The fleet took to sea sufficient money for two pay-days within the fleet. Direct credits will be created in the Australian banks by the Treasury Department to care for the further needs of the fleet in Australian waters.



Helping the Public to Understand Banks*

The Question of Public Education as it Relates to Our Banking Problems

By William Hayes

UP to the present time, public education, as it relates to our banking problems, has been neglected. This is quite natural, for the transition from a simple and easily understood economic organization to a very complex one has been so gradual that the necessity for educational work in order that the public may understand this complex organization has not been apparent. The result has been that many people have acquired rather vague and mistaken ideas as to what the purpose of a bank is, and what the function of the banker in the community is. This has been helped along by the well-known theory of journalism which insists that only the unusual is news. Most people get what information they acquire after leaving school from the newspapers. The newspapers are continually placing before them abnormal and distorted examples of banking.

Various Incorrect Ideas

For example, there has arisen and still persists "the Myth of Wall Street"—that is, the belief that "Wall Street" (meaning thereby a group of bankers located in the financial district of New York City) controls industry, manipulates politics, and moves prices of grain and securities up and down to suit itself.

Another incorrect idea, which still persists in spite of having been disproved numerous times, is that the Federal Reserve System is controlled by Eastern bankers for their own benefit exclusively; and that these bankers saw it to their advantage in 1920 to cause the Federal Reserve Banks to embark on a deflation program in order to force down prices, particularly prices

of farm products. Perhaps along with this idea should be mentioned the rather widespread idea that business depressions are "hand-made" by bankers for their own profit. Furthermore, there seems to be a general lack of understanding of the real purposes and powers of the Federal Reserve System.

Then again, in every time of business depression, there are recurring demands for "cheap" money, or some new kind of currency. Those of the depression of 1920 we remember as Ford's proposal for an "energy dollar" and Edison's proposal of a currency based on commodities.

Finally, there is the widespread idea that the capitalistic system is unjust and inefficient; that none of the profits of industry are justified; that all are excessive and are squeezed out of labor; and that if the products of industry were more equitably divided, all would have to work but a few hours each day, and would be able to live in reasonable comfort.

What Public Education Can Do

It is in eradicating these ideas and replacing them with the truth that public education has its proper relation to our banking problems. Such ideas have grown up because bankers have not realized their responsibility in this matter of educating the public. Children have grown up without learning how this economic machine of ours is run. Incorrect and vicious ideas have been planted in the minds of adults, without any attempt to root them out. In short, bankers have been too supine; too care-

*This paper won first prize in the Hellman Contest this year, open to all members of the American Institute of Banking.

less about this whole matter of public education, preferring to leave it to the educators, most of whom understand nothing of banking problems.

The place to begin is, obviously, with the children. Elementary economics should be regularly taught in all high schools, and to accomplish this should be the first task of the bankers of the United States. This can, and should be supplemented by talks to the school children given by one of the local bankers, along the lines of the lecture outlines published for this purpose by the American Bankers Association — explaining the function of banks in the economic system, and giving in outline the monetary system of the United States and the working of the Federal Reserve System. I do not believe that these lecture outlines are being as widely used as they deserve.

The older boys and girls (those in college) are already well taken care of by the very good courses in advanced and applied economics given there. Those who do not go to college must be reached through other means, as the adults are.

Propaganda Campaign Needed

Among the adults, a campaign of education is just as necessary as with the children, in order to combat the pernicious ideas which are constantly being spread by socialists, communists, and demagogues. Sound economic reasoning must be brought before the public as persistently and as forcibly as the fallacies are brought up. Many of the large city banks are already doing their share in this work; notably the Chase National Bank, N. Y., with its *Chase Economic Bulletin* written by Dr. B. M. Anderson, Jr., and the National City Bank, with its monthly *Letter*, written by George E. Roberts.

Then there is need in the United States for an organized corps of bankers or bank men, well informed on present day economic and banking problems, and well drilled in sound eco-

nomics, who are willing and able to go out and speak to clubs and associations on these subjects whenever requested—in much the same way as political parties have a corps of speakers. New York Chapter of the American Institute of Banking is already doing this, but the work needs to be extended more widely and to other cities. This method of education offers unusual opportunity, for the bank man can be seen by the audience, which may, during the course of the evening, discover that he, too, is just a human being.

Finally, I believe it would be a wise plan for all the banks in a city to club together from time to time and publish a series of advertisements in the form of simply written talks on banks, banking, currency, taxation, or the economic problem which happens to be most prominent at the time.

It will be objected that the suggestions made above are nothing less than a campaign of propaganda. True. A campaign of propaganda seems to me the very thing that is necessary. For too long bankers have felt that their business is honest and needs no explanation or apology. With the increasing complexity of modern banking and business, and the policy of newspapers spoken of before, every business of any size must have a systematic plan of educating the public as to its problems, if it is not to be misunderstood and subject to frequent attacks.

Banking rests on the foundations of capitalism, the institution of private property, and individual initiative. These, we all feel, are admirable things, with more good in them than bad. But they are continually being attacked, and if not defended and their advantages explained, a real doubt may rise in the public mind as to the social utility of these institutions. It is to avoid this that the foregoing measures are urged. The most important relation of public education to our banking problems is to eradicate the fallacies which cause these attacks.

Knowledge and Banking

By Richard W. Saunders

WHILE the maxims of our ancestors, being as they are conclusions reached by experience, are as a rule not to be lightly regarded, they often are found to be expressions of half-truths rather than completely true. "A little knowledge is a dangerous thing" has been frequently quoted but as time goes on and business and education become more generally diffused, the disposition grows to look upon it as a dubious expression. To use scanty knowledge as a basis for judgment and action is, of course, admittedly pernicious, but to know a little of everything is beginning to be rather popular now-a-days.

Not many years ago a person who knew more than one language was regarded as a man who had in him the potentialities of a rascal; in fact he was often called a rascal for that reason only. If a man had a rather general knowledge of things, people were inclined to view him with suspicion and employers would hesitate to hire such a man who, they thought, would develop into a trouble maker. People were afraid of men who seemed to know more than they did and this fear still exists to a very considerable extent.

There are still many parts of the world where, when a man is born, his life work is part of his birthright. He must, whether he will or not, take up the same vocation as his father and his father's father before him. Education was, perhaps rightly, looked upon as having an unsettling influence and was, therefore, discouraged. All that a man should know was how to carry on his trade and make a living in the groove in which nature had placed him.

Education is unsettling, and that is one of its greatest virtues. It brings about honest doubt which is the beginning of progress. Until we question that what we do and the way in which we do it and begin to examine into the ways and means of improvement, no better method can be developed. And

this same introspection into a man's own qualifications is necessary before he begins to find out possibilities of self-improvement and consequently reaches for higher ideals.

It has now become part of every educational system to instill, in even the primary grades, some knowledge of all basic studies. Some rudimentary teaching is given in practically all subjects, leaving to the student in later year, the task of selecting the field of effort which most appeals to him and making it his life work. This general knowledge then becomes of value in showing him the relationship his own industry bears to all the others and enables him to make use of them, so far as they are useful, in successfully carrying on his own endeavors. All are useful, but in varying degrees.

Banking, curiously enough, except in its more mechanical operations, is one vocation where dependence upon such a maxim would be dangerous in the extreme. The banker of today must know something about every kind of business with which he comes in contact. In the extension of credit he must know at least the basic operations of the business to which the loan is made; and bankers today show great versatility as they take up, one after another, loans to a steel mill, a cotton factory, or a railroad. To expect them to know all the factors of such enterprises would be to expect the impossible. Their entire lives, instead of a considerable portion of them, would be spent in the mere acquisition of such knowledge. But the facts necessary to make their decisions properly must be clearly understood. The day of personal credit, when the loans are based upon confidence in the individual operating such a business, is giving way to that of loans based upon more or less knowledge of the business itself. True individual confidence and the strength of the organization are still vital factors but knowledge alone is the true deciding factor.





The Lima Trust Company, Lima, Ohio

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Banking and Commercial Law

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

Right to Recover on Fidelity Bond Lost by Failure to Examine Employee's Accounts

Maryland Casualty Co. of Baltimore, Md.
v. Bank of England, England, Arkansas,
United States Circuit Court of
Appeals, 2 Fed. Rep. (2d) 793.

THE failure on the part of a bank to comply with the provisions in a fidelity bond, with reference to examining the accounts of the bonded employee, may result in depriving the bank of the right to collect on the bond in the event of a loss.

In this case, the defendant surety company issued a bond guaranteeing the fidelity of a bookkeeper in the employ of the plaintiff bank. The application for the bond provided that the bank's cash and securities would be examined and compared with the employee's books and accounts monthly.

In an action to recover under this bond it appeared that the monthly examinations provided for in the application were not made and that the only examinations were those made once or twice a year by the state bank examiner. It was held that the plaintiff bank could not recover on the bond.

It appeared that the application contained the following question and answer:

"Will any examination of the applicant's accounts be made outside of the audit of the state or national bank examiners?

No."

It was held that this referred to examinations of a different character and did not excuse the bank from making the monthly examinations provided for.

In the opinion, which is given below, the court uses the following pertinent language:

"The difficulty in this, as in some other insurance cases, is that the insured takes the view that all that is necessary to recovery on a bond or policy is to pay the premium and suffer a loss. That is rarely the case."

Action at law by the Bank of England against the Maryland Casualty Company of Baltimore, Md. Judgment for plaintiff (293 F. 783), and defendant brings error. Reversed and remanded.

OPINION

STONE, J.—This is an action by the Bank of England, England, Ark., against the Maryland Casualty Company of Baltimore, Md., upon a bond guaranteeing the fidelity of Mamie McKenzie as bookkeeper in the bank. Jury was waived. From a judgment in favor of the bank, the casualty company sues this writ of error.

The defense relied upon in the trial court was the breach by the bank of certain conditions of the bond which, it was claimed, released the casualty company from all liability upon the bond. The contentions here follow the same lines and take form around assignments of errors which relate to the refusal of certain peremptory and declaratory declarations of law and to certain portions of the law as declared by the court. These have to do with two provisions of the bond and the related warranties upon which the bond was issued. These two provisions of the bond are (*italics ours*) as follows:

"This bond is executed by the company upon the following express conditions, which shall be deemed conditions precedent to any right of the employer to recover hereunder;

"First: That the acceptance and retention of this bond by the employer shall be considered as conclusive evidence that the employer consents and agrees to all the terms, conditions and provisions contained herein, and *all written statements made, or which at any time may be made by the employer, in connection with this bond, or any renewal thereof, are warranted by the employer to be true, and if any such statements shall be found to be untrue in any particular, or if the employer shall willfully suppress or misstate any fact in making any claim for, or in proving any loss under this bond, then this bond shall become void and the company shall not be liable to the employer for any claim whatsoever made under or by virtue of this bond.*

"Second: That *the duties of the employee, the system of accounting, the safeguards established and the method of compensation shall all remain in accordance with the written statements, hereinbefore referred to; unless change therein shall be consented to, in writing, by the company.*"

The related warranties were contained in

the "written statement" made prior to and in connection with the application for the bond. Those pertinent here are as follows:

"What will be the title of applicant's position? (a) Bookkeeper.

"Explain fully his duties in connection therewith. (b) Keep the books of bank, and assist teller.

"Will applicant authorize the loans and discounts of the bank? (c) No.

"What salary will the applicant receive? \$50.00.

"Will the applicant have access to the treasury of the bank? (a) Yes.

"If so under what restrictions? (b) None.

In case of applicant handling cash or securities, how often will the same be examined and compared with the books, accounts and vouchers, and by whom? (a) Monthly.

"Will any examination of the applicant's accounts be made outside of the audit of the state or national bank examiners? (b) No."

This "statement" closed, above the signature of the bank, as follows:

"It is agreed that the above answers shall be warranties and form a part of, and be conditions precedent to the issuance, continuance or any renewal of or substitution for, the bond that may be issued by the Maryland Casualty Company, in favor of the undersigned, upon the person above named."

The evidence showed and the court found as follows:

"The evidence establishes, and the court so finds, that the only examinations made of the applicant's accounts, vouchers and books, during the entire time the bond and renewals were in force, were made by the state bank examiner, those for the years 1917, 1918 and 1919 only once a year, and since then twice annually, and there was no waiver by the surety company, if monthly examinations were required by the terms of the bond.

"The court finds that after the execution of the bond and while it was in force, the applicant was made, in addition to being bookkeeper and assistant teller, assistant cashier, and as such was authorized in addition to her duties as bookkeeper and assistant teller, to sign drafts and cashier's checks, and that this additional duty was not consented to in writing by the defendant."

Because of the above quoted provisions of

the bond and the above showing of evidence and findings of fact, the casualty company contends as follows:

I. That the bond was breached by failure of the bank to make the monthly examinations required by its promissory warranty;

II. That the bond was breached by changing the duties of the employee in a way that added to the insurance hazard, without obtaining the written consent of the casualty company.

I.

There was in the trial court, and can be here, no question that there were no monthly examinations. Nor was there nor could there be any doubt that such omission would release the bond if the bond required such examination to be made. The view of the trial court was as follows:

"That a failure of an absolute promissory warranty to make monthly examinations of the applicant's accounts will avoid the policy under provisions of a bond or policy, like the one in this case may be conceded, but was there such a warranty?"

"Question 11 contains three questions. subdivision 'A' two and subdivision 'B' one. The questions in 'A' read: 'In case of applicant handling cash or securities, how often will the same be examined and compared with the books, accounts and vouchers, 2—and by whom?' The first part of the questions is answered 'Monthly.' The second is unanswered. Acceptance of the application and execution of the bond, without an answer to a question is a waiver. *Phoenix Ins. Co. v. Raddin*, 120 U. S. 183, 7 S. Ct. 500, 80 L. Ed. 644.

"If there were no other answer to that question in paragraph II, failure to make such examinations monthly by some one would unquestionably be fatal to a recovery on the bond.

"But B of question 11, which reads: 'Will any examination of the applicant's accounts be made outside of the audit of the state or national bank examiners?' was answered 'No.' The defendant had therefore been advised that the only examination of the applicant's books, vouchers and accounts would be made by the state bank examiner, and by none other.

"The law of Arkansas in force at the time the bond and the renewals were executed and still in force made it the duty of the state bank examiner to make an examination of every bank at least once a

year.' Section 705, Crawford & Moses' Digest of Arkansas Statutes 1921.

"The defendant was bound to know that the state bank examiner was not required by the laws of the state, nor could he be required by the bank to make monthly examinations of the bank's books and accounts, nor could it presume that the state bank examiner would make monthly examinations of the bank. Executing its bond with such knowledge was, in the opinion of the court, a waiver of monthly examinations by the state bank examiner, the only person, the bank stated, who was to make the examinations. It did not state that examinations would be made by its officers, or by some independent examiners outside of the bank, as contended by counsel. If counsel's contention is to be sustained monthly examinations by the officers of the bank or independent auditors outside of the bank would be just as fatal to a recovery. A strict construction of these answers, as insisted on, required monthly examinations by the state bank examiner, and by none other, and his failure to make them monthly would be a fatal breach."

With this conclusion and some of the reasoning we cannot agree. It seems clear that two distinct matters were intended to be dealt with in these two questions. The first sought information as to "how often and by whom" the bank would make its own comparison of the cash and securities of the bank with those books in the bank which should show the amount of cash and securities which should be on hand. This was a check upon the cash and securities on hand to be made, ordinarily, by some committee or officer of the bank other than the applicant employee. The second question referred to general and comprehensive audits or examinations of the accounts of the employee, ordinarily made by expert accountants. To hold that the two questions referred to the same matter would usually, as in this instance, lead to the counteraction and nullification of each other.

In this case, the bank failed to answer "by whom" this monthly comparison would be made, which had the effect, as said by the trial court, of a waiver of such answer when the application with this part of the question unanswered was accepted and the bond issued thereon. *Phoenix Ins. Co. v. Raddin*, 120 U. S. 183, 190, 7 S. Ct. 500, 30 L. Ed. 644. This waiver left the bank free to have such monthly comparison made by

any one, except the employee herself. But suppose the bank had answered this question and said the comparison would be made by the cashier. It would then have been clear that the bank was assuring the casualty company that its cashier would monthly make such a comparison and that, when the other question was answered in the negative, the parties understood that they were considering different matters in the two questions. If, as suggested by the trial court, the casualty company should be held to know that the state bank examiner would not make monthly examinations of this bank's affairs, it is certainly as reasonable to presume that the bank itself was well acquainted with that fact. If both parties knew this, then both must have intended and understood something different from an official comparison or examination when the bank declared that a monthly comparison would be made. We think both parties understood that these questions referred to different matters.

It is true that it is a rule of construction that ambiguities should be resolved against the drawer of an instrument and that this rule has been properly applied to insurance contracts. *American Surety Co. v. Pauly*, 170 U. S. 133, 144, 18 S. Ct. 552, 42 L. Ed. 977. However, this does not mean that the contract can be changed or "refined away" by this mere rule of construction (*Guarantee Co. v. Mechanics' Savings Bank & Trust Co.*, 183 U. S. 402, 419, 22 S. Ct. 124, 46 L. Ed. 253), nor that all other rules of contract construction must stand silent in the presence of this rule. Other rules of construction are that all parts of a contract must be given a reasonable meaning and vitality and that parties are presumed not to insert idle, foolish, meaningless language.

We think the parties had no difficulty in understanding each other and that, to them, both of the questions and the answers thereto were intended to have the meaning above set forth.

As the bond expressly provided that it should fail if these monthly comparisons were not made and as they were not made, the bank cannot recover. The difficulty in this, as in other insurances cases, is that the insured takes the view that all that is necessary to recovery on a bond or policy is to pay the premium and suffer a loss. That is rarely the case. The premium is graduated according to the extent of risk as

based on experience and reason. The risk of turning a person loose with money without check, word or supervision is one thing, while the risk on the same person under careful, frequent check and supervision is quite another. These promissory obligations of the insured which affect the risk are about the only safeguards the insurer has and cannot be lightly disregarded.

Because of the views expressed above, it is unnecessary and can serve no useful purpose to consider and determine the second matter raised by plaintiff in error concerning the effect of the claimed change of employment and duties of the person covered by the bond.

The judgment is reversed and remanded for new trial.



Savings Deposit Credited With Interest in Excess of Prescribed Rate Not Protected by Guaranty Fund

Burnaman v. Peterson, State Bank Commissioner, Supreme Court of Kansas, 232 Pac. Rep. 1047.

Where the bank commissioner has issued a rule to the effect that the maximum interest rate on savings accounts entitled to the protection of the bank guaranty fund shall be 4 per cent., compounded semi-annually, the receipt by a depositor of 4 per cent. interest credited quarterly excludes the deposit from protection of the bank guaranty fund. The fact that the bank commissioner has knowingly permitted the bank to pay interest on deposits at other rates than those authorized by statute or orders of the bank commissioner will not serve to validate the depositor's claim on the bank guaranty fund.

Proceeding by W. C. Burnaman, petitioner, for mandamus, to be directed to Carl J. Peterson, as Bank Commissioner for the State of Kansas. Writ denied.

OPINION

DAWSON, J.—This action is to require the bank commissioner to issue a certificate on the guaranty fund for \$460.43, which was the amount of plaintiff's savings account in

the guaranteed Farmers' State Bank of Washington, which became insolvent on April 24, 1922.

Plaintiff's deposit was evidenced by a savings pass-book in which his account with the bank had been kept for several years. It showed that every three months since 1915 the earned interest had been entered as a credit augmenting the account. At various times the bank commissioner issued rules regulating the rates of interest payable on such accounts, none of which will need present attention, except the rule promulgated on September 1, 1921. It provided:

(3) On savings deposits represented by entries made in a book which substantially conforms to the standard form of savings pass book in use by savings banks, a rate of interest not exceeding 4 per cent., compounded semi-annually, may be paid: Provided, interest payments on such deposits shall not be paid or credited except on July 1 and January 1 next following the date of deposit, and no interest shall be paid or accredited on any amount withdrawn after an interest-paying date, and before the next semi-annual date for computing interest: And provided further, that such savings account must not be used in any sense or to any extent as a checking account.

The bank and the plaintiff ignored this order, and the interest earned on the savings deposit at the rate of 4 per cent. per annum was regularly entered as a credit augmenting the sum total of the savings account every three months just as had always been done by that bank before such details had been deemed needful of regulation by the bank commissioner. On the quarterly dates of October 1, 1921, January 1, 1922, and April 1, 1922, the items of earned interest were thus credited in violation of the order of September 1, 1921. The bank failed about three weeks after the last breach of the order of the bank commissioner. Can plaintiff recover?

The Legislature, after experimenting for two years with statutory maximum rates of interest for protected deposits (Laws 1909, c. 61, § 6), altered the law so as to authorize the bank commissioner to prescribe maximum rates of interest on guaranteed deposits (R. S. 9—207). The fixing of the frequency of such payments was a proper and logical incident to the complete and efficient exercise of the commissioner's regulatory authority. There is nothing arbitrary or unreasonable in a rule that the interest earned on guaranteed savings deposits shall

not be entered oftener than every six months.

A more frequent entering of credits for interest earned has the very obvious effect of increasing the maximum rate of annual or semi-annual interest which the bank commissioner authorized the banks to pay.

The point is urged that the bank commissioner had knowingly permitted this bank to pay interest on deposits at other rates and on different terms than those authorized by statute or regulatory orders of the bank commissioner. But the effect of notice to the bank commissioner, of his knowledge, in formal assent or acquiescence in such infractions of law, departmental orders, or of sound banking practices, has been thoroughly threshed out in previous decisions, and held to be unavailing to validate irregular claims upon the bank guaranty fund. The general rule is that negligence or other wrongful conduct of public officers does not alter or modify the effect of positive statutes or the principles of substantive law. In *State Bank v. Bank Commissioner*, 110 Kan. 520, 530, 531, 204 P. 709, 714, it was said:

It is urged that the bank commissioner is precluded by the conduct of his predecessor from contesting the validity of the certificates as claims against the guaranty fund. Bank Commissioner Wilson did undertake to assure Crummer that the certificates of deposit would be within its protection, but that was merely an expression of opinion on a question of law. The bank commissioner could not by contract make the fund liable; the matter of liability was determined by the statute. * * * Moreover, the guaranty fund is created for the benefit of the public, and the public, although not its owner, is interested in it. Public rights are not ordinarily subject to loss by estoppel through the conduct of officers.

See, also, *Koelling v. Peterson*, 114 Kan. 109, 216 P. 1099.

It is also urged that the difference between the maximum authorized rate of interest and that received by plaintiff was so trivial—less than 9 cents per annum—that the breach of the order of the bank commissioner was no more than technical, and that it carried no badge of fraud or collusion to frustrate the bank commissioner's orders designed to prevent reckless banking by the payment of unduly high rates of interest to procure deposits. If the case were one of purely equitable cognizance, and affecting only the relative rights of private litigants, this argument might make a strong appeal.

But this is mandamus. And it affects a trust fund of great importance and of a quasi-public character. We are asked to compel the bank commissioner to disregard the breach of his own regulatory order because in this instance the result of the breach was negligible in dollars and cents. In effect, also, we are asked to ignore the statute (R. S. 9—206). The court cannot do that. Because the plaintiff's savings deposit was only a few hundred dollars, the result of paying interest quarterly instead of semi-annually was but a few cents more than the lawful maximum. But another depositor in this same bank may have had a deposit of a few thousand dollars under a similar arrangement. The difference in that case would have been substantial. This court could not issue its writ in favor of the owner of the small deposit, and deny it to the owner of a large deposit held under identical circumstances. Since the Legislature has authorized the bank commissioner to make rules governing the subject of deposits, and the rule itself is reasonable, the court is bound to uphold that officer's reasonable orders. At all events it must not compel him to disregard them. See the analogous cases of *National Bank v. Bank Com'r*, 110 Kan. 380, 214 P. 715; *Barber County v. Bank Commissioner*, 113 Kan. 180, 213 P. 1054; *Bank v. Bank Commissioner*, 114 Kan. 1, 216 P. 1093; *Barrett v. Foster*, 114 Kan. 804, 223 P. 1091; *Id.*, 115 Kan. 557, 223 P. 1091.

Writ denied.

All the Justices concurring.

Survivor Entitled to Amount Deposited in Joint Account

Conneally v. San Francisco Savings & Loan Society, California. District Court of Appeal, 232 Pac. Rep. 755.

A few months prior to her death, Delia Murphy caused the defendant bank to transfer from her separate account the sum of \$3000 into a new account which was opened in the names of "Delia Murphy and Patrick Murphy, payable to either or the survivor of them." At the same time, a written agreement was executed by Delia and Patrick Murphy wherein it was stipulated that all moneys then or at any time

deposited by them or either of them to the credit of the account should be payable to either of them or the survivor "without reference to the original ownership of the moneys deposited."

After the death of Mrs. Murphy, the plaintiff, as guardian of Mrs. Murphy's minor children, brought this action against the bank to compel the payment of the amount on deposit in the account in question into the hands of Murphy as administrator of Mrs. Murphy's estate. A judgment for the plaintiff was reversed upon appeal on the ground that Murphy, as the survivor, was entitled in his own right to the money in question under the provisions of the California Bank Act, in the absence of proof of fraud, mistake or undue influence.

Suit for an accounting by Nicholas Conneally, as guardian of Thomas Conneally and William Conneally, minors, against the San Francisco Savings & Loan Society and others. From a judgment for plaintiff, defendants appeal. Reversed.

OPINION

NOURSE, J.—The plaintiff, as guardian of the minor children of Delia Murphy, deceased, brought this action against the defendant savings bank and against the surviving husband of their mother, suing him as an individual and as administrator of the mother's estate. The children are the issue of a former marriage of their mother. Their natural father died on October 15, 1915, and left an estate, all of which passed to his surviving wife and became her separate property. The mother of the surviving wife deposited a portion of this property, the sum of \$3000, with the defendant bank. In September, 1920, she married the defendant Patrick Murphy. There was no issue of said marriage. On March 7, 1922, Delia Murphy, formerly Delia Conneally, died intestate, leaving beside the defendant Murphy the three minor children, for whom the plaintiff herein sues, as the heirs of her estate. On July 14, 1921, the said Delia Murphy caused the defendant bank to transfer from her separate account on deposit in said bank the said sum of \$3000 into a new account, which was thereupon opened in the names of "Delia Murphy and Patrick Murphy, payable to either or to the survivor of them." At the same time a written agreement was executed by Delia and Patrick Murphy

wherein it was stipulated that all moneys then or at any time deposited by them or either of them, with defendant bank to the credit of said account should be payable to either of them or to the survivor of them "without reference to the original ownership of the moneys deposited." This action was brought to compel the defendant Murphy to pay the moneys into his hands as administrator of the estate of Delia Murphy on the theory that said moneys were the separate property of the deceased, Delia Murphy, and as such should be accounted for in her estate. The case was tried to the court without a jury and judgment was rendered as prayed in the complaint. From this judgment the defendant appeals on a record made under section 953a, Code of Civil Procedure.

On this appeal the appellant relies upon the well-settled rule that, when a written instrument is executed by a husband and wife on opening an account with a bank, agreeing that the deposit when made and all accumulations thereof should be held by them as joint tenants, with the right of survivorship, each is seized of the whole estate from the creation of the tenancy and the whole vests in the survivor without regard to the prior ownership or title to the property. *Estate of Gurnsey*, 177 Cal. 211, 215, 170 P. 402; *Kennedy v. McMurray*, 169 Cal. 287, 291, 146 P. 647, Ann. Cas. 1916D, 515; *Estate of Harris*, 169 Cal. 725, 726, 147 P. 967. See, also, *Crowley v. Savings Union Bank, etc., Co.*, 30 Cal. App. 144, 150, 157 P. 516; *Crowley v. Savings Bank, etc., Co.*, 30 Cal. App. 535, 540, 159 P. 194, and *McCarthy v. Holland*, 30 Cal. App. 495, 498, 158 P. 1045.

If there should be any doubt as to the controlling effect of the foregoing decisions, it is removed by the legislative declarations found in section 15a of the Bank Act of March 1, 1909 (St. 1909, p. 87), a re-enactment of the provisions of section 16 of that act (Stats. 1921, p. 1367). This section provides, in part, that—

When a deposit shall be made by any person in the names of such depositor and another person and in form to be paid to either or to the survivor of them, such deposit and any additions thereto made by either of such persons after the making thereof, shall become the property of such persons as joint tenants. * * * The making of the deposit in such form shall, in the absence of fraud or undue influence, be con-

clusive evidence, * * * of the intention of both depositors to vest title to such deposit and the additions thereto in such survivor.

As pointed out in the Kennedy Case, *supra*, the question involved in cases of this kind is the intention of the parties making the deposit, and where such intention is evidenced by a written agreement, as was done in the Kennedy Case, as well as in the case under consideration, this question of intention ceases to be an issue, and the courts are bound by the written agreement. Furthermore, as pointed out in the Estate of Gurnsey, *supra*, in the absence of fraud or mistake, parol evidence is inadmissible to change the terms of the legal effect of such a written instrument, where it is in no respect uncertain or ambiguous.

The foregoing statement is in strict harmony with the legislative declaration above cited, and, though mention is made in respondent's brief regarding it, fraud is not pleaded as an issue, but the respondent insists that we must invoke the presumption that the transaction having been one between husband and wife, and the husband having gained an advantage thereby, he is presumed to have worked a fraud upon his wife in obtaining the deposit to their joint account. But this presumption is nothing more than evidence and evidence is inadmissible in the absence of an issue joined. Furthermore, the respondent assumed the burden of rebutting the presumption of fraud, and the only evidence found in the record upon the subject shows without question that Mrs. Murphy brought about the transfer of her own free will and accord and

that the appellant was not guilty of any fraud. That no finding was made on the question of fraud is probably due to the fact that the parties themselves assumed that no issue was joined.

The respondent rested upon the allegations of his complaint, to the effect that the money was, up to the date of transfer, the separate property of Delia Murphy, and that on the day mentioned "said Delia Murphy caused said deposit to be transferred" on the books of said defendant to the names of Delia Murphy or Patrick Murphy, payable to her or the survivor of them. Herein the respondent not only failed to plead fraud, undue influence, mistake, or any other factor entitling him to equitable relief, but the reasonable interpretation of the pleading is that Delia Murphy carried on the transaction voluntarily and of her own accord. It is not, therefore, necessary for the appellant to prove the absence of fraud, undue influence, or mistake. Neither was it necessary for him to prove an actual delivery to him of the pass-book. *Kennedy v. McMurray*, *supra*.

The California cases upon which respondent relies, commencing with *Denigan v. Hibernia Savings & Loan Society*, 127 Cal. 137, 59 P. 389, involved deposits where the right of survivorship was not expressed. These cases are discussed in the Kennedy Case and the distinction between such a case and one where the parties in no uncertain language agree that the right of survivorship shall obtain is there made so clear that we do not deem it necessary to carry this opinion to any further length.

Judgment reversed.



THERE is but one means by which you can miss prosperity, and that is, if you try to get the better of the gods who sell everything at a price.—*Rudyard Kipling*.



*National Manufacturer's Bank—Neenah, Wisconsin
Childs and Smith, Architects*

The exterior beauty of Crittall Steel Casements is a recognized asset in securing that air of dignity and substance so essential to banks in either large or small communities.

In addition to their artistic advantages, these permanent, weathertight steel casements permit the largest possible window openings, giving maximum daylight and wide, easily adjusted ventilation.

*All Crittall Casements and Windows are
made of Crittalloy—the Copper-Bearing Steel*

CRITTALL CASEMENT WINDOW COMPANY, *Manufacturers*
10965 HEARN AVENUE, DETROIT, MICHIGAN



Banking Publicity

Special Section of The Bankers Magazine

JUNE 1925

Making Salesmen Out Of Bank Employees

Story of a New Business Contest Which Brought in \$6,786,000

By W. B. WEISENBURGER,

Vice-President National Bank of Commerce in St. Louis

MAKING subtle use of the American public's penchant for backing winners and the pride that people take in those who do things, the National Bank of Commerce in St. Louis, under a slogan of "Grow with Commerce" has just finished an employees' contest that, both in returns and methods, was unique in banking circles.

The manner in which the public was taken behind the scenes and made a part of the contest was a departure not only in contests but in bank-building procedure. "Commerce" made capital out of the interested

bank employees on the one side—more than 50 per cent. of whom are bank stockholders—and 100,000 satisfied customers on the other side, to roll up \$6,786,766 of new business in commercial, savings, bond and safety deposit departments. Detailed results are as follows:

1775 checking accounts	\$3,431,293.00
5137 savings accounts	766,331.00
900 safe deposit boxes	5,095.00
Certificates of deposit	221,047.00
Bond sales	2,363,000.00
1170 Christmas Club accounts	
303 wills	
11 living trusts	
18 miscellaneous agreements	
	\$6,786,766.00

These figures include only that business brought in by employees other than those re-

sponsible for organized sales effort. The contest began April 15, 1924 and closed April 15, 1925.

During the closing month of the campaign, the bank put on an extensive advertising program in which it carried to the minds of the public the ambition of the employees to succeed with the bank through increasing the number of successful, satisfied customers. The opening presentation was a rotogravure picture of all of the 400 employees of the bank.

This was followed by a 1540 line advertisement giving the results of the contest to date

Reproduction of large poster used by the National Bank of Commerce in St. Louis during employees' new business contest to acquaint employees with the manner in which the contest was being carried before the public. Copy displayed on the poster is a series of advertisements run in connection with the wind-up of the contest which resulted in total new business of \$6,786,000.

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Poster map of world showing "Ships of Commerce" of the employees' Blue and White fleets in their relative places in their "race around the world" in the new business contest of the National Bank of Commerce in St. Louis.

and announcing the desire of the employees to reach the \$6,000,000 goal. In this advertisement were included the names of employees so that their friends might realize they were in the contest and assist them.

Using the Newspapers

There were eight other pieces of copy in this series, one pointing out that the success of the bank was adding to the success of the community; that those responsible for "Commerce Service" had "3500 years of banking experience"; one addressed to old "Commerce" customers asking them to check up and see if they were customers in all departments. All of these were more or less institutional in nature, but each one carried the designation of a certain special day, such as savings department day, trust department day, commercial, etc.

An amusing discovery was that the banking public took quite an interest in the picture of the employees and tried to pick out the ones with whom they had transactions. As a result, there were quite a few sizable pieces of business that were directly traceable to the "roto" copy alone.

According to John G. Lonsdale, president of the bank, the greatest result of the contest was not shown in its totals, but in the departmental co-ordination that developed.

Co-ordinated Departments

"In six years' time we have added to 'Commerce' a savings department, a bond department, and trust and safety deposit departments. These developments have come so rapidly that we did not have that complete interchange of interest between the departments that is so vital. Running a department store of finance, we found it was highly

necessary that when a customer came in he be given an opportunity to patronize all departments. In other words, we had to practice the finesse that department stores do in supplying all of the wants of a customer.

"After analyzing the situation carefully, we installed, as a preliminary toward the correction of this situation, a central file system by reason of which we were not only able to arrive instantly at those customers who did patronize more than one department, but also secured an immediate cross section of their standing, connections and ability to make use of the other financial facilities we had to offer.

"Following this, we commenced to direct our advertising campaign along these lines, but even yet we were without the sales unity to cash in on the full value of our advertising dollar in this respect.

Employees Know Bank Best

"One of the younger officers of the bank conceived the idea that no one should know so much about the service 'Commerce' had to offer as those who created it, and that while they were not primarily salesmen, through the incentive of a contest and the assistance of an educational campaign, they, best of all, would be in position to sell all of 'Commerce' service.

"The fact that the inter-selling of the other departments was general and that in the final four days of the contest fifty-one wills alone were signed, all sold by employees in other departments; that even specialized facilities like life insurance trusts and voluntary trusts were merchandised by tellers and floor men, indicates the efficiency and interest that was developed in them in the year's time. One young man in the



Poster showing position held by each of the twelve ships of the two fleets in the new business contest of the Bank of Commerce.

savings department sold during the year 150 safe deposit boxes.

Exceeded all Expectations

"Originally we had roughly placed in our minds a goal of \$2,000,000. The fact that we more tripled it is, as I said in the beginning, extremely gratifying, but not half so much to our board of directors as the fact that we feel that the 400 employees we had a year ago are now 400 salesmen, and no bank should overlook the business-building possibilities of its own people.

"It provided as well an excellent means for the management to know thoroughly just what promising timber they possessed, and promotions will be more intelligently made out of those who developed under the stimulus of the campaign. New discoveries of men little suspected of such proclivities is, of itself, a valuable find to the bank."

The employees were divided into twelve teams with an officer as captain and a member of the board of directors as vice admiral. There were six teams in each squadron and the two

squadrons—the Blue and the White—ran, theoretically, a race around the world in the "Ships of Commerce", which made the tie-up with the bank's trade mark.

The contest was divided into four quarters. Quota buttons were issued during each quarter for every 300 points secured.

Some might say that a year's contest is too long; that you cannot sustain the interest, but our experience is that it is good to have a year's contest and to include all departments in it, the main reason being that, to conduct such an effort properly, there is certain selling education necessary which takes time to register with the employees and in turn get results.

Developed Selling Instinct

Being organized by quarters in this fashion gave the bank the opportunity to have each quarter, to some degree, a contest of its own, and in those periods, taking one department at a time, develop the selling instinct for these special facilities in particular periods, or divisions of the major campaign.

The contest proceeded so nicely that it was a case of continually raising the expectations. The bank began by offering an individual first prize of seventy-five dollars to every employee scoring 5000 points. The fact that the bank labeled it first prize indicates that it did not expect large numbers of winners, and, despite the fact that there were 104 of these first prizes won it is believed that in repeating the contest the conditions would be similar because, being eligible a second and a third time adds greatly to the incentive and certainly the business thus secured is worth the additional cost.

Most contests have honor rolls. This bank in its contest took the opposite slant, feeling that the response among the employees would be of such a nature as to advertise those who did not rather than those who did. There was created what we call the "Lost at Sea" list. Any person who did not secure a single piece of business was ignominiously listed among those who had foundered. It became an ob-



Window display used by the National Bank of Commerce in St. Louis in connection with its employees' contest. The "Grow with Commerce" slogan contained in the white frame in the background, and the "100,000 Satisfied Customers" shown in the foreground were also used in the extensive newspaper advertising campaign carried on by the bank during the contest.

ject of pride to avoid this direful list.

The individual and team prizes were as follows:

Team prizes—first prize, \$150; second prize, \$100; third prize, \$75; fourth prize, \$50. Individual prizes—first prize, \$75; second prize, \$50; third prize, \$40; fourth prize, \$30; fifth prize, two at \$20; sixth prize, three at \$10; seventh prize, four at \$5; eighth prize, ten at \$2. For the largest aggregate savings balance—first prize, two weeks extra vacation; second prize, one week extra vacation; third prize, one week extra vacation. For the largest amount of business aside from savings secured during last quarter: one week extra vacation.

Contests Within Contests

Throughout the year there were many special contests. The captains would offer various prizes for special effort in the different quarters. The president offered a special prize one quarter for the largest commercial account and the largest number of commercial accounts. A special prize was offered for the largest number of Christmas Club accounts secured. (The total of this business was not counted in the contest.)

In the closing quarter there was a special offer to those employees who had been with the bank less than six months. One director offered a special cup

to his team. In fact, the whole event developed into a series of smaller contests within the larger one. Extra vacations were offered. Points in the savings department were scored not alone on the initial deposit, but on the average balance over a given period. This last was exceedingly good in keeping spirits aroused to the necessity of securing profitable business, for the crediting of points on average balances improved the quality of the accounts.

The squadron that had the highest number of points in each quarter was given some sort of entertainment, either dinner, dance, excursion or theater party. At the closing dinner of the contest, at which all of the prizes were awarded, service buttons were distributed to the entire force, the distribution being based upon the number of quota buttons won in the contest plus the number of years of service each had devoted to the bank.

Frequent Meetings

During the entire contest, there were many meetings, particularly in the days of its inception, both for the sake of

enthusiasm and for the purpose of instructing employees in methods. Many of the difficulties of sending out 400 promiscuous solicitors in this fashion were overcome in systems devised and talks made at these meetings. For instance, one of the cardinal rulings of the contest was: "No employee will be permitted to use any arguments which might prove in any way detrimental to any other bank in the community."

Then there was the danger of large firms being annoyed by many solicitations. This was overcome by requiring employees to register with the new business department any firm that they desired to solicit.

Of course, there were a thousand and one situations coming up and, as difficult as some of them seemed, they were usually made use of to illustrate to the team workers the proper way of getting business. A committee called the "War Board" settled any matters in which difference of scoring opinion arose.

One of the principal experiences of the contest—that of underselling a man—finally de-

veloped into the slogan: "Don't sell them a go-cart if they can afford a Packard." One teller found, for example, that the Italian who had been coming in every morning for years and selling them apples did not have an account at the bank. The teller solicited him for a savings account and was rather astonished when he opened for \$3000.

The employees became very zealous in checking up the source of their purchases and insisted that those they did business with should do business with them. One very humorous incident occurred when a dentist presented his bill for \$7 and received in payment a receipt for a \$5 safety deposit box and a \$2 bill.

There was a noticeable diminishing of the calls on the bank of those salesmen and solicitors whose firms would not or did not do business with the Bank of Commerce.

Enthusiasm Ran High

The participants seemed especially insistent upon the sale of safety deposit boxes. Naturally, this developed various comments. For example, a man came in one day to transact some business and opened his conversation by saying: "No, I haven't a safe deposit box; I don't want a safe deposit box, now or ever. Now can I talk over some other business with you?"

This is a rare instance, however, and but bespeaks the genuine enthusiasm with which they worked. One of the boys, lacking on the final day two boxes of hitting the 150 mark in rental of safe deposit boxes, sold one to a young high school graduate to keep her diploma in. This, better than pages of comment, can illustrate the forcefulness the interested employees developed in a selling way.

Stock Growers Bank News

Vol. X. Worland, Wyoming, February 12, 1925. No. 6.

A prominent Ten Sleep merchant was seen on the streets of Worland last Friday looking for the sheriff, "What for?" asked someone. His reply, "Well, Muirhead, drove over to our town yesterday. Backed his jitney up to our bank and took it off to Worland."

As announced last week The Stockgrowers of Worland has assumed the despondent obligations of the "Stockgrowers" of Ten Sleep. That means it stands good for deposits in the latter.

Last night reading "Johnnie Gibb of Gushetneuk", a famous book written in the Scotch vernacular, there was quoted this old Scotch byword—"Them that buys beef, buys banes". It suggested a bone of contention that may arise over the Ten Sleep situation. In fact it has arisen.

A few patriotic Ten Sleepers may feel aggrieved over the loss of the bank. Will they seek to take it out on the guarantor of its deposits or will they consider facts? For five years, from 1918 to 1923, I helped to give Ten Sleep modern banking service. The bank was commenced in flush times. 50c dollars prevailed. Money, the bankers raw material, seemed to justify the installation. What happened? The silent panic of 1920-1921. Only half the money left. Big debts and little incomes. The qualified men put in charge of the bank were hired away at better pay. It was discouraging.

I have been out of the use of \$6,000.00 for five years without any return, not mention a weekly trip of sixty miles. Perhaps if local capitalists were interested it might succeed as a one-man bank. So that was done. First one tried it and then another. There was talk of voluntary liquidation several times but I disparaged the idea. Last fall the Ten Sleep bank switched its Worland correspondent, presumably to see if that would not change its luck. The Stockgrowers was clean out of it for a month or two. It was not until I was definitely approached and told by the management that the bank would be liquidated if someone did not take it on, that the responsibility was shouldered. And don't forget that other interests had had a first refusal at that. The Stockgrowers has always felt at home at Ten Sleep so what was done seemed the logical thing.

The Stockgrowers State Bank is strong for mortgages but . . . intimidated last week, we don't claim a mortgage on anybody's business. We hate to have a single one quit but rather that, than have anybody nurse a grievance. The Stockgrowers can pay on demand.

Nothing like plain talk and explanation to avoid misunderstandings. That's one reason why folks have confidence in the Stockgrowers.

Yours for business,


G. C. Muirhead, President.

A "Stock Growers Bank News" advertisement written by G. C. Muirhead, the versatile and highly original copy-writer-president of the Stockgrowers State Bank of Worland, Wyoming. Mr. Muirhead has been doing this sort of thing consistently for more than ten years in every issue of the local weekly newspaper. His advertisements take the form of a miniature country newspaper, and are run two columns wide. His advertising has gone a long way toward helping his bank secure deposits of nearly \$400,000 in a town of 1200 population, with two other banks, in what he calls the "deflated West."

That the interest might be kept at white heat, two publications were issued weekly, the *Crowsnest* and the *Log*, one for each squadron. These carried the standings to date and the latest news of the contest, that those who read might

be inspired by the work of others. No one contemplating a contest should overlook the value of keeping those participating fully informed in this fashion. It really supplies the incentive that makes the wheels go round.

OLD NATIONAL COMPANY
OF GRAND RAPIDS
INCORPORATED 1854



*The Need
of
Investment Counsel*

HOW SHOULD I invest my surplus funds? What investments are most suitable for *my* particular needs?

How *safe* are the bonds and stocks I now own? Are they properly *diversified*? Should I exchange any of them for others? How can I increase my income?

The need of *conservative investment counsel* is becoming more and more apparent.

Bring your investment problems to us.

OLD NATIONAL COMPANY
CLAY H. HOLLISTER, President
LEZUEL S. HILLMAN, Vice President and Manager
GEORGE F. MACKENZIE, Vice President and Treasurer

TELEPHONES
Citizens 4361
Bell Main 4229

Here is some copy of a Grand Rapids, Mich., investment company of a nature calculated to arouse the interest of the man who has surplus funds to invest. But the company might have carried the matter a step further and told investors just why and how it could help them. Reduced from newspaper size three columns wide by 10 inches.

Banks Should Advertise for Business— Not Merely Good Will

By WALTER E. DEVLIN
The Bankers Supply Company

NO banker would countenance throwing away a few hundred, a few thousand, or several thousand dollars a year. Yet thousands of bankers throw away astonishing sums of money every year in the guise and under the cloak of good will advertising. As such, good will advertising has no excuse. The only excuse for the existence of any advertising

is that it produces deposits and profits immediately. Without results advertising money is wasted.

The good will advertising day passed back in 1920. Even then, with excess profits and all, there was no excuse for its existence. Today good will advertising should be thrown into the scrap heap. Of course, every advertisement should

build good will—but merely as a plus item on the straight sales talk.

Bankers will all admit that people in their communities do not make use of the banks as they should. The bankers all say that only one person in five ever asks the bank for any special help or counsel.

And why?

For the simple reason that most banks when they do advertise simply build good will. They do not sell.

What Advertising Can Do

Advertising can sell the services of the bank. Printed salesmanship, which, after all, is what advertising really is, can and will increase savings accounts, sell bonds and stocks, and create trust estates for the banker. It will make four out of five ask for special counsel. It will make the public use the bank. It will increase deposits. Printed salesmanship used by the Government to sell War Savings Certificates was so successful that banks asked the Government to stop the campaign. Bank savings depositors were buying War Savings Certificates out of savings. That is proof that printed salesmanship will get business. And what printed salesmanship will do for the Government it will do for the banker. But it must be salesmanship.

What kind of advertising will sell the services of the bank? There is only one kind and that is the kind which pictures results—the kind which pictures the benefits to the depositor—in a way which will cause him to want to make use of the bank.

The bank wants depositors to accumulate funds either in savings or checking accounts and then with these funds buy investments from the bank. And with these investments make use

WHO GETS THE MONEY YOU EARN? No. 1

TAKING STOCK

Figure up the value of the things you own—
Your real estate; Your life insurance;
Your investments; Your cash on hand.

Figure up your debts and estimate your
future needs—
The "Home Buying" problem; Mortgage on
your home, if you own one; Life insurance
for proper protection; Cost of educating
your children; The needs of your family
if your income were suddenly cut off.

How are you coming out—are your affairs
in good shape?

Have you a definite purpose and plan for sav-
ing the money to meet all these obligations?

Would you like to talk over your plans with us?

Come in, we can help you.

The Bowery Savings Bank

130 East 42nd Street 130 BOWERY
Ask for Mr. LESTER Ask for MR. MACDOWELL

BOWERY SAVINGS BANK,
NEW YORK, N. Y.

T. Please send me your leaflet on "Taking Stock."

NAME

ADDRESS

WHO GETS THE MONEY YOU EARN?
No. 2

Be Sure of Your Share

Save first and spend the balance is a good
motto, because it works.

There is one sure way to save money—
commit yourself to a plan that requires you to
put away a certain definite amount regularly
—week in and week out, and then—

Take that amount out of your earnings each
pay day and put it in the bank before you
begin to spend.

The value of your earnings is not measured
by the amount of money you receive on pay
day, but by

How Much of It You Keep and
How Wholly You Spend the Balance.

Have you a purpose in saving and spending money?

Come in, we can help you.

The Bowery Savings Bank

130 EAST 42ND STREET 130 BOWERY
Ask for Mr. Lester Ask for Mr. MacDowell

Please send me leaflet on "Setting a Goal."

NAME

ADDRESS

Two advertisements of the Bowery Savings Bank of New York, which is doing some excellent pioneer work in the type of savings advertising that shows people how the bank can help them get what they want through saving. These advertisements are reduced from three newspaper columns wide by 3 inches each.

of safe deposit boxes, trust services, etc.

Saving Doesn't Interest People

But most people are not interested in saving money. People are interested in obtaining things which will make life more happy, things which will make life more interesting. And if the banks are going to have real success in advertising they must, of necessity, show how saving will assist people to get the things they want. There is no other way to obtain results in the measure they should be obtained.

And so the banker, when he considers his advertising, must consider what will interest his prospects to a point where they will want to use the bank to its fullest extent.

In this article we will sub-

divide the departments of the bank, treating each one separately, in an effort to show what it is in advertising that will build business for each particular department.

It is admitted that every one should save money. Yet most people don't. And, of those who do, many save in a very haphazard way. There is no goal in sight.

People in America have a way of getting most of the things they want. The wanted automobiles. They got them. They wanted electric lights, telephones and radios. They got them. And the minute they want savings accounts and investments, these too will be obtained.

It is simply a question of showing the people of America how the banks can help in the

satisfaction of wants. Then the saving and the use of bank service will be automatic.

Making Prospects Want to Save

In what way can a banker make his prospects want to save? There are many ways. Most married couples have children. A college education is desired. A bank can show prospective depositors, how, through a combination of savings for four or five years and insurance the children can be educated for half the usual cost if an early start is made.

Imagine the effect of a headline of this character:

**Want to Send That Baby of Yours to College?
Here is a Plan Which Cuts the Cost in Half**

That headline sells results. The text, properly written,

(Continued on page 1005)

Banking Publicity

RICHARD F. DURHAM, Editor
 Monthly Publicity Section
 THE BANKERS MAGAZINE
 71-73 Murray St., New York

JUNE 1925

IN a very thought-provoking article appearing in this number of *BANKING PUBLICITY*, Walter E. Devlin makes a number of interesting and pertinent observations regarding good will advertising by banks—and advertising for direct returns.

With much that Mr. Devlin has to say, the editor is in the entire accord. But Mr. Devlin does not make himself clear on some points. He remarks that "thousands of bankers throw away astonishing sums of money every year in the guise and under the cloak of good will advertising." So they do. So do manufacturers. So do merchants.—But often, in the editor's opinion, not so much for the reason that their advertising is good will advertising as because of the fact that it is simply *poor* advertising without evidence of plan or purpose.

"Good will advertising as such," says Mr. Devlin, "has no excuse. The only excuse for the existense of any advertising is that it produces deposits and profits *immediately**. Without results advertising money is wasted. . . Today good will advertising should be thrown into the scrap heap."

*Italics are editor's.

What does Mr. Devlin mean in his use of "immediately" with regard to advertising producing deposits and profits? Does he mean tomorrow? Or next week? Or next month?—He is somewhat misleading.

The editor is not in accord with Mr. Devlin in his assertion that good will advertising should be thrown into the scrap heap. The editor no more believes this than he believes that all advertising should be thrown into the scrap heap. Banks need good will fully as much as do manufacturers or merchants. And advertising is one of the best means of getting it. Also one of the cheapest.

Some time ago a director in a bank in Washington, D. C., after listening for some time to disputes about the relative values of different kinds of advertising, decided to conduct as comprehensive and thorough an investigation into the subject as possible.

The story of how this bank director went about his investigation, and what the results were, was interestingly told by Fred Kelly in an article which appeared in *Nation's Business* under the title "How People Pick Their Banks."

His own personal reaction to the showing that advertising made in the investigation is related by Mr. Kelly as follows:

The explanation for this seemingly poor showing made by advertising is probably that many more persons are influenced by advertising than realize it. People gain information about a bank from an advertisement, or "statement," and remember this later on, but they are unable to recall just where they acquired such knowledge. Doubtless much of the confidence in the safety of deposits in one particular bank is acquired through facts and figures one reads in advertisements. Likewise, it may be in formal advertisements that we learn of the conservative history of a bank. But we could not say afterward whether we got this knowledge from an advertisement or from conversation with friends.

All bank advertising is doubtless like advertising for pianos or any other article not of daily consumption. I never yet have bought a piano, but if I ever do, two or three names that have been flashed at me from electric signs, street car ads, newspapers, and magazines, will instantly occur to me. Likewise, I have never had occasion to become a depositor at any bank in New York City, but I can instantly think of the names of three or four, any of which would be satisfactory. These names have been brought to my attention in the public prints and elsewhere, from time to time, over a period of many years. Yet I could not definitely say that the advertisements of any one of these banks would be a primary influence in making me deal there. The chances are that I would ask some friend about three or four banks I had seen advertised and then make my selection. Thus the real influence would be a combination of advertising and friendship.

Banks Should Advertise for Business

(Continued from page 1019)

would bring into the bank many a fond mother and father. And the bank officials could explain how savings carried on for four or five years would give a sufficient capital, the interest from which used in insurance would assure a college education. In other words by saving \$2000 now the mother and father could have \$4000 for the college education at the time it would be needed and would have about \$2000 left over because of their thoughtfulness.

Imagine the effect of such a headline as this:

The Cost of Running Your Car Doesn't Come Out of Your Salary—This New Way

Saving \$10.00 or more a week for a period of four or five years produces a capital, the income from which will pay for the running of the average car. That story properly told will produce a volume of savings which will be mighty attractive. And it's a story which could be told several ways.

There are hundreds of other ways to cause prospective savers to want to save. The purpose of this article is not to outline all these ways but rather to show how to proceed to make bank advertising effective.

And when the final analysis is made savings advertising, to have full measure of success, must show how the service the bank offers gratifies some existing want.

And by the same reasoning, that savings advertising is successful in proportion to its ability to show how wants are satisfied, so is other bank advertising successful in proportion to its ability to create a desire to use the services of the bank—by showing how wants are satisfied.

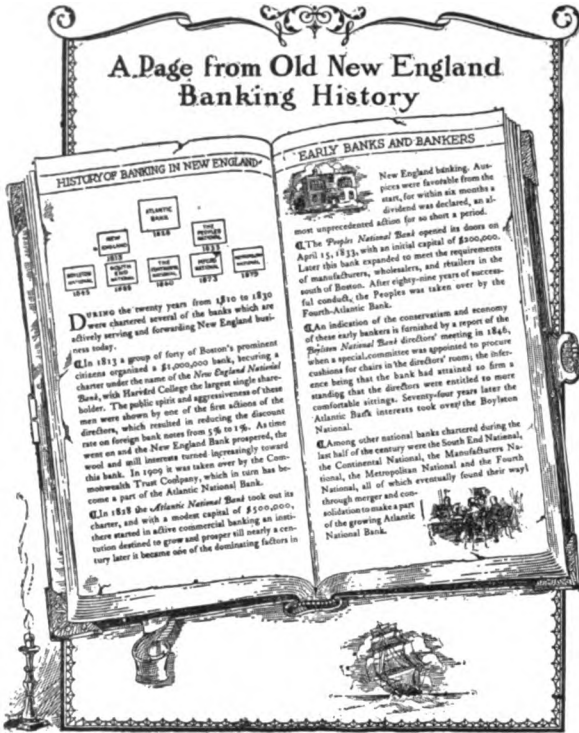
Who's Who in Bank Advertising



ROBERT J. CAMPBELL

Assistant Treasurer Fidelity Savings Trust Company,
Kansas City, Mo.

MR. CAMPBELL has been very successful in bank savings promotion through his use of a church savings plan, which, through the co-operation of the churches of his city, brought in more than 5000 new accounts at a cost of less than \$1 per account. He has also had unusual success in bank window advertising. He was graduated from the University of Kansas in 1913, and, with the exception of one year, has been in the banking field ever since. He has been with the Fidelity Savings Trust Company since 1919.



An advertisement of a Boston bank in the historical style, reduced from newspaper size four columns wide by 10 1/2 inches. The name of the bank running the advertisement appears at first glance to occupy a very subordinate place in the layout; yet it is unobtrusively stressed in both copy and layout.

Getting Checking Accounts

Take commercial account solicitation, for instance. It is not enough to say in advertising that checking accounts are welcome. The advertising should go further. It should point out the advantages of a checking account. How it helps a person to get ahead. How it facilitates the payment of bills. How it enables a person to operate a budget intelligently. How it gives a complete record of financial transactions. These things are wants which exist. The fact that the bank can satisfy these wants will get business.

These are simply suggestions as to how existing desires can be featured to obtain checking accounts for the bank.

And if checking accounts in some cases are unprofitable, advertising can make them profitable. But the advertising must be properly written, playing up, perhaps, an inherent desire for "fair play."


And then, consider safety deposit box departments. How can a desire be handled in advertising to get results? Here, too, the problem resolves itself into a simple matter of showing the advantages, and making those advantages so enticing that even a person with only a few hundred dollars in investments will find that a deposit box satisfies his desire—his want. Then—and only then—will he rent one.

It is apparent at once that advertising—no matter what it

has to sell—must show how the product or service will gratify a want. It cannot be expected to create new wants. That is too big a job for one bank to undertake. But there are enough existing wants for any bank to play upon for successful results.

How Banks Are Advertising

THE Peoples Savings and Trust Company of Pittsburgh has for the last four years been using a combined savings and life insurance plan known as the "Peoples Insured Savings Plan." The bank feels that the working out of the plan has well justified its continuance and further development. It has today more than 5000 accounts on its books based on



Linking American Business with the Far East

THE EQUITABLE EASTERN BANKING CORPORATION announces the opening of a new office in Hongkong—an important addition to the Far Eastern facilities already afforded by its Shanghai office.

In Nineteen Hundred and Twenty The Equitable Trust Company of New York organized the Equitable Eastern Banking Corporation to provide adequate banking assistance for exporters and importers in developing their markets in the Orient. The Equitable Eastern offers American merchants not only the prestige of its parent organization, but the added services of a bank devoted exclusively to Asiatic transactions.

If you have business in the Far East—call or see New York or foreign offices and let the staff you know we can help you.

Equitable Eastern Banking Corporation
37 Wall Street, New York

SEANGHAI OFFICE . . . 4 KAWAIIAN BAY
HONGKONG OFFICE . . . QUEENSWAY

Total Resources over \$11,000,000

A well constructed advertisement of a New York bank having offices abroad, announcing the opening of a new foreign office and emphasizing the foreign banking facilities which are offered to American importers and exporters. Reduced from two columns wide by 3 1/2 inches.

the plan, with over \$1,000,000 on deposit. This amount is constantly increasing, and contracts under the plan call for \$6,000,000 more in deposits.

The "Peoples Insured Savings Plan" is a savings account paying 4 per cent., combined with life insurance in an old-line company. The plan is based on monthly deposits extending over a period of 120 months. For each \$1000 that the depositor decides to save, the monthly deposits vary as follows:

\$7.45 between the ages of 18 and 40 years.

\$7.59 between the ages of 41 and 45 years.

\$7.85 between the ages of 46 and 50 years.

The insurance is in the form of a decreasing term policy. The insured is always protected for the difference between the amount which stands to the credit of his savings account and the amount which he has stipulated that he will save.

The Eyes of the Nation are upon the South

The South, rich in natural resources and raw materials and blessed with favorable climatic and labor conditions, is increasingly centering the attention of thinking men everywhere.

This institution, for forty years a faithful servant of good business in the Central South, is keeping step with the rapid development of this section.

In your business plans in the South, you will find its service a very helpful influence.

"A Greater Bank for Greater Nashville"

THE AMERICAN BANKS
 American National Bank NASHVILLE American Trust Company
 American National Company INCORPORATED

A Nashville, Tenn., bank seeks good will for itself indirectly through an advertisement seeking to attract good will to the section of the country in which it is located. Reduced from four columns wide by 3/4 inches, newspaper size.

When Washington Was President

Just as the Bank of New York served the public in the simpler days of Washington, so the Bank of New York & Trust Company meets the more complex banking and fiduciary requirements of today.

Bank of New York & Trust Co.
 Capital, Surplus and Undivided Profits over \$14,000,000
 Main Office 52 Wall Street Foreign Department 40 Wall Street
 Madison Avenue Office at 63rd Street

Timely copy of unusual human interest, run by a New York bank on Washington's birthday. The advertisement reproduces help wanted notices appearing in a New York newspaper 135 years ago, during Washington's presidency, for a cook and a coachman to be employed by "the family of the president of the United States." The bank notes in its copy that the same issue of the newspaper referred to mentions the Bank of New York, then six years old.

Side by side on the same page of a newspaper in a Southern city appeared the advertisements of two banks of that city. The copy of these advertisements presented two very contrasting types of appeal. The copy of one read:

"The man who does not make the acquaintance of a bank account in his early years, frequently becomes intimate with the sheriff in later life."


The copy of the other bore the caption "Put a Meter on Your Expenses" and read:

"Your gas meter tells you how much gas you have used. Your electric light meter tells you how much electricity you have used. A checking account will tell you just how, when and where your money went. It automatically becomes an 'expense-meter' and besides — every

cancelled check becomes a permanent and accurate receipt. Can you think of a single good reason why you should not open a checking account?"


"WHAT Will You Leave Him Besides Your Name?" is the title of an attractively prepared trust folder published by the Plainfield Trust Company of Plainfield, N. J. Layout, illustration and copy of this booklet have been very effectively handled.

THE Savings Bank of Utica, Utica, New York, is publishing a new school-bank paper entitled "Education-Thrift-Success Magazine." The title of the magazine was chosen through a contest among school



The Epizootic Epidemic
Fifty Years Ago

Cleveland Trust Banks
Reserves Now Over \$200,000,000
ABOVE ALL—SAFETY! 4% ON SAVINGS
Every Service a Bank Should Give!



"The Millerites"
near *Library and Professor*

Cleveland Trust Banks
ABOVE ALL—SAFETY! 4% ON SAVINGS
Every Service a Bank Should Give



They Voted Early and Often
at old St. Clair-125th

Cleveland Trust Banks
Reserves Now Over \$200,000,000
ABOVE ALL—SAFETY! 4% ON SAVINGS
Every Service a Bank Should Give!

Three advertisements of a newspaper series run by a Cleveland bank. The entire series featured various interesting historical episodes in their relation to the particular communities in which the bank's fifty-odd branches are located.



An incident of thrift week in New York City. A group of employees in the shop of the Interborough Rapid Transit Company listening to an address on the subject of thrift given by a representative of the Gotham National Bank.

children of Utica. The winning title is explained in the magazine as follows:

"The cut at the top of the front page shows the pictures of a school and a bank and indicates the co-operation of these two institutions for a definite purpose. The school represents Education, the bank represents Thrift, and their co-operation is for the purpose of bringing Success to those who make proper use of them. Therefore the title 'Education-Thrift-Success' sums up the whole idea of the paper in three words, and is the most suitable title suggested."

BANK ADVERTISING EXCHANGE

IN connection with BANKING PUBLICITY there is conducted a Bank Advertising Exchange, containing a list of names of bank advertisers willing to exchange advertisements, booklets and other publicity matter issued by them. Any subscriber who will agree to exchange advertising matter may be added to this list. A copy of this list may be had by any subscriber upon application.

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



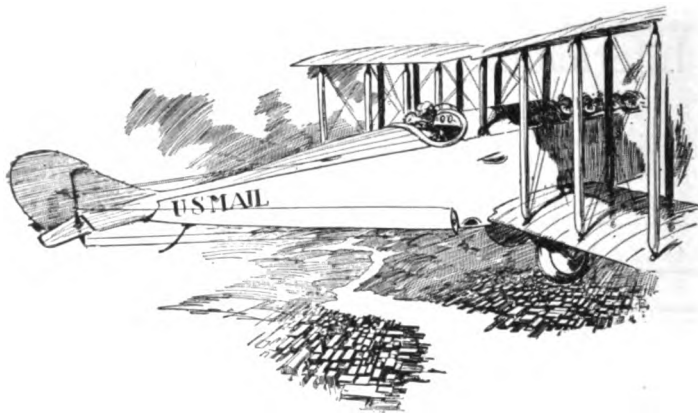
A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
London, E. C.

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



Lending wings to business

When a letter or a package must be delivered without a moment's delay, The Equitable sends it by air mail.

In South America, for instance, many of the regular delivery routes from seaports to towns in the interior are slow and subject to frequent interruption. The Equitable saves days and sometimes even weeks by using air mail.

Naturally precautions are taken to insure the delivery of letters sent by air mail. Duplicates are mailed over the regular routes.

The use we make of the air mails is only an example of Equitable progressiveness. In the interests of our customers and our correspondents, we adopt the most up-to-date methods.

THE EQUITABLE TRUST COMPANY OF NEW YORK 37 WALL STREET

UPTOWN OFFICE
Madison Ave. at 45th St.

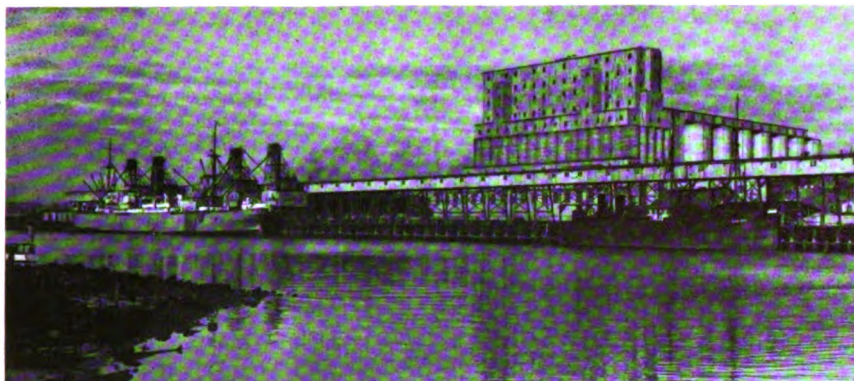
IMPORTERS AND TRADERS OFFICE
247 Broadway

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



Wheat terminal, White Bay, Sydney, New South Wales

Australia—The Land of Opportunities

Vast Resources of the Great Continent of the South Seas Make It Fertile Field for Colonization, Enterprise and Investment

THE projected cruise of the United States Navy across the Pacific Ocean will serve to focus the attention of Americans on the countries which will be visited by the fleet, among them Australia.

Prior to the World War, Australia was little more than a name to the vast majority of the citizens of the United States—a speck on the map of the world, too far remote for a second thought. But the men she sent to help in that great struggle—those splendid troops—compelled people the world over to wonder; what must the country be like which produces such men?

A growing stream of travellers, curious to see a little of the country, comes and goes by every boat and this far away continent becomes a little better known even though many of its visitors from America merely spend a few days in Sydney and return by the same boat. So Australia's contribution in men to the armies of the world proved to be an advertisement of the snowball type.

This great continent of the South Seas is one of the least developed fertile portions of the earth, and, as such, offers opportunities for colonization and the safe investment of capital.

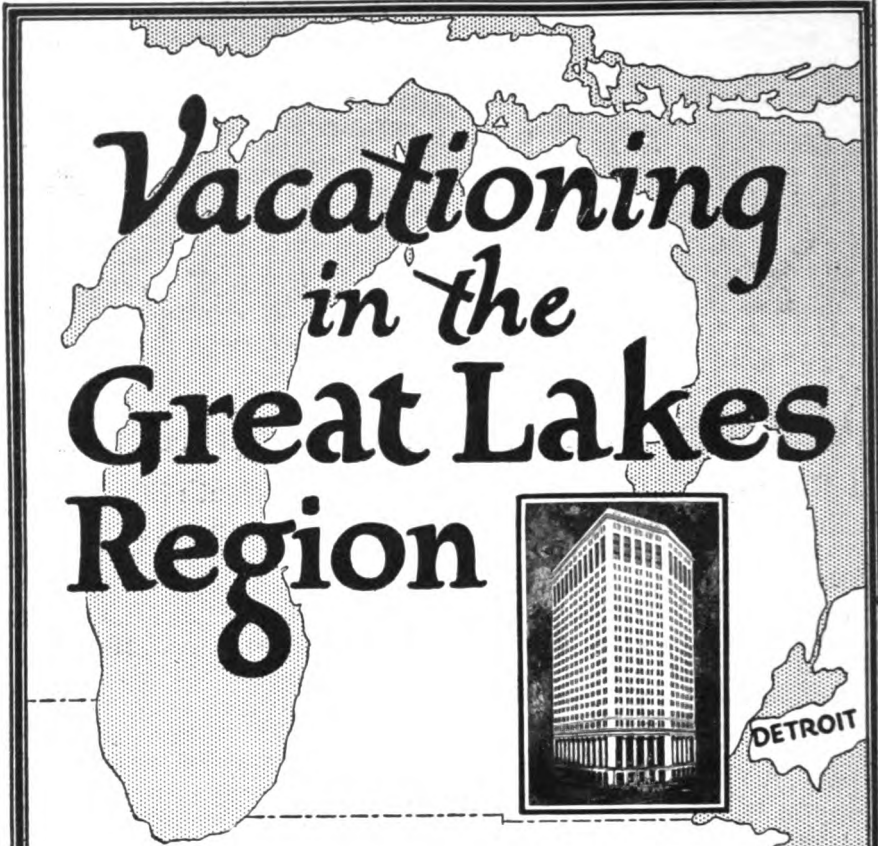
Australia has just celebrated the

137th anniversary of the landing of the first white settlers, which took place on January 26, 1788, and its population now numbers 6,000,000 which compares favorably with the early development of America. Compared with the vast extent of the continent, which measures 4000 miles from east to west and 2500 miles at its greatest distance north to south, with a total area of approximately 2,974,581 square miles, the population of 6,000,000 is the merest sprinkling. As the consequent development has been largely confined to little more than a fringe extending 500 miles from the coast line, from the point of view of colonization, Australia offers greater opportunities than any other country.

Of the total area of the continent 111,548,000 acres have been alienated, 57,568,000 are in process of alienation, 949,885,000 are Crown lands held under lease and license, and 784,731,000 are in the hands of the Governments.

Agriculture in First Place

Agriculture, of course, takes first place in the country's activities. For the present year, the yield of wool in Australia will be approximately 2,050,000 bales of about 350 pounds each,



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.

worth about \$530,000,000. The wheat yield will be from 145,000,000 to 150,000,000 bushels, which will give a return to the growers of about \$265,000,000, so that these two products alone show a value for the year of \$130 for each man, woman and child in the country.


A table of the principal pastoral and agricultural products for the year 1922-23 (the latest available) is given below.

Up to date the State of New South Wales is the only one to introduce the bulk handling of grain. Some thirty centers have modern elevators which serve to feed the large terminal elevator erected on the shores of White Bay in Sydney harbor. The terminal has a capacity of 6,500,000 bushels and the constructions at country centers have a combined capacity of 6,000,000 bushels. The authorities in other wheat producing states have been watching the results of this system with interest, and consideration is being given in both Victoria and South Australia to the question of providing similar facilities.

It is indicative of the general leaning on the government that this commercial enterprise should be left to the governing authorities instead of being under-

11,000 miles of wires

to facilitate the purchase
or sale of Bonds



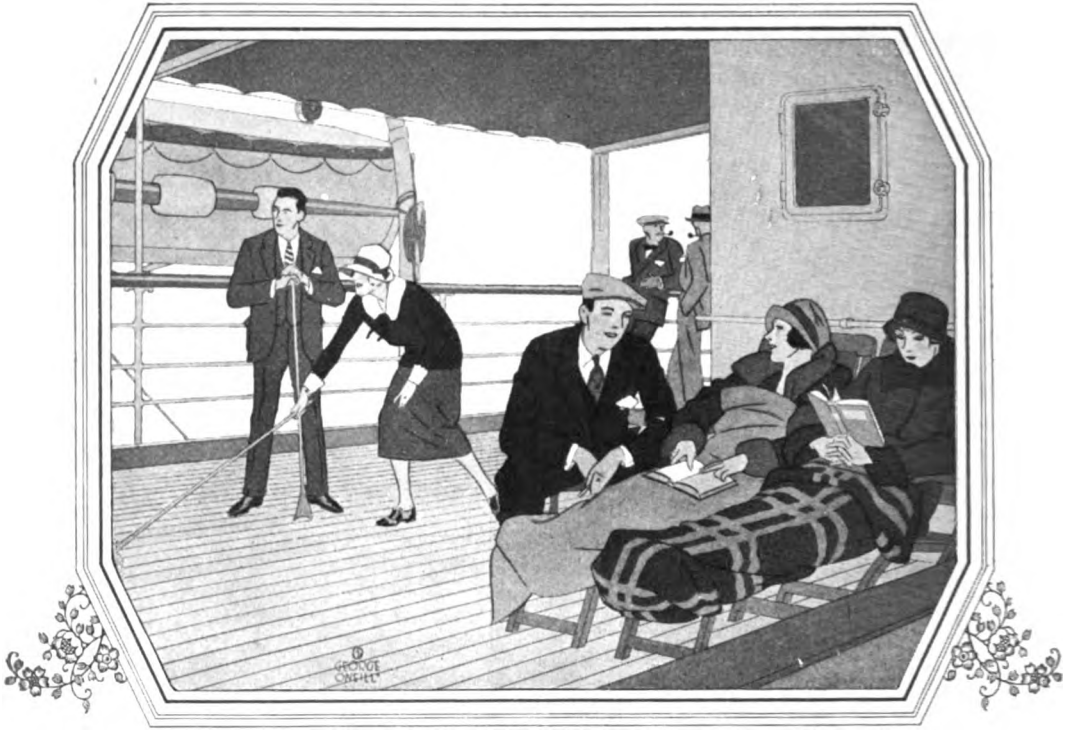
NEW YORK NEW ORLEANS
CHICAGO SAN FRANCISCO
BOSTON PHILADELPHIA
LONDON MONTREAL
 TOKIO

taken by companies formed for the purpose or by those firms which owe their

Wool	Butter	Cheese	Bacon and Ham	Wheat	Oats	Sugar
pounds	pounds	pounds	pounds	bushels	bushels	tons
640,318,000	234,995,000	23,711,000	62,476,000	109,455,000	14,982,000	306,000



A sheep property at Lilydale, Victoria



TOURIST III CLASS TO FRANCE

\$162⁰⁰ round trip

HAVE you rested in the gardens of the Tuileries under an orange sunset . . . till the slow dark came . . . and a little moon like a silver boat swam upside down in the fountains? . . . Have you seen the Venus de Milo, velvet loveliness without equal, in the Louvre? . . . Have you seen the Petit Trianon of Marie Antoinette and Fontainebleau of Napoleon?

Have you seen the markets at dawn—and the Ritz at the dansant hour—Montmartre at night? Have you seen the quaint cafes of the moment, and the regal Opera of Paris? Have you seen modes launched at the races—and fortunes lost and won?

Of course a trip to France is possible now by way of the Tourist III class!

You travel for ninety dollars, Tourist III class, in individual cabins on a French liner, or a round trip for one hundred and sixty-two dollars. The food is practically the same as for passengers who pay much more, though there's less variety. Plenty of deck space, salons, smoking rooms—dances—and a jolly crowd.

When you get to France, you can tour—for six dollars a day. Why not try it this summer? . . . Doesn't it sound more attractive than the vacations you've been taking? Write for booklets . . . they 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*

EXPERT SERVICE

in handling the business of correspondent banks

CORRESPONDENTS of the Irving-Columbia are served by men who are thoroughly familiar with both ends of correspondent transactions. Some of them have been bank executives in other cities; some have been representatives in the field.

Concentrated in the Out-of-Town Office, handling only the business of out-of-town customers, the service of these specialists is more than a con-

venience. It is a practical assurance that every out-of-town transaction will be handled with understanding, accuracy and maximum speed.

Through an Advisory Board whose members are representative of important industries of the Nation, the Out-of-Town Office is kept constantly in touch with the requirements of banks in different parts of the country.

IRVING BANK-COLUMBIA TRUST COMPANY
New York City

existence to the purchase and handling of grain.

Hitherto the irregularity of the rainfall has been a big drawback to agriculture, and has brought about great variation in the results from season to season, but this situation is being rapidly remedied.

Irrigation an Important Factor

The active policy of water conservation and irrigation, pursued for some years, is making the lot of the man on the land less dependent on the vagaries of climate over large areas. The great

Burrinjuck dam in New South Wales, serves the Murrumbidgee area, where to date 2000 farms have been graded and brought under irrigation, while additional farms are being continually brought within its scope.

A further big work in the same direction is well in hand on the Murray river, and its two main tributaries the Darling and Murrumbidgee where a series of locks and weirs is being provided, primarily to insure the navigation of the rivers over a distance of 1370 miles. In addition, a dam is being constructed further up the Murray river at its junc-



Young vineyard, Trescoy, Victoria



Hay making at "Landfall," East Tamar, Tasmania

tion with the Mitta Mitta which will impound approximately 86,520,000,000 cubic feet of water. The purpose of this is to maintain the flow of the river below the dam and insure navigation for shallow river craft all the year round. At present a considerable tonnage of wheat, wool, fruit, etc., is conveyed over these rivers during parts of the year, but it has not been possible to exploit their possibilities to more than a fraction of their capacity.

The flow of the river at the various dams will be utilized to generate hydro-

electric power for the surrounding settlements and provide the means for the establishment of secondary industries. The present aim at the Mitta Mitta dam is 50,000 h. p. units, but this will be capable of further expansion.

The whole of the river valleys which will come within the influence of this scheme are highly fertile and capable of producing the finest fruits, wines, tobacco, and other products requiring intense culture, but the extent to which these lands will be brought under irrigation as a subsidiary to the water con-



Orchard country on the Hawkesbury river, New South Wales

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 \$19,000,000.00

Member New York Clearing House

Member Federal Reserve System

New York State Depository

Complete Foreign Banking Facilities

Correspondents in All Parts of the World

servation scheme has not yet been decided.

Another irrigation project which has been in operation for many years is what is known as the Waranga basin in Victoria. A dam across the river Goulburn banks the water back for many miles and Lake Nagambie and various storage basins are held full by this means. A considerable tract of the surrounding country is under direct irrigation from the basin, resulting in an enormously increased output of fruit and other crops, and a great increase to land values. The impoundage here is 8,478,960,000 cubic feet and can be increased to 14,102,760,000 cubic feet by raising the level of the dam 10 feet.

Vineyards and Cotton Growing

For the cultivation of vines, the land lends itself admirably. Sultanias and raisins from the irrigated areas of Australia have attained the highest place on the world's markets, while her wines

are slowly but very surely gaining in public esteem against the old established and favorite vintages of Europe.

Further works of a like nature are projected which will bring large areas within their scope, insured against the vagaries of climate, and offering opportunities for close settlement to the man who inclines toward the nearby society of his neighbors, while in other directions works are in progress for the express purpose of producing hydroelectric power.

Large areas in Queensland suitable for cotton growing are available for settlement to farmers possessed of a nucleus of capital. Production of cotton is showing steady progress and increased areas are being brought under cultivation each season. The crop for the present season is expected to yield about \$3,000,000.

In Western Australia, community settlements are favored, and numerous parties from Great Britain are at the mo-



Railway bridge over Hawkesbury river, New South Wales

ment busily engaged at pioneer work under the paternal eye of the Government of that state, and the experiment gives promise of being entirely successful.

As distinct from many other countries the climate of Australia is such that agricultural work can be carried on throughout the entire year, and the housing and hand feeding of stock during the winter is unnecessary.

known to be highly mineralized, but no systematic mineralogical survey has ever been undertaken.

Timber Resources

Australia's timber resources are principally made up of hardwoods for which there is keen demand. The bulk of the ties used in the South African railways are of Australian hardwood obtained

Value of Mineral Production 1922-23

Gold	Silver and Lead	Copper	Tin	Zinc	Coal	Iron
£3,545,000	£3,014,000	£844,000	£396,000	£1,157,000	£10,455,000	£249,000

For the year 1924 for the State of New South Wales, the mineral output has reached a value of £18,000,000, which is in excess of the output for the whole of Australia for the year 1922-23 which is the latest date for which the output for the whole Commonwealth is available.

While the more settled, and areas bordering on the more settled portions have been fairly closely prospected the whole of the northern half of the continent has been little more than scratched in patches. Vast areas are

mostly from western Australia. South Africa also looks to Australia for a large proportion of the piles and heavy timbers used in the construction of her wharves for which purpose turpentine and ironbark prove specially resistant to the destructive elements found under water.

In soft woods the continent is deficient, although efforts are being made to overcome this by the planting of considerable areas with varieties of the best known soft woods of America. The plantations so made are, as yet, too



Westminster Bank Limited

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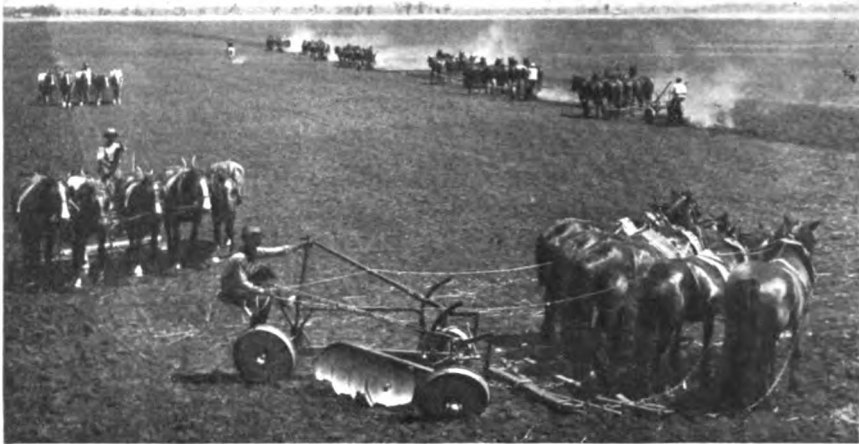
young for supplies but the experiments are progressing satisfactorily, and further areas are being brought within the scope of this activity. It is satisfactory to note that although her timber resources are being heavily drawn upon a system of reforestation is being actively pursued.

In the establishment of secondary industries the potentialities of the country are attracting more and more attention and leading British firms are opening branches of their activities or establishing subsidiary companies under their control. The most recent among many British organizations to announce their intention to establish a branch of their business in Australia is Metropolitan Vickers, Ltd., who intend to commence the manufacture of electrical equipment near Sydney, in New South Wales, in the near future. Some five years ago the Government of the State of Tasmania placed in hand the work of harnessing the Great Lakes in that state,

and the whole of the power produced in the first installation has been sold.

Hydro-Electric Development

The provision of electric power immediately attracted a number of big manufacturing concerns from England and has stimulated the establishment and enlargement of many local industries. The possibilities of hydro-electric generation have not by any means been fully exploited in Australia. A tremendous volume of water power is still available for the purpose in districts whose potentialities are great and where development either of primary or secondary industries has, as yet, barely been undertaken. A notable example is the Snowy river in the south-eastern corner of New South Wales where a dam with the capacity of 23,500,000,000 cubic feet could be built without any engineering difficulty. The total generative power of this scheme is



Cultivating at Narromine, New South Wales

estimated at not less than 200,000 h. p. and surrounding the site is a huge tract of country largely undeveloped but of tremendous potential value. Australia, in any case, is not lacking in power, as she has enormous coal deposits.

American firms appear to be dilatory in grasping the opportunities which are open to them, though at the moment of writing emissaries from the Ford Motor Company are here, leisurely, but none the less thoroughly examining the question of setting up a branch of their industry. One swallow does not make a spring, but the establishment of a branch of that company's activities should serve to bring home to American business men that this continent, with its great natural wealth, lends itself to that enterprise and acumen for which they are noted.

While it is notorious that the almost complete government monopoly of the ownership of railways has acted as a deterrent rather than an incentive to the development of Australia, the completion of the North-South Railway across the continent to Port Darwin will shortly be taken in hand and will serve to bring the markets of the East much nearer, and will be of material assistance in placing the surplus products of the country in reach of the vast con-

suming fields of Sumatra, Java and the Malay States, as well as China and Japan.

With such markets at the gates of the continent, with inexhaustible supplies of coal for power, with cheaper hydro-electric power being developed wherever possible, opportunities abound for the successful establishment of industry under ideal conditions.

It is of interest to note that Sydney, the capital of New South Wales, one of the six states comprising the Commonwealth, has now a population of 1,008,500. This means that Sydney is now the third largest city in the southern hemisphere and that only three other cities in the British Empire have greater population. Even the United States of America has only three greater cities despite the very much higher population. The growth of Sydney is largely accounted for by the rapid increase of overseas trade, the development of manufacturing industries, and the economy which is being effected in rural labor by the introduction of machinery. Last year 600 factories were established in Sydney involving a matter of £3,000,000 in land and buildings. Sydney, then, even if it is rather topheavy for this young country, is a useful indication of the prosperity of Australia.

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Review of Countries

Great Britain

IN his announcement before the House of Commons on April 28, of Great Britain's return to the gold standard, Winston Churchill, Chancellor of the Exchequer said in part:

A return to an effective gold standard has long been a settled and declared policy of the country. Every expert conference since the war, from Brussels to Genoa—every expert committee in this country—has urged the principle of a return to the gold standard. No responsible authority has advocated any other policy. No British Government—and every party has held office—no political party, no previous holder of the office of Chancellor of the Exchequer, has challenged, or, so far as I am aware, is now challenging the principle of reversion to the gold standard in international matters at the earliest possible moment. It always has been taken as a matter of course that we should return to it, and the only question open has been the difficult and very delicate question of how and when.

If we are not going to renew the act which prohibits the export of gold coin and bullion, now is the moment when we ought to say so. It is the moment for which the house has patiently waited, at my request, and I express my obligation because I have not been pressed on this matter before the moment at which, after long consideration, it was judged expedient that settlement should be made and action taken. This is the moment most favorable for action.

Our exchange with the United States for some time has been stable, and is at the moment buoyant. We have no immediate heavy commitments across the Atlantic. We have entered a period on both sides of the

Atlantic when political and economic stability seems to be more assured than it has been for some years. If this opportunity were missed it might not recur soon, and the whole finance of the country would be overloaded during that period by the important factor of uncertainty.

The Moment for Action

Now is the appointed time. We therefore have decided that, although prohibition on the export of gold will continue in form on the statute book until December 31, a general license will be given to the Bank of England for the export of gold and bullion from today. We thus resume our international position as a gold standard country from the moment of the declaration that I have made.

That is an important event. But I hasten to add the qualification that returning to the international gold standard does not mean we are going to adopt gold coinage. That is quite unnecessary for the purpose of the international gold standard, and it is out of the question in the present circumstances. It would be unwarrantable extravagance which our present financial stringency by no means allows us to indulge in.

Indeed, I must appeal to all classes, in the public interest, to continue to use notes and to make no change in the habits and practices they have used for the last ten years. The practice of the last ten years has protected the Bank of England and other banks against any appreciable demand for sovereigns or half sovereigns, but now that we are returning publicly to the gold standard in international matters, and with free export of gold, I feel it will be better for us to regularize what has been our practice by legislation. I shall, therefore, propose to introduce a bill which, among other things, will provide (1) that until otherwise pro-

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vided by proclamation, the Bank of England notes and Treasury notes will be convertible into coin only at the option of the Bank of England, and (2) that the right to tender bullion to the mint to be coined shall be confined in the future by law, as it has long been confined in practice, to the Bank of England.

Simultaneously with these two provisions, the Bank of England will be put under obligations to sell gold bullion in amount not

less than 400 fine ounces in exchange for legal tender at the price of £8.17.10½ per standard ounce. For any considerable sum of legal tender presented to the Bank of England, the Bank will be under obligation to meet by bullion at that price.

The further steps which are recommended by the Currency committee, such as amalgamation of the Bank of England note and Treasury note issues, will be deferred, as the committee recommends, until we have sufficient experience of the working of the free international gold market on a gold reserve of approximately £150,000,000. It is only in the light of that experience that we shall be able to fix by permanent statute the ultimate limits of fiduciary issue.

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All that will be in the bill. The bill also has another purpose. We are convinced that our financial position warrants a return to the gold standard. Under the conditions that I have described we have accumulated a gold reserve of £153,000,000. That is the amount considered necessary by the Cunliffe committee, which gold reserve we shall use without hesitation, if necessary, with the bank rate in order to defend and sustain our new position. In order to concentrate our reserve of gold in the most mobile form I have arranged to transfer the £27,000,000 of gold which the Treasury holds against the Treasury note issue, to the Bank of England in exchange for bank notes, and the increase of the gold reserve of the Bank of England will, of course, figure in their accounts.

Further, when we made up our minds to take this course, now many months ago, the Treasury began discreetly to accumulate dollars, and we have already accumulated the whole of the \$166,000,000 which are required not only for June, but also for the December payments of our American debt and for all our other American debt obligations this year.

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Therefore—and it is important—the Treasury will not have any need to come on the market in the autumn, when large seasonal purchases of raw materials are taking place, as a competitor for the purchase of dollars.

Finally, although we believe we are strong enough to achieve this important change from our new resources, and as a further precaution to make assurance doubly sure, I have made arrangements to obtain, if required, credits in the United States of not less than \$300,000,000 with the possibility of expansion, if need be. These credits will only be used, if, as, and when they are required. We do not expect to have to use them, and we shall freely use other measures in priority.

These great credits across the Atlantic Ocean have been obtained and built up as a solemn warning to speculators of every kind and of every hue and in every country, of the resistance which they will encounter and of the reserves with which they will be confronted, if they attempt to disturb the gold parity which Great Britain has now established.

Crosby Questions Reserve Bank's Aid to Britain

In a statement made at Washington on May 4, Oscar T. Crosby, formerly Assistant

Secretary of the United States Treasury, questions the action of the Federal Reserve Bank of New York in extending credit to the amount of \$200,000,000 as an aid to the re-establishment of the gold standard. Mr. Crosby said in part:

With the objective held in view by all the parties to this transaction, most of us, I think, are in hearty sympathy. It remains, however, for the American people to consider how far, and under what conditions, they desire that their public resources should be placed, for any period of time, at the disposal of foreign governments, without resort to the illuminating, though vexatious, processes of discussion as over a treaty.

We may hope that when fuller explanations are given it will be found that the patriotic and intelligent gentlemen who control the Federal Reserve Bank of New York will not have established a precedent which might be embarrassing when other European governments desire to follow the example of the British Treasury.

International politics and international finance are indeed married in a close bond. Governmental agencies engaged in the financial field can scarcely be left that perfect freedom which, I believe, should be enjoyed by private capitalists.

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Another point of interest is presented by this case—namely, whether or not in such a matter the Federal Reserve Board is by statute or practice expected to pass upon such an undertaking of a particular Federal Reserve Bank. Governor Crissinger of the Board has been quoted in the press (as I understand words) to the effect that the Board has no right of supervision in this case. But there is doubt, I believe, as to the soundness of this view. A transaction which, to say the least, seems to blaze the way for most important international relationships, might reasonably be expected by the public to be within the control of a board whose members are full-fledged Government officials. We may also reasonably expect more in the way of explanation than was at first vouchsafed in respect to a matter reported, when first publicly mentioned, as a *fait accompli*.

Crosby Rebuked for His Criticism

The New York *Wall Street Journal* of May 5, in an editorial bearing the caption "Our Bounten Duty," rebukes Mr. Crosby

for his criticism of the New York Federal Reserve Bank's action in making a credit arrangement with Great Britain to aid in her return to gold. This editorial reads as follows:

Criticism regarding the American credit arrangements to aid return of Great Britain to the gold standard comes with ill grace from Oscar T. Crosby, Assistant Secretary of the Treasury in the Wilson administration. While admitting that "with the objective held in view by all the parties to this transaction, most of us, I think, are in hearty sympathy," he proceeds to make insinuations imputing misuse of the powers of the Federal Reserve Banks.

He wants to know if the credit extended by the New York Federal Reserve Bank to the Bank of England will ultimately go to the British Government, for, if so, the American people should consider how far "they desire their public resources to be placed for any period of time at the disposal of foreign governments."

Mr. Crosby should be aware, through his former associations, of the terms of the Federal Reserve Act, as well as all about the business of lending to foreign governments. He should know that in the broad provisions laid down in the act the Federal Reserve Banks are left certain autonomous powers. The law specifically conferred upon them, as a complement to their domestic functions, right to enter into banking, and credit arrangements with foreign agencies, "for the purpose of purchasing, selling and collecting bills of exchange and to buy and sell, with or without its endorsement, through such correspondents or agencies, bills of exchange," etc. Every Federal Reserve Bank has power "to deal in gold coin and bullion at home or abroad, and to make loans thereon," etc.

These powers are broad enough. Given the proper merits of the case, which Mr. Crosby admits, there was no occasion for the

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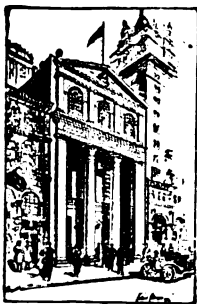
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Federal Reserve Bank to seek further authority. To have withheld the fullest measure of support in the return of sterling to par would have been directly detrimental to the best interests of the American farmer and exporter.

When the Allies came to borrow at the U. S. Treasury during the war, Mr. McAdoo and Mr. Crosby readily appreciated that the national finances and currencies of foreign governments were closely interwoven. We sold our silver dollars to the British Government in order to protect Great Britain's credit in the Far East. Regardless of the obviously more effective control of foreign exchange and discount rates that must result from co-operation between the Bank of England and the Federal Reserve Bank, it is pure quibbling to raise the question now as to the British Government's interest in the transaction.

Critics of the Federal Reserve Bank might also be minded that it has always been regarded as one of the functions, if not the moral obligation, of the bank of issue of one country to extend credit or assistance to the central bank of another country when satisfied as to solvency and security. The Bank of England during her long history has frequently been called upon to advance large sums to continental central banks. It made advances to the Bank of France during the war; it helped to raise capital for the Ger-

man gold discount bank, thus assisting in ultimately restoring Germany's currency to a gold basis and reorganizing the Reichsbank; and it advanced money to the National Bank of Greece in the recent Greek crisis.

Aside from self-interest, therefore, if the support of the Federal Reserve Bank had been denied the Bank of England at this all-important time, it would have been a blot on American banking ideals that would have taken many years to wipe out.

Germany

IN an article entitled "Germany's Trade Balance," appearing in the *London Statist* for April 18, Dr. J. Herle, manager of the Federation of German Industries, says, regarding changes in the geographical distribution of German foreign trade:

A new reparations paradox is revealed by Germany's foreign trade statistics for last year, which show that the countries mainly interested in reparations (Great Britain, France, Italy and Belgium) have considerably reduced their takings of German exports. This is one of the most important conclusions to be drawn from a comparison of the geographical distribution of German foreign trade in 1924 with that in 1913. Other interesting aspects of this examina-

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tion are the trade value of the territories lost by Germany, and the change in direction of German foreign trade generally. These three aspects of the subject are dealt with below in order.

(1) Germany's trade with the chief countries interested in reparations shows the following changes as between 1913 and 1924:

German Imports from—	Amount in millions of marks	
	1913	1924
Great Britain	876	881
France	583	220
Alsace-Lorraine .....	.....	512
Belgium	344	159
Italy	313	368

German Exports to—	Amount in millions of marks	
	1913	1924
Great Britain	1,438	612
France	790	102
Alsace-Lorraine .....	.....	12
Belgium	551	94
Italy	393	241

From this table it will be seen that the reparation creditors bought less goods from Germany in 1924, while at the same time considerably increasing their sales to Germany, Belgium excepted.

(2) Study of the geographical distribution of Germany's foreign trade in 1924 reveals

the extent of the loss Germany has sustained by the surrender of some of her most important agricultural and industrial territories. In the above table Alsace-Lorraine figures very conspicuously; while it increased the participation of France in German exports by only one-eighth—from 102,000,000 marks to 114,000,000—it increased France's participation in German imports more than threefold—from 220,000,000 to 732,000,000. German imports last year from Alsace-Lorraine alone were not far short of the total pre-war import from France, whereas German exports to Alsace-Lorraine in 1924 were only 1.5 per cent. of the pre-war German export to France. Germany's trade last year with all the lost territories is shown in the following table:

(In millions of marks).

	German Imports from—	German Exports to—
Danzig	55	94
Alsace-Lorraine	512	12
Memel territory	22	14
Polish Upper Silesia	239	98
West Poland	66	37
Saar territory	80	70
Total	974	325

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The table shows that the total import from these territories was three times as great as the total export thereo. The imports therefrom comprised not less than 10.5 per cent. of Germany's total imports last year, while the exports to these territories comprised only 4.9 per cent. of Germany's total exports. These figures are impressive as showing the commercial value of the territories lost by Germany under the Treaty of Versailles. Their surrender has increased Germany's excess of imports by 650,000,000 marks, which is nearly 25 per cent. of the total deficit in 1924 (2,750,000,000), and about 60 per cent. of the total pre-war deficit (1913, 1,100,000,000).

(3) The following table shows the distribution of Germany's total foreign trade, by continents and grand divisions, in 1924 and 1913:

German Imports from—	Amount in millions of marks	
	1913	1924
Europe—		
Western	2,137	2,356
Eastern	1,424	680
South-eastern	1,027	865
Southern	757	772
Northern	543	510
Total Europe	5,888	5,183
America	2,995	2,624
United States	1,711	1,754
South America	1,103	723
Asia	1,050	857
Africa	497	381
Australia	328	270
Grand Total*.....	10,770	9,317

German Exports to—	Amount in millions of marks	
	1913	1924
Europe—		
Western	3,478	1,551
Eastern	980	621
South-eastern	1,418	1,026
Southern	1,129	752
Northern	773	813
Total Europe	7,678	4,763
America	1,547	1,118
United States	713	509
South America	665	435
Asia	548	511
Africa	211	144
Australia	104	29
Grand Total*.....	10,097	6,567

*Including Miscellaneous Items. Excluding figures for Gold and Silver.

From this table it will be seen that the continental participation in the imports has hardly changed. On the exports side, America and Asia have considerably increased their participation at the expense of Europe. As regards imports from the Americas, the United States have come into greater prominence than before the war as compared with South America; on the other

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hand, the increase in exports to the Americas is divided equally between the United States and South America. Within Europe, considerable changes have taken place: the participation of the West (England, France, Belgium and the Netherlands) in German imports has increased by nearly one-third, and the participation of the South (Switzerland, Italy, Spain, etc.), by approximately one-fifth, whereas the participation of the East (Poland, Russia, etc.) has fallen to nearly half the pre-war figure. As regards exports, a sharp contrast is provided in that the participation of the West has sunk by nearly one-third in favor of all other groups, especially the North (Sweden, Norway and Denmark), which have increased their participation in the total German exports by nearly half.

German Banks Show Large Gross Profits

An article by Sanford Griffith on the operations of seven leading German banks for the year 1924, appearing recently in the New York Wall Street Journal, says:

Gross profits of the seven leading German private banks in 1924 were 140.3 per cent. of

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earnings in 1918. But working costs and taxes were 286.7 per cent. of pre-war. In other words, 86 per cent. of profits in 1924 went to costs and taxes, against 42.1 per cent. in 1913. Heavy overhead today is even more striking when put alongside bank capital. Compared with combined capital and reserves, 57.3 per cent. went into costs and taxes where but 7.6 per cent. went in 1913.

German banks are over-staffed although they have reduced their personnel by half that at high inflation point in 1923. There are still twice as many employees in the banks as in 1913. While gross profits are somewhat over 1924, swollen overhead makes net earnings considerably less.

Personnel figures for the seven leading Berlin banks show that there were 62,000 employees at the end of 1924, compared to 118,000 at the beginning of 1924, and 140,000 at the maximum point in 1923. Among specific banks, Disconto had 17,400 in 1923 and 8,912 in 1924; Dresdner had 22,853 in 1923, 11,567 in 1924; Deutsche Bank at end of 1924 had 18,699, compared to 37,000 in 1923, and to 9,587 in 1918. The bank states that these are still far out of proportion for the amount of business. The Deutsche

Bank at end of 1924 had 280,770 accounts compared with 289,709 in 1918.

Thus for about the same number of accounts there is still twice the personnel. Also deposits in 1924 were much smaller. These reductions in staff do not mean correspondingly less personnel costs. Many had claims to further salary, pension money, and the like. These mean additional overhead in a few years more.

Cutting Down Expenses

Deflation of staff is continuing this year. But the banks do not see their way clear to return to pre-war proportions because the number of transactions in many branches today is larger, although amounts involved are considerably smaller. There are still temporary unproductive services, such as calculations in conversions of shares to a gold basis, applying the succession of government revaluation laws, and finally the clearing out of shares under 100 marks denomination.

The banks need more labor-saving devices to run efficiently. These will permit further economies. Also, much unnecessary han-

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ding of checks can be eliminated when the country introduces a central clearing house system.

Working costs and taxes took over twice the percentage of gross profits in 1924 as in 1913, and took from three-quarters to four-fifths of entire gross earnings. These percentages, in detail were:

	Working costs		Taxation	
	1924 Per cent.	1913 Per cent.	1924 Per cent.	1913 Per cent.
Deutsche Bank	74.2	40.6	7.3	5.3
Disconto Bank	75.5	32.5	8.1	5.4
Dresdner Bank	79.7	33.5	5.2	5.2
Darmstadter and Na- tional Bank.....	81.2	43.9	6.8	4.8
Commerz and Privat Bank	84.2	45.3	7.6	4.2
Berliner Handels B'k.....	55.1	17.1	20.1	6.7
Mitteldeutsche Credit- bank	75.4	39.8	12.8	5.0

The seven leading banks had about half as much outside credits at the end of 1924 at their disposal as in pre-war times. But the 3,470,000,000 marks at end of 1924 are an increase of 2,300,000,000 marks over the beginning of 1924.

Money rates were so high in 1924 that banks put relatively little into securities, putting most of their funds to work as short-term credits. Foreign loans at high rates

also were given by the banks to third parties as credits for working expenses.

Berlin Market Unshaken by Election

Comment on the reaction of business and of the Berlin Boerse to the election of Hindenburg as President of the German Republic, is made in a special cable to the *New York Times* from Berlin under date of May 3, as follows:

Except for a reaction in prices on the Berlin Boerse on the day when the presidential results were announced, Hindenburg's election has had no visible influence on the German business situation. With the exception of Monday, the Boerse was fairly firm during the week and somewhat more active. The Frankfurter Zeitung's index number of prices for dividend-paying stocks as of April 25 was 3057.3 compared with 2949.2 one week earlier, and a high level of the year of 3563.8 on January 31. Bonds also have slightly recovered from their lowest point, but the bond market is inactive.

Berlin financial circles expect no deleterious effects in the future from the Hindenburg election, this expectation being

BANQUE NATIONALE DE CREDIT

Head Office: 16, Boulevard des Italiens, Paris

Capital Paid-up	Frs. 250,000,000
Reserve Fund	" 102,760,000
Deposits	" 2,607,751,000

512 Branches in France

GENERAL BANKING BUSINESS

based on the assumption that the monarchists and militarists who organized the Hindenburg victory will abstain from pushing their advantage into the domain of cabinet politics. Thus far, it is agreed in financial circles that there has been no sign of any such attempt.

Hindenburg and Foreign Credits

Although the supporters of Chancellor Marx made effective propaganda during the presidential campaign of the threat that extension of foreign credit to Germany would cease if Hindenburg were elected, the market's present view is that if Hindenburg and his associates will behave discreetly such credits will continue to be granted.

"Economist" Sees No Cause for Alarm

The London *Economist* comments on the result of the German election as follows:

The election of General Hindenburg to the Presidency was a surprise, but a surprise for which many persons were prepared. Immediately after the result was known, the excitement witnessed in the last preceding days died away, and it is becoming clear that much of it was the outcome of electioneering propaganda, and that the extreme hopes and fears which were associated with the result will not be realized, at any rate at present. It is, of course, impossible to predict that the more aggressive spirits in the monarchist and militarist groups may not, as the Left parties warned would be the case, attempt to influence politics from the President's palace; but against this militates the fact that the Luther cabinet, which is itself largely German-National in composition and spirit, remains in power, and has very definite policies of its own.

The immediate factor making for General Hindenburg's success was undoubtedly his personal popularity; but the election is only

one, perhaps the last, stage in a continuous movement toward the Right during the last few years. Immediately after the revolution, the Social-Democrats, although without a majority in the country, had almost dictatorial power; then followed the Weimar coalition consisting of the three parties which have just failed to elect Dr. Marx, and these, for a time, had together a two-thirds majority; next followed the entry of the moderate Right People's party into the cabinet; next the exclusion in November, 1923, of the Social-Democrats; and finally the admission to the cabinet of German-Nationals. In five years the Left parties achieved very little, and they got no encouragement from those ally circles which are so zealous for democracy and pacificism. The reaction toward the Right, whether desirable or not, was normal.

The outlook today is not unfavorable. Harm may indeed result from exaggerated foreign apprehensions, but, especially in the credit question, there is so far no sign that these apprehensions, which were in part the outcome of a naturally over-driven Left electoral agitation, have any foundation.

France

THE declarations of Finance Minister Caillaux regarding the measures which he will take to place France on a more sound financial basis, include a plan to pledge a part of France's receipts from Germany under the Dawes Plan as a guaranty for a new loan which he plans to float, additional taxation, and a more rigid enforcement of present tax collection. An *Associated Press* statement dated May 12, has the following to say of Caillaux's announcement of his plans:

The Dawes Plan appears to be the backbone of the plan of Finance Minister Caillaux for the financial restoration of France.

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In the course of declarations before the finance committee of the Chamber of Deputies, M. Caillaux referred to the Dawes Plan proceeds as applicable to the reconstruction of the devastated regions and also to the amortization fund of interallied debts. He also said that payments from Germany under the Dawes Plan would be used to guarantee the annuities of a new loan which he expected to float for an immediate final liquidation of war damage claims.

Additional taxes and a sterner collection of the existing ones was the burden of M. Caillaux's long awaited declaration on his financial projects. An increased tax on tobacco, of 83 per cent. became effective May 14.

The absence from the Finance Minister's program of anticipated radical measures came as a surprise to the general public, which has been expecting anything from confiscation of 50 per cent. of the treasury bonds to a sale of Indo-China to the United States.

M. Caillaux said that the estimated receipts of the 1925 budget would fall short of the 1,240,000,000 francs representing the expected proceeds from the Dawes Plan, which he said he had decided not to place in the regular budget, but to apply to the devastated region, and to amortization of inter-

allied debts. Expenses, M. Caillaux declared, would exceed the estimates by 1,150,000,000 francs. Added to this about 1,250,000,000 francs now carried outside of the regular budget as extraordinary expenses would mean more than 3,500,000,000 francs which must be raised to balance the 1925 budget.

The creation of some sort of oil monopoly, while guardedly referred to in the official document of the Minister, was made clear to the Finance committee during the informal talk which followed the reading of the declaration, when M. Caillaux said: "I would seek, without expropriation of any kind and without bureaucratic organization in any shape, participation profitable for the Treasury in certain super-profits."

Concerning indirect taxation, beyond increasing the tobacco duties, M. Caillaux only proposed "to suppress certain leaks and adjust certain tariffs."

The tax on salaries above 25,000 francs annually would be heavily increased, Caillaux told the committee.

Insurance companies, he said, would be obliged to re-insure half of their risks with the new Government monopoly instead of patronizing foreign companies.

The Finance Minister informed the Chamber committee that he had evolved a plan

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NEPOMUCENO MEJIA M. - President

for the rehabilitation of French money and for the refunding of the domestic debt, but "would not go into details or even consider doing so as long as France is not certain of having a fully balanced budget, and as long as the problem of interallied debts, which the Government is going to try to solve has not been settled."

Caillaux Does the Obvious

Finance Minister Caillaux's methods of getting things done are commented on in a recent editorial in the *New York Times* headed "Caillaux's Simple Magic," reading as follows:

Caillaux's wizardry has the merit of simplicity. As a financial "miracle man" he has resorted to one of the oldest tricks of the trade—doing the obvious. Is the budget not balanced? All right, then taxes must be raised and expenditures cut. Are there debts outstanding in too great amounts? Let them be funded and gradually reduced. Is there still work to be done reconstructing the devastated regions? Let it be paid for out of the receipts from Germany under the Dawes Plan. Away with camouflaged balances and with all pretenses. Until income equals outgo there is no real balance.

So long as there is no balance there can be no stability.

These are old principles. Nations that have applied them fearlessly have gone through a painful convalescence to renewed health. Those that have dodged them, or have been lured by the kind of magic many persons thought Caillaux might have up his sleeve, have paid for it dearly. The only question is as to how the French Minister of Finance will be able to put his plan into execution. He proposes certain specific increases in taxes, to be effective immediately. He also mentions reforms of the railroad administration and the possible participation of the state in insurance projects. It is to be hoped that these will involve not only increased revenues but also decreased expenditures. In order to finish rebuilding the devastated regions, however, he proposes a final reconstruction loan to be secured by receipts from Germany. This is but another form of the old policy of increased borrowing, and, even though it be in a sense a last loan, it increases the debt charges.

The important thing is that M. Caillaux more than any of his predecessors is facing realities. Poincare took the first step toward disillusion last year. Herriot became involved in the foolish formulas of Clementel. Caillaux now announces that the

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so-called "balanced budget" which Clementel proudly defended is in reality about 4,000,000,000 francs short. He proposes to meet this deficit by increased taxation. In this he is courting the unpopularity which overtook Poincare when he went down to defeat after increasing taxes last year.

Nebulous as are the suggestions of M. Caillaux about meeting the war debts, he shows at least that he appreciates the importance to French credit of making some provision for small interest payments. This is a distinct advance over Clementel, who apparently believed that he could safely relegate the interallied debts to the realm of sentiment. It is not impossible that the visits to France of Assistant Secretary Winston of the Treasury and Senator Reed of Pennsylvania helped to disabuse M. Caillaux of the illusion that there was no connection between debts and credit.

M. Caillaux's magic is not so agreeable for the French people as they had hoped. But it is a welcome contrast to the mole-like policies of his predecessors. If he succeeds in effecting the reforms which he plans, he may yet become a great hero of France.

Italy

BUSINESS conditions in Italy for the month of April are commented on as follows in a report to Lloyds Bank, London from the Banca Italo-Britannica of Milan:

Although work during the month of April was somewhat curtailed by the Easter and national holidays, there has been no falling off in industrial and commercial activity, and conditions on the whole remain very satisfactory. Business on the stock ex-

changes suffered a certain amount of interruption, owing mainly to "passive resistance" on the part of the stock and exchange brokers to the new decrees regulating the dealings on the Bourses, but the Government maintained a firm, though conciliatory, attitude, and the situation has now become more or less normal again. As already stated last month, the first effect of the decrees was a general drop in the prices of almost all securities; the wilder speculative element has, however, been eliminated. At the same time, ample confidence continues to be maintained in the soundness of Italian industry and of the general economic position of the country, and the healthier level of values ruling has again attracted to the Bourses the better and more serious class of operator. Meanwhile prices appear to have touched bottom, and are being fully maintained. Government stocks showed practically no variation throughout the month, the 5 per cent. Consolidato being quoted today at 98 per cent., and the 3½ per cent. Rentes at 82½, at which they stood at the beginning of the month.

The exchanges, too, have undergone but little variation, except that the rate on London has risen three points from 115 to 118 lire per pound sterling, attributed here to the improvement in the value of the pound in New York. The dollar and Paris rates remained remarkably steady throughout the month.

Italy's trade continues to show steady improvement. The figures of her exports during 1924, recently published, show a total for that year of 14,300,000,000 lire against 11,100,000,000 lire during 1923; while another index lies in the gradually improving conditions of her mercantile marine trade.

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We are the youngest of the three largest banks in Ecuador. But—

We are not the weakest in point of strength and activity.

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On March 1 last the number of Italian steamers lying idle in the various Italian ports for lack of freight had been reduced to only twenty-six, representing a dead-weight tonnage of 24,014 tons.

Success of the Milan Trade Fair

The Milan Trade Fair held during the month proved an unprecedented success; the number of firms represented showed a large percentage of increase over last year's figures, and the influx of business men and others from all countries to the northern commercial capital surpassed all expectations, so that most advantageous results for Italian trade and industry are expected.

Conditions in the cotton industry continue very favorable. The mills are all working on full time, many of them also on double shifts. There appears to be no slackening in the inquiry for Italian spun yarns, and spinners have work on hand for several months to come. The demand for piece goods, etc., both from the home markets and for the export trade, especially for the Near Eastern markets, continues equally satisfactory, though there are signs of some falling off in orders from South America, owing, it is said, to the large stocks of Italian goods already in the hands of the dealers in that quarter. Arrivals of raw cotton naturally continue heavy, but spinners have been operating carefully according to the tendency of the market, so that the prices they are obtaining for their manufactures are leaving them a fair margin of profit.

Belgium

BRUSSELS bankers express considerable surprise, according to a recent article in the *New York Journal of Commerce*, that, despite propaganda destined to acquaint England and America with the satisfactory condition of Belgian finances, the Belgian

franc has declined along with the French franc during the last three months. The article goes on to say:

Despite propaganda destined to acquaint England and America with the satisfactory state of Belgian finances, local currency has declined with the French franc during the last three months. Toward the end of January the dollar was quoted here as low as 19.10; rates today fluctuate about 19.80. Under the influence of French capital exports the Belgian rate on Paris fell from 108.50 at the close of 1924 to about parity; more recently French currency has again commanded a premium, quotations reaching 104 per hundred French units.

Bankers are inclined to lay blame for this association of Belgian and French currencies to psychological factors influencing the London market, which is the most important market for Belgian francs. They say London, haunted with fear of European disorder, assimilates Belgium to France in all political and economic developments. Arbitragists in exchange from their more technical positions point to the fact that there is little trading in Belgian francs outside of Paris and London and that even in these centers orders for Belgian account frequently take the form of sales of sterling for dollars, or similar transactions not involving the Belgian francs. Moreover, Paris is always ready to sell Belgian francs, a situation which frequently reduces foreign transactions involving local currency to a purchase of French francs.

Government Seeks Remedy

The Belgian Government, in accord with the National Bank of Belgium, has for months been eager to remedy this situation by creation of a broad market for Belgian francs in New York. This is one of the purposes of the American loan, half of which was floated in December, 1924. The

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Capital Fmk. - - - 150,000,000
Reserve Fund and Profits Fmk. 115,000,000
Deposits etc. (31/12 '24) Fmk. - 1,704,000,000

All descriptions of banking business transacted

Telegraphic address: KANSALLISPANKKI

second half, of \$50,000,000, is temporarily postponed awaiting settlement of the internal political crisis and more favorable conditions on the New York market, but when floated it will undoubtedly be used in part for establishing such a franc market. Such action will be immediately undertaken with resources already in hand in the American market should the French franc show a tendency to drag Belgian exchange lower, as the government and the national bank are firmly committed to a policy of limitation of exchange fluctuations and eventual increase in value of the franc.

Finances Favorable

In comparison with France many economic factors seem favorable to Belgium and justify higher exchange rates for Belgian currency than for French. Despite 350,000,000 francs in increased salaries accorded government employees this year the 1925 Belgian budget balances. Charges on debt incurred for reconstruction are met by ordinary revenue. Only extraordinary expenditures for capital outlay on projects which will increase national wealth will be met by loan operations, and these expenditures have been cut to 881,708,000 francs. With a per capita tax levy of 408 francs

imposed by the central government, Belgium bears the lightest burden of any of the former belligerent powers.

From published figures the Belgian public debt would appear to have increased during the last fiscal year from 41,620,000,000 francs to 41,998,000,000. This is not a real picture of the situation, however, since 1,001,000,000 francs of the January 1, 1925, debt represents the \$50,000,000 American loan which will be used in refunding internal indebtedness, in loans to the Congo for capital purposes, or will be kept as an exchange reserve. The Belgian public debt has thus in reality decreased. In France the public debt increased over 8,000,000,000 francs during 1924. Compared with the French floating debt of sixty-odd billion francs, Belgium, with a population one-sixth that of France, has only to keep up renewal of some 5,000,000,000 francs in treasury bonds.

France still has 25,000,000,000 francs to spend in reconstruction; 1,500,000,000 will complete the task in Belgium. The yield of Belgian 1923 taxes was estimated in the budget for that year at 2,012,000,000 francs. The actual income to date is 3,161,000,000, an increase of 1,149,000,000. For 1924 tax income was estimated at 2,788,000,000 francs; receipts through the end of February, 1925, were 2,902,000,000, and experts

BANKING BUSINESS WITH BELGIUM

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CORRESPONDENTS
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place revenue still to come in at 400,000,000 francs.

International Chamber of Commerce to Meet in Brussels

The third biennial meeting of the International Chamber of Commerce will be held at Brussels June 21 to 27. The sessions will be held at the Palais des Académies and the Palais d'Egmont, and will be presided over by Maurice Despret who is chairman of the Bank of Brussels, chairman of the Belgian National Committee, and vice-president of the International Chamber of Commerce.

Previous meetings of the chamber, which were held at London in 1921 and at Rome in 1923, were attended by about 500 delegates.

The principal question to come before the Brussels meeting will be that of economic restoration, which will be dealt with at the general sessions under the chairmanship of M. Despret, presiding over the meeting. The remaining subjects, which are of a special or technical nature, are divided into three classifications, namely; finance, industry and trade, and transportation. These subjects will be discussed in group sessions.

Richard F. Grant, president of the Chamber of Commerce of the United States will act as chairman of the finance group. Chairmen for the industry and trade group, the transport group and the resolutions committee will be, respectively, M. René Duchemin, president of the Union des Industries Chimiques, France; Sir Arthur Balfour, chairman of the British Government Committee to Inquire into Foreign Trade Questions; and John Syz, chairman of the Swiss National Committee of the chamber and president of the International Association of Cotton Spinners.

Willis H. Booth, vice-president of the Guaranty Trust Company of New York, is president of the International Chamber of Commerce.



International Banking Notes

The statement of condition of the National Bank, Limited, London, for the half-year ended December 31, 1924 shows total resources of £46,488,798, total deposits of £40,407,815, paid-up capital £1,500,000, and reserve fund of £1,200,000. The profit for the half-year, including £28,134 brought forward from last account and after providing for all current expenses, showed a balance of £207,914 available for distribution. A dividend at the rate of 14 per cent. per annum was declared for the last half-year. This dividend absorbed £88,375. The balance of £119,539 was distributed as follows:

To reserve fund	£ 25,000
To income tax and contingencies account.....	40,000
To reduction of bank premises account.....	25,000
Carried forward to new account	29,539



The statement of the Munster and Leinster Bank, Limited, Cork, for the year ended December 31, 1924 shows a net profit of £97,730 after providing for all current expenses. To this amount has been added the balance from last account £44,012, making a total available for distribution of £141,742. A dividend of 20 per cent. per annum absorbed £50,000 of this amount. The remainder was distributed as follows:

To reserve fund	£ 37,708
To reduction of premises account	10,000
Carried forward to next account	44,034

The total resources of the Munster and Leinster Bank stand at £28,185,818. Total

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Correspondence Invited

deposits are £26,504,076, capital £500,000,
and reserve fund £1,100,000.

⊙

The statement of the Standard Bank of South Africa, Limited, London, for the half-year ended September 30, 1924 shows total resources of £60,732,372, total deposits of £47,020,034, capital £2,229,165, and reserve fund £2,893,335. The bank declared a dividend at the rate of 14 per cent. per annum out of profits for the half-year. The New York agency of the Standard Bank is at 67 Wall street. Rowland Smith and R. Gibson are agents.

⊙

The statement of the Bank of Australasia, head office London, for the year ended October 31, 1924 shows net profits amounting to £629,904. To this has been added £120,428 brought forward from last account making a total of £750,332. Out of this amount £260,000 was paid as an interim dividend and bonus on October 3 last. The directors have appropriated a further sum of £260,000 to pay a final dividend and bonus, making in all £520,000 equal to 13s

per share and representing for the year a dividend at the rate of 10 per cent. and a bonus of 3 per cent. Out of the amount remaining the directors have transferred £75,000 to reserve fund and have applied £25,000 in reduction of cost of bank premises. This leaves an amount of £130,332 which has been carried forward to next account.

⊙

The statement of the Commonwealth Bank of Australia, Sydney, as of December 31, 1924 shows total resources of £135,121,359, commercial deposits amounting to £28,997,612, and savings deposits of £40,948,614. The bank has a capital and reserve fund of £4,596,136. Profits for the half-year ended December 31, 1924 amounted to £833,011. Out of this sum £699,397 was allocated to the Commonwealth Treasury, being profits of the note issue department. Of the remainder £67,807 was assigned to the reserve fund and £67,807 to the national debt sinking fund.

⊙

The statement of the Colonial Bank, London, for the half-year ended December 31,

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Capital fully paid-up . . . (Pesos) 6,750,000 - (\$3,375,000)
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D. Garcia	Cashier
E. Byron Ford	Chief, Foreign Department
S. Freitas	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

1924 showed net profits of £53,388 as against profits of £51,468 for the half-year ended December 31, 1923. A dividend at the rate of 8 per cent. per annum has been declared for the half-year. The total resources of the Colonial Bank are £9,772,806, total deposits are £6,681,024, and capital and reserve fund £1,200,000.

©

The statement of the Mercantile Bank of India, Limited, London, for the year ended December 31, 1924 shows net profits for the year, after providing for bad and doubtful debts, and including £157,811 brought forward from last account, amounting to £401,221. Out of this sum a dividend at the rate of 8 per cent. per annum paid in September last on "A", "B" and "C" shares absorbed £84,000. Out of the amount remaining for distribution the directors have applied £50,000 to the reserve fund raising it to £1,300,000. The sum of £15,000 has been applied to officers' pension fund, and £10,000 has been applied to writing off freehold banking premises. A final dividend on the "A", "B" and "C" shares at the rate of 8 per cent. per annum, making 16 per cent. for the year has

been declared, leaving a balance of £158,221 which has been carried forward. The total resources of the bank stand at £16,460,754. The capital is £1,050,000 and reserve fund £1,300,000.

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The statement of the Bank for Russian Trade, Limited, London, (formerly the Arcos Banking Corporation) for the year ended December 31, 1924 shows total resources of £7,673,027. Total deposits (including balance of profit and loss account) stand at £2,228,184, and capital and reserves £437,500.

©

The statement of the Bank of Athens, Athens, Greece, for the year ended December 31, 1924 shows total assets of drs. 1,412,157,800, total deposits of drs. 1,145,557,653, paid-in capital drs. 72,000,000, and total reserve drs. 28,600,000. The New York agency of the Bank of Athens is at 25 Pine street.

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The statement of the Banca Commerciale Italiana, Milan, as of December 31, 1924 shows total assets of lire 13,807,746,771, de-

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PONCE, PORTO RICO

Capital	-	-	-	-	-	\$ 750,000.00
Surplus	-	-	-	-	-	\$ 175,000.00
Assets	-	-	-	-	-	\$5,000,000.00

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Correspondence invited.

posits of lire 6,581,070,322, paid-up capital lire 388,000,000, and reserve fund lire 280,000,000. The Banca Commerciale Italiana Trust Company at 62 Willian street, New York, is representative in the United States for the Banca Commerciale Italiana.

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The statement of the Chartered Bank of India, Australia and China, London, for the year ending December 31, 1924 shows net profits, after providing for all bad and doubtful debts, of £998,124, including £222,408 brought forward from last account. Out of this amount a dividend was paid in September last at the rate of 14 per cent. per annum absorbing £210,000. This left available for distribution £788,124. This amount has been applied to the payment of a final dividend at the rate of 14 per cent. per annum plus a bonus of 6s. 3d. per share, making 20¼ per cent. for the entire year. The sum of £100,000 has been added to the reserve fund which stands at £4,000,000, £25,000 has been applied to the officers' superannuation fund, and £50,000 has been applied to writing off premises account. The remaining balance of £210,624 has been carried forward to next account. The New York office of the Chartered Bank is at 44 Beaver street. William Baxter is agent.

©

The statement of the Amstelbank of Amsterdam for the year ended December 31, 1924, showed a net profit of fl. 1,539,858, as against fl. 1,008,002 for the corresponding period in 1923. A dividend at the rate of

11 per cent. per annum has been declared, as compared to 10 per cent. per annum in 1923.

©

Maurice Silvester, American representative at 46 Cedar street, New York, of the Comptoir National d'Escompte de Paris,



MAURICE SILVESTER
American representative Comptoir National
d'Escompte de Paris

FRANK

The Antiquarian

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Paris, has received from the head office the statement of the bank's condition at the end of 1924. Total assets of the bank amount to frs. 4,753,479,043, as against frs. 4,699,948,870 at the end of 1923. Total deposits show an aggregate of frs. 4,185,140,401, an increase of frs. 83,828,600 over the previous year. Net profits for 1924 were frs. 35,629,553, as compared with frs. 34,339,576 for 1923, and the dividend rate was increased to 12 per cent. per annum, as against 11 per cent. for 1923.

©

The statement of the Imperial Bank of India, Calcutta, Bombay, Madras, as of December 31, 1924, showed net profits for the half-year amounting to rs. 49,05,356 which with rs. 21,52,857, brought forward from the previous half-year, made a total of rs. 70,58,213 available for distribution. This amount has been disposed of as follows:

	Rs.
To payment of a dividend at the rate of 16 per cent. per annum	45,00,000
Transferred to reserve fund	10,00,000
Transferred to pension fund	3,00,000
Carried forward to next account	12,58,213

©

The statement of the Banco Nacional Ultramarino, Lisbon, for the year ended December 31, 1924, shows total resources of esc. 2,001,424,637\$71, cash deposits esc. 196,342,621\$99, fixed deposits esc. 123,971,649\$32, current accounts esc. 414,010,632\$61, paid-up capital esc. 24,000,000\$00, and reserves esc. 34,000,000\$00. The New York agency of the bank is at 93 Liberty street.

©

The statement of the British Overseas Bank, Limited, London, as of October 31,

1924 showed total profits amounting to £105,548, added to which the balance of £68,732 made a total available for distribution of £174,330. Out of this amount a dividend on the "A" ordinary shares at the rate of 6 per cent. per annum was paid for the half-year ended April 30, 1924, absorbing £30,000, and leaving available for distribution £144,330. This sum has been disposed of as follows:

To payment of a dividend on the "A" ordinary shares at the rate of 6 per cent. per annum for the half year ended October 31, 1924	£30,000
To reduction of premises account	5,000
To general reserve	55,000
Carried forward to next account	54,330

©

Statement of the Hongkong and Shanghai Banking Corporation, Hongkong, for the year ended December 31, 1924, showed net profits, including \$3,379,314 brought forward from last account, and after paying all current expenses and making provision for bad and doubtful debts, amounting to \$16,383,882. Out of this amount \$1,000,000 has been transferred to the credit of the silver reserve, making it stand \$26,500,000. The sum of \$1,000,000 has been written off bank premises account. After making these transfers, deducting the interim dividend of £3 per share paid in August of last year, viz., £480,000 at 2s. 4-5/8d.—\$4,024,454, and remuneration to directors, there remained for distribution \$10,309,428. This sum was disposed of as follows:

To the payment of a final dividend of £3 sterling per share, viz. £480,000 and a bonus of £2 sterling per share, viz. £320,000, amounting to £800,000	\$6,918,913
Carried forward to next account	3,390,599

Dollars are given in all the above figures at 2s. 3-3/4d., the rate ruling at the end of 1924.

The New York office of the Hongkong and Shanghai Banking Corporation is at 36 Wall street, J. A. Jeffrey agent.

©

The statement of the National Bank of Egypt, Cairo, for the year ended December 31, 1924, showed net profits for the year, after deducting current expenses and providing for bad and doubtful debts, amounting to £554,549. A dividend at the rate of 4 per cent. per annum on the share capital has been paid, in conformity with article 49 of the bank's statutes, absorbing £120,000. This left £434,549, added to which the balance brought forward from last year.

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

£185,702, made available for distribution the sum of £620,251. This amount has been disposed of as follows:

	£
To special reserve for contingencies	100,000
To a dividend at the rate of 11 per cent. per annum on the share capital	330,000
Carried forward to next account	190,251

©

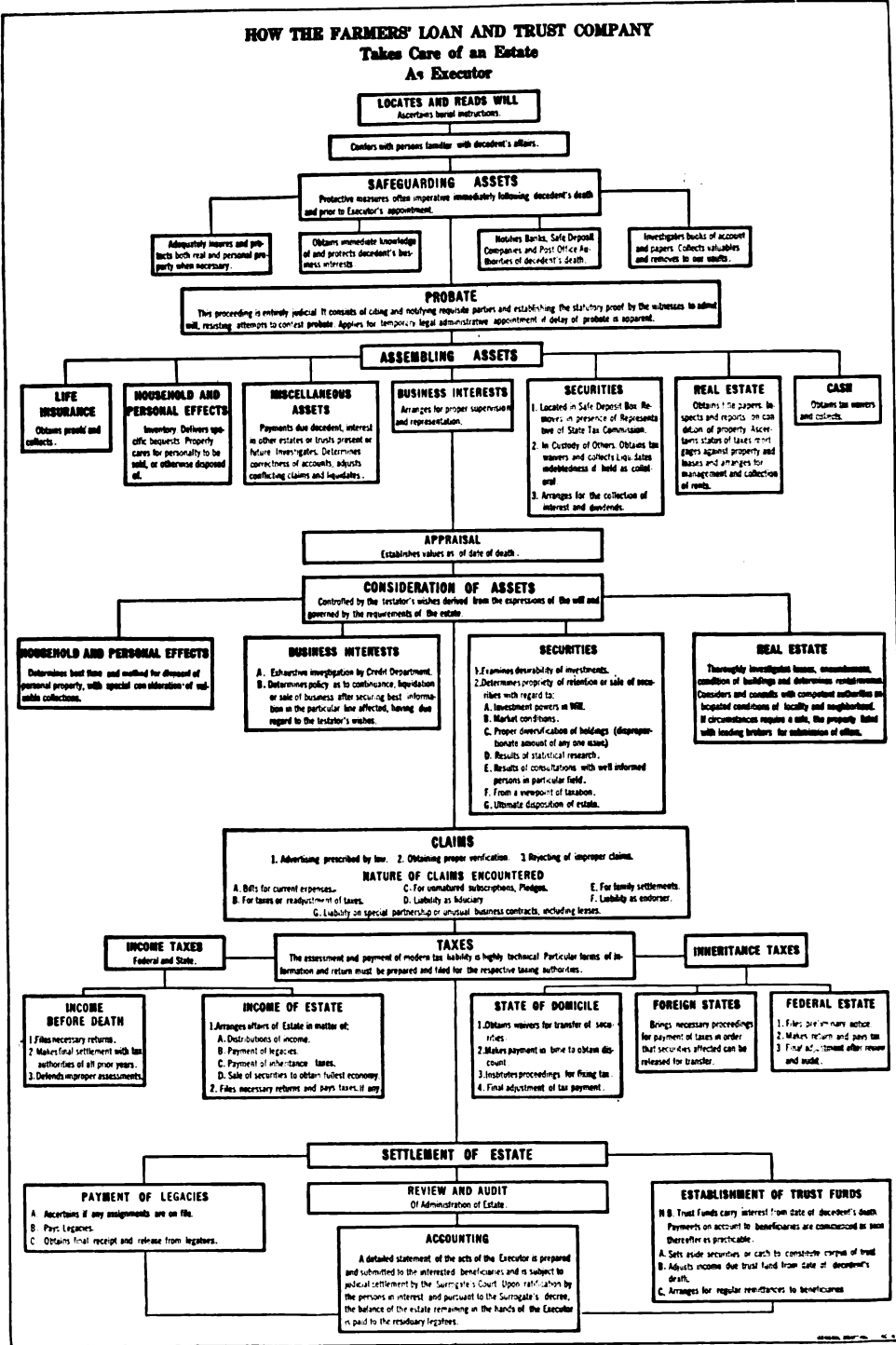
Norman C. Stenning, president of the Anglo-South American Trust Company and American representative in New York at 49 Broadway of the Anglo-South American Bank, Limited, has received a cable from the head office of the latter institution in London to the effect that the directors of the institution have declared an interim dividend of 5s. a share, less income tax, on the out-

standing shares of the bank. This dividend is at the rate of 10 per cent. per annum and is at the same rate as that paid for the two previous years.

©

The statement of the Banque de Paris et des Pays-Bas for the year ended December 31, 1924, shows total of resources of frs. 2,553,000,000—an increase of frs. 325,000,000 over the previous year. The total deposits amount to frs. 1,868,000,000. A progressive dividend record has been carried forward by the declaration of a dividend of 15 per cent. per annum which followed a 14 per cent. per annum dividend on the paid-up capital of frs. 200,000,000.





This chart, reduced from 10 by 15 inches and originally printed in two colors, is contained in a booklet published by the Farmers Loan and Trust Company of New York, as a means of making clear to the layman the many duties of an executor under a will

Visualizing the Functions of a Trust Company

The Farmers Loan and Trust Publishes Charts Enabling Functions to be Clearly Grasped by Layman

THE Farmers Loan and Trust Company of New York has visualized trust company functions in a unique way in a recently published booklet containing two charts each 10 by 15 inches in size, and printed in two colors. These charts enable the layman to grasp readily the fundamentals of trust company activities. The chart on the opposite page, which is reproduced from the booklet, shows graphically the many steps which an executor must take in settling the estate of a decedent. He must first of all locate and read the will, and then offer it for probate. Probating the will involves notifying certain parties, and having witnesses to the will appear before the proper legal authority to certify that they were witnesses. When the will has been probated and the executor has received his letters testamentary, the next task is to collect the assets—life insurance, personal property, debts due the decedent, etc. These are appraised, and the executor must decide which ones shall be disposed of, and the time and method of disposal. If the decedent leaves a business which is not easily sold, the executor must arrange for the continuance of the business until it can be disposed of. In some cases this is a very difficult task—as where the decedent left a small traveling circus.

The executor must ascertain what claims there are against the estate, whether they are properly chargeable against the estate, and if so, he must liquidate them. He must arrange for the payment of the income taxes against the decedent before death and the income taxes against the estate, the taxes on real estate, and the inheritance taxes.

Then he must pay the legacies to the heirs as directed by the will, and establish such trust funds as the will provides for. Finally he must make a complete accounting of all these transactions in the proper legal form and present it to the court for review and audit.

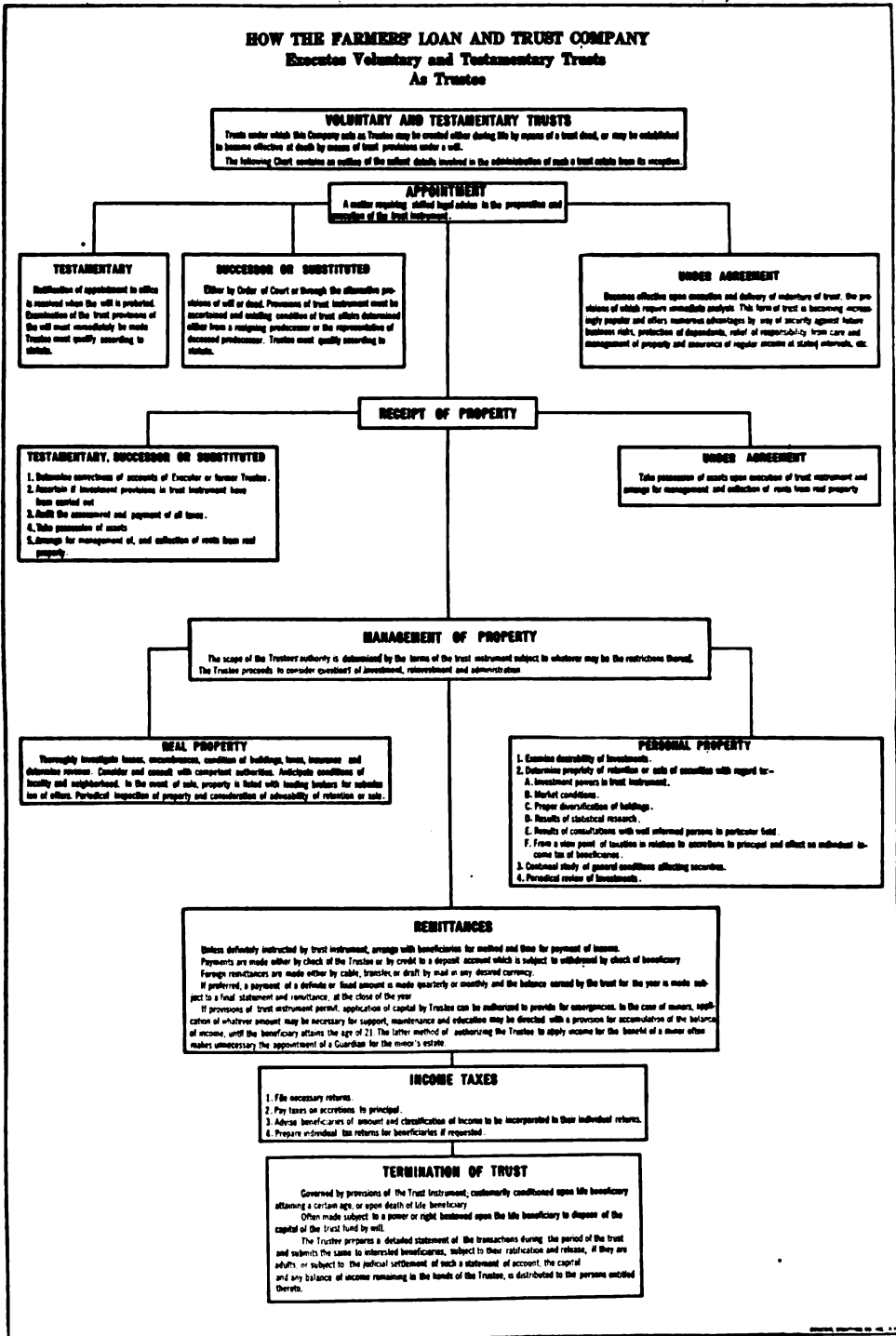
Similarly, the chart on the following page illustrates the great number of detailed technical duties which a trustee under a will must perform. He must first of all examine the trust provisions of the will under which he is appointed. Upon receipt of the prop-

erty, he must examine the accounts of the executor or the former trustee to see that they are correct, he must see if the money has been invested as directed in the trust, he must audit the assessment and payment of taxes, and must arrange for the management of and collection of rents from real estate. In the case of security investments, he must see that the securities are periodically reviewed, he must re-invest funds from time to time, and he should keep continually in touch with conditions affecting the value of these securities.

He must distribute the income among the beneficiaries of the trust as directed by the trust instrument or as agreed upon by consultation with the beneficiaries. He must make out the income tax returns for the trust, pay the necessary taxes, and inform the beneficiaries how the income paid to them by the trust should be included in their personal income tax returns.

Finally, upon the termination of the trust, he must prepare a statement of the transactions during the life of the trust and submit it to the beneficiaries for their ratification, disbursing the remaining balance to the persons entitled to it. For some time the trust companies, through their advertisements, have been calling the attention of the public to the many advantages of having a corporation instead of an individual as executor or trustee under a will. The trust company does not die, it is never absent or disabled, it is financially responsible to the extent of its capital and surplus, it is free from prejudice, it makes regular and exact reports, it has the experience, the facilities, and the collective judgment to execute trusts, and finally, it makes a business of trusteeship. The life of the average individual is uncertain, he occasionally takes a vacation or becomes ill, he is often financially irresponsible, he is often prejudiced, he dislikes making reports, he usually has not the experience, the facilities and the judgment to efficiently execute a trust, and he usually has a business of his own to attend to.

The best reason, however, for appointing



This chart shows the many duties which an executor of a voluntary or testamentary trust must perform

a trust company, instead of a friend, as executor or trustee is because the duties of an executor or trustee have become so multifarious that it is an imposition on a friend to ask him to attend to them all. If he is a business man, he simply hasn't time to carry out all the numerous details described above necessary to the proper performance of such a trust. Furthermore, unless he is a lawyer, he is usually not familiar enough with the law of decedent's estates to know what these details are. Hence, it is not only an imposition on him, but also dangerous to the beneficiaries to ask an unskilled person

to perform such a number of technical details with which he is not familiar.

From this very brief sketch of the duties of executors and trustees, it is quite apparent that, granting the friend appointed has the time and the requisite technical information to perform all the duties enumerated, he rarely has the training, the experience, and the facilities necessary to perform this work efficiently. To have the work done as it should be done requires an agency which gives its whole time to the performance of such duties, as a trust company does.



The Crusade Against Losing Bank Accounts

By O. Howard Wolfe

Cashier Philadelphia National Bank

RECENTLY I had the superintendent of our building, who also takes care of our purchasing department, make me up a comparative record of costs in 1900 and in 1925. The conditions shown are somewhat alarming, and should be of interest to every banker whether you own or rent your own building; whether you supply your own light and heat and thus pay directly for overhead expenses; or whether you use a public service corporation and pay indirectly.

These rising costs would give us no concern if we, let us say, were in the shoe manufacturing business. Instead of charging \$3.50 a pair, as they did in 1900, we would charge \$10 or \$12 a pair. We happen to be bankers, and we are still lending and investing our funds at the same or lower rate than we received in 1900.

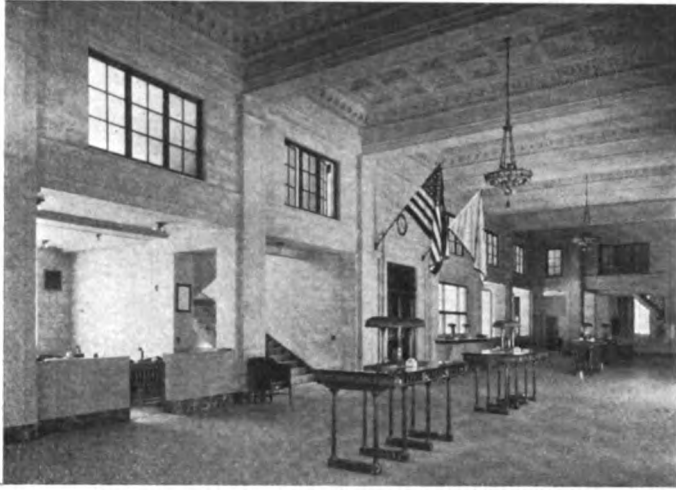
What is to be done about it? Are we to charge higher rates? Either statute or economic laws forbid. Are we to refuse to continue to serve our patrons? The ethics and nature of our profession compel us to provide banking facilities for all who have any legitimate reason to claim our services. Fortunately, there is left to us not only the most practicable way to offset the pressure of these constantly increasing costs, but also the best way. We must cut out unnecessary waste absolutely, and reduce the possibility of loss, so far as losses can be reduced.

What are some of the customs and practices we have permitted to develop un-

checked, and which cause a large part of available loss? There are several, and I shall name only the more important ones. Lack of restrictions governing small checking accounts; paying more than 2 per cent. or 2½ per cent. on active or checking accounts; paying interest on ledger rather than upon collected balances; permitting checking against uncollected funds; permitting depositors to carry maximum so-called savings accounts at 4 per cent. and minimum balances in checking accounts.

There are other customs, not quite so universal, but sometimes more expensive, as follows: Furnishing specially prepared check books free of charge; carrying large amounts of cash for pay-roll purposes without any relation to the balance of the depositor; having no rule or fixed policy with respect to the amount of balance a borrower should maintain.

There is no doubt but that competition has been largely responsible for the continuation of these practices in the face of known losses. That much may be said in favor of competition as a beneficial influence, none of us will deny, but on the other hand, nothing can be said in favor of wasteful competition that favors the depositor as against the borrower, or the customer of the bank as against the stockholder, when the customer is getting more service than he is legitimately entitled to.



AN interior view of the new building of the Atlantic National Bank, Boston, planned by Thomas M. James Co., architects of Boston and New York.

The public space is floored with Travertine marble, the walls being of the same material. The counter screen, check desks, and fixtures are of handsome ornamented bronze.

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342 Madison Ave., New York

Architects and Engineers

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bank building problem

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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, 71-78 Murray Street, New York.—EDITOR.

Statement Analysis and Preparation of Statements

THE accompanying article is the third of a series by the Credit Editor on credit and credit department methods. In the April issue there was a discussion of two of the usual types of business organizations, i. e., the proprietorship and the partnership, along the line of the division of ownership. It was pointed out that the incidents entering into business are ordinarily management, capital and risk. There was a discussion as to how these incidents enter into the proprietorship and partnership, and how they are divisible. In the May issue, the corporate form of business organization was covered. It was shown that the incidents of management, capital and risk permitted of wide division. The various types of corporate securities were taken up—bonds, preferred stock and common stock, as regards their place in the financial structure of the corporation, and the division of the incidents of business. The various types of these securities were taken up individually, and their salient features pointed out.

IT is not my intention to give a book-keeping course but, since every credit man should, at some time in his life, have been a bookkeeping student, and have some knowledge of accountancy, perhaps it would not be amiss to discuss the general features relating to the preparation of statements.

Let us assume that a man or group of men are entering into business. They may do so in several ways, both as regards the make-up of the organization, i. e., proprietorship, firm and corporation, and the form of capital with which they start. The original capital may simply consist of cash, or it may include cash and property of various kinds. If the capital is simply cash, they must set about to buy or rent a place in which to conduct the business, properly equip same, buy merchandise with which to

begin, buy supplies, hire help, etc. If the capital includes other paid-in considerations of property, they must set about to purchase those things which are lacking. The business, therefore, has certain assets, the structure and nature of which will both change somewhat as the business progresses, and from the very day that the business is started, the expenses start. Merchandise is bought, debts are incurred, merchandise is made ready for sale and is sold, accounts and notes receivable appear on the books, other merchandise is bought, receivables are collected, money is borrowed and expenses paid, and so continues the income and outgo of money and merchandise.

Brown, Jones and Smith decide to go into a wholesale business. Brown owns a store worth \$38,000, mortgaged for \$10,000, and equipment in same worth \$7915, total—\$35,915. In addition to this, he is to contribute \$9085 in cash, and Jones and Smith are each to contribute \$15,000 in cash. They purchase \$41,610 worth of merchandise, paying \$18,604 cash, against same, and they also buy stationery and pay insurance for \$984, and their position at the start of business January 1, 1923, is as follows:

BROWN, JONES & SMITH, INC.

Condition January 1, 1923

ASSETS	
Cash	\$ 19,497
Merchandise	41,610
Prepaid expenses	984
Real estate	38,000
Furniture and fixtures	7,915 ⁷
	\$180,006
LIABILITIES	
Accounts payable	\$ 23,006
Mortgage	10,000
Capital stock	75,000
	\$180,006

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NATIONAL BANK *of*
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Foreign Branches

BUENOS AIRES, ARGENTINA HAVANA, CUBA

European Representative

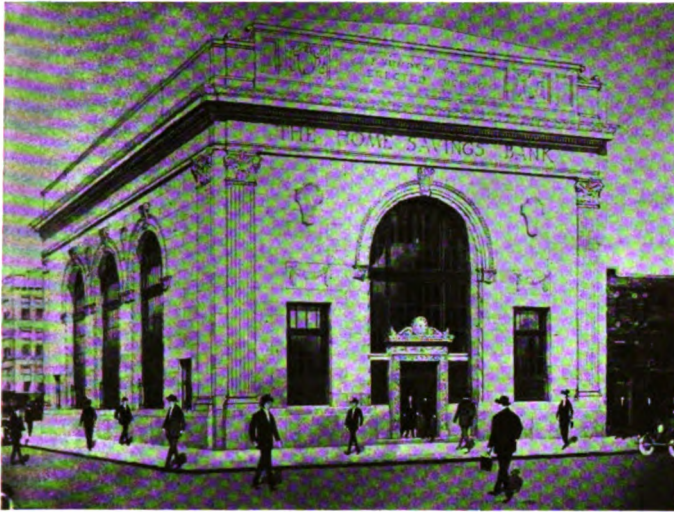
24, OLD BROAD ST., LONDON

WHEN you have Boston or New England business, send it to us. With ten offices covering the city and direct collection facilities throughout this section, we afford quickest and best service. Correspondence invited.

CAPITAL \$20,000,000

SURPLUS \$20,000,000

Resources \$370,000,000



THIS new building of the Home Savings Bank of White Plains, N. Y., is Italian Renaissance design, bringing the entrance out prominently by a large archway. The interior layout is arranged to combine convenience for customers with comfort for employees. The officers are so located as to be in close touch with both the public and the working force.

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street - - - - New York

The books of account are kept showing all income and revenue to the business, all assets of the business, all liabilities of the business and all moneys paid out by the business. Each item of income and expense as well as each asset and liability item has a place in the ledger. To these ledger accounts are posted, from the books of original entry, the various items relating to each particular ledger account, with the result that the ledger accounts show the amount of income or expense for the period since last closing, and assets or liabilities at any date properly classified under each head. This is not true of items requiring inventories, such as merchandise, supplies, etc. and, as the ordinary system of bookkeeping does not provide for the charging of the merchandise account with the cost value of the merchandise sold, when sold, it is necessary to take a physical inventory of the merchandise on hand in order to establish the status of this item and other items of a similar nature. A system to show inventory on hand at any

time would be a perpetual inventory system but due to the fact that the merchandise fluctuates in value from time to time, and is subject to certain shrinkage by breakage, soiling, theft, etc., most people do not go to the trouble and detail involved in keeping a perpetual inventory record but merely keep a record of sales and of purchases and then take a physical inventory to determine what they have left. This is also true of the similar items mentioned, supplies, stationery, etc.

The Trial Balance

Brown, Jones & Smith, Inc., have now been in business a year and it is decided to close the books, take a physical inventory and determine the status of the company's affairs and the results of the year's operations. All of the ledger accounts are closed off and balanced and the balances of the various ledger accounts are set up in the following form, known as a trial balance:

For clean air at
least cost, look for
Reed Air trade mark

Reed Air
filters ALL METAL

REED AIR FILTERS—
The Nostrils of Ventilation



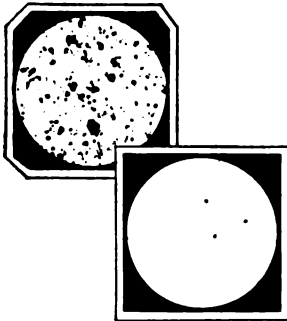
REED CLEAN AIR Costs 20% Less—Tests Show

THE VENTILATING system is the breathing apparatus of the building. The Reed Air Filter in the intake serves, with higher efficiency, the same purpose as the nostril in the human breathing system. It removes by impingement 97% of all dust, soot and bacteria from the air before reaching the interior of the building. Send for bulletins offered below.

THE BRIDGES ART MUSEUM of San Diego, California, recently conducted comparative tests to enable them to obtain the air filter possessing the highest degree of efficiency. The Reed Air Filter was selected—three points of its superiority being:

- (1) Consistently higher efficiency in dust removal
- (2) 50% more air at same resistance
- (3) 40% less resistance at same capacity

Conclusive evidence, therefore, that by the use of Reed Air Filters you obtain *cleaner air at less cost*—for the reduced resistance in Reed equipment represents savings of 20% to 25% in the power required to operate the blower. Send for any or all of the bulletins listed below. Learn how easily and economically Reed Air Filters can be installed in any ventilating system, old or new.



THE MICROGRAPH on the left shows the objectionable content of ordinary city air. The micrograph at the right shows the result after this air has passed through a Reed Air Filter. Over 97% of the dust, soot and bacteria has been removed.

REED AIR FILTER CO., *Incorporated*
225 Central Avenue, Louisville, Kentucky
Offices in Principal Cities

Reed Air

TRADE MARK
filters ALL METAL

Send for any or all of these free bulletins, mentioning the use of Reed Air Filters you may have in mind:

No. 106—How Reed Air Filters Work; No. 107—Data, Tests and Specifications; No. 108—Use in Ventilation of Buildings; No. 109—Use in Ventilating Electrical Apparatus; No. 110—Protection for Air Compressors; No. 111—For Bacterial Control, Chemical Operations, etc. (REED AIR FILTERS—made under patents of May 16, 1922, Feb. 12, 1924, Nov. 18, 1924. Other patents pending.)

Modern Banks with Modern Vaults



The First National Bank, Blairsville, Pa.



The Essex County Trust Co., East Orange, N. J.

DENNISON and HIRONS, Architects

IN banks designed by the country's foremost bank architects, the beautiful structures house vaults in which are combined the most formidable methods of protection known. The massive door on vault walls of indifferent strength is not sufficient—walls, floor and roof must be equally as strong as the door. There must be no weak spots.

The Rivet-Grip System of Bank Vault Reinforcement has been proved by the Federal Reserve Tests at Sandy Hook to be the most effective vault protection known to science. It is so flexible of design that it is adapted to the smallest as well as the largest vaults—giving greater protection per dollar of cost than any other type of reinforcement.

Our authoritative handbook on modern bank vault design gladly sent for the asking. Write for it.

The Rivet-Grip Steel Co.,
Representatives in all principal cities
2741 Prospect Ave., Cleveland, Ohio

BROWN, JONES & SMITH, INC.

Trial Balance, December 31, 1923

Cash	\$ 5,806	
Notes receivable	5,904	
Accounts receivable	48,311	
Real estate and buildings	38,000	
Furniture and fixtures	7,215	
Merchandise January 1, 1923	41,810	
Stationery and printing	312	
Supplies	58	
Insurance	325	
Officers' salaries	10,000	
Office salaries	3,906	
Salesmen's salaries	5,600	
Salesmen's commissions	3,596	
Shipping and other salaries	3,998	
Light	198	
Heat	425	
Taxes on real estate	560	
Advertising	164	
Donations	65	
Bad debts	497	
Miscellaneous	458	
Notes payable, banks	\$ 28,000	
Accounts payable, misc.	28,902	
Mortgage	10,000	
Capital stock	75,000	
Sales	234,901	
Disc. on purchases	10,618	
Purchases	188,364	
Disc. etc. on sales	21,349	
	\$387,421	\$387,421

It will be noted from the foregoing trial balance that closing inventories are not shown and that it is merely a transcript of the balances of the various ledger accounts. A trial balance is usually taken at the end of each month, although the ledger accounts

are really not closed at that time, the trial balance being taken merely to prove the correctness of the entries and postings to the date of its taking. It is not of great value to the credit man. From it he can get an idea as to how sales are progressing, what the company owes, and what it has in the way of cash and accounts as against its current debts, but due to the inventory feature, it does not show the condition of the business or whether it is making or losing money.

Profit and Loss Statement

Brown, Jones & Smith, Inc. have had physical inventories taken on the basis of cost or market, whichever was lower as of December 31, 1923, and have figured unexpired insurance and prepaid items as follows:

Merchandise Inventory	\$50,709
Stationery	108
Supplies	25
Unexpired insurance	140

Using these inventories and the trial balance, the following profit and loss statement is prepared:

BROWN, JONES & SMITH, INC.

Profit and loss statement for the year ending December 31, 1923

Gross sales	\$234,901	
Less discounts, returns and allowances	21,349	
Net sales		\$213,551
Less: cost of goods sold—		
Inventory 1/1/23	\$ 41,610	
Purchases for year	\$188,364	
Less discounts, etc.	10,618	177,746
		\$219,356
Less Inventory 12/31/23	50,709	168,647
Gross profit		\$ 44,905
Less general, selling and administration expenses:		
Officers' salaries	\$ 10,000	
Office salaries	3,906	
Salesmen's salaries	5,600	
Salesmen's commissions	3,596	
Shipping and other salaries	3,993	
Stationery and printing	204	
Supplies	33	
Insurance	185	
Light	198	
Heat	425	
Taxes on real estate	560	
Advertising	164	
Donations	65	
Miscellaneous	459	29,392
Operating profits		\$ 15,513
Less charges against income:		
Bad debts	\$ 497	
Reserve for depreciation	1,805	
Reserve for Federal taxes	1,900	4,205
Net income		\$ 11,308
Surplus 1/1/23		000
Total		\$ 11,308
Dividends payable 1/15/24		4,500
Surplus 12/31/23		\$ 6,808

From the foregoing it will be seen that the profit and loss statement is a statement showing income and expenditures for a given period, with the resultant loss or gain for that period. The period of time covered varies to meet the desires of the company. It is the basis of valuation of merchandise that largely determines the extent of the gain or the loss and if the credit man can fully appreciate this fact and the importance of it he will not care to accept statements without a definite knowledge as to the basis of valuation of merchandise. In drawing up interim balance sheets, between the regular dates of taking physical inventory, based on some monthly trial balance, it is often customary to estimate the merchandise on hand on the basis of a certain margin of gross profit. That is, a merchant will take an average of his gross profit for several years, or even just take a certain percentage for it and having all other items will figure out a profit and loss statement and a balance sheet. By reviewing the above one can readily appreciate how this is done. Others may simply estimate or guess the amount on hand. No method of estimating merchandise is desirable from the credit man's standpoint. Even the physical in-

ventory, with its uncertainties as to valuation, etc. is none too accurate.

What the Balance Sheet Reflects

It is not uncommon to hear someone refer to the balance sheet improperly. To hear some speak, one would get an idea that it covered a period of time. Such is not the case. The balance sheet simply reflects the condition of the business as of the particular day and minute that the books were closed and inventory taken. The condition could be greatly different the day before or the day after. The day before the company might have owed heavily, but had a good sized cash item which was largely disbursed to reduce their debt, or they could discount receivables using the funds thus received to reduce direct liabilities and simply show such discounts as a contingent debt, etc. After issuing the balance sheet the company could increase its debt considerably, borrow up its bank lines, increase its trade debt; it could declare a dividend; it could take in merchandise held for a future season, set up the debt therefor, etc. It is evident, therefore, that the balance sheet simply pictures the company's position as of the par-

ticular day and time that it was taken from the books. Follows the December 31, 1923, balance sheet of Brown, Jones & Smith, Inc., taken from the trial balance, closing inventories and profit and loss statement above:

BROWN, JONES & SMITH, INC.
Balance Sheet December 31, 1923

ASSETS

Cash	\$ 5,806
Notes receivable	5,904
Accounts receivable	48,311
Merchandise	50,709
Real estate and buildings	38,000
Furniture and fixtures	7,915
Prepaid expenses, etc.	273
	\$156,918

LIABILITIES

Notes payable, banks	\$ 28,000
Accounts payable, merchandise	28,902
Reserve for taxes	1,900
Reserve for dividends	4,500
Mortgages	10,000
Res. for depreciation	1,808
Capital stock	75,000
Surplus	6,808
	\$156,918

By a careful perusal of the foregoing, without my dwelling on any methods of bookkeeping or the details involved in the proper recording of transactions, the reader will readily realize the distinguishing features between the trial balance, the balance sheet, and the profit and loss statement. One is able to get an idea of how they are prepared, the sources of information supplying the essential data and such an understanding is necessary in order for one to be able to properly interpret their meaning.

QUESTIONS

1. What is a trial balance?
2. What additional data are necessary to have in connection with the trial balance in order to prepare a balance sheet?
3. Does the balance sheet cover a period of time?
4. Does the profit and loss statement cover a period of time?
5. Of what value is the trial balance to the credit man?
6. Could a company's records be such that a balance sheet could be drawn on very short notice?

Questions and answers on bank credit problems follow as usual and will continue each month.

THE organization of Dietz, Pennell & Jordan offers Interior Equipment Engineering Service to Banks & Architects.

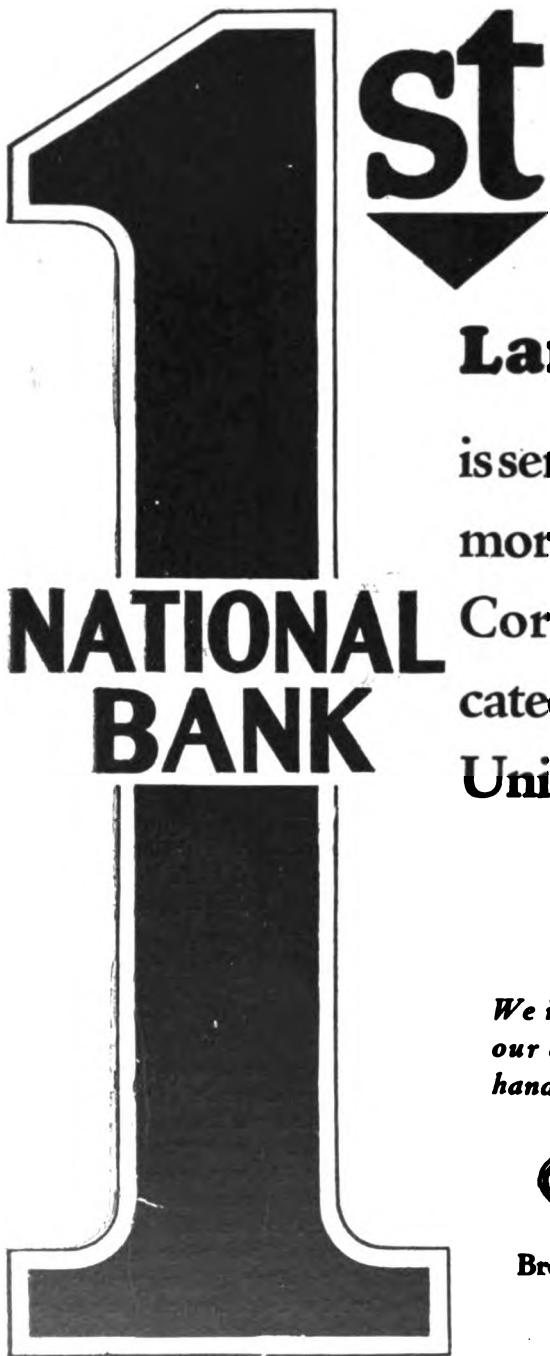
This specialized service includes the developing of practical and economical plans for the efficient operation of Banks.

Dietz, Pennell & Jordan
Bank Equipment Engineers
500 Fifth Avenue
New York

Booklet on Planning & Equipping of Banks will be sent on request

QUESTION: We would appreciate your furnishing us with your opinion as to whether or not capital stock is, in a final sense of the word, liability or accountability.—C. W. H.

Answer: I am not just clear as to what you intend the term "accountability" to mean but would say that capital stock cannot be construed as a liability, and therefore, in the sense you intend, must be accountability. Capital stock, as well as surplus or undivided profits, represents the owners' equity in the business. Capital stockholders are the owners of the business, and cannot be construed in the real sense of the word as creditors of the business. To draw a difference between liability and stock, it is evident that when a bond is read it stipulates a definite indebtedness on the part of the company as contrasted to a share of stock which is merely a representation of ownership. Ownership carries the risks and hazards of the business, and comes after all creditors or liabilities of the business.



**St. Louis'
Largest Bank**

is serving satisfactorily
more than 2000 Bank
Correspondents, lo-
cated throughout the
United States.

*We invite you to investigate
our complete facilities for
handling out-of-town business.*



Broadway—Locust—Olive

RESOURCES OVER 160 MILLION

Banking and Financial Notes

SPECIAL

**BANKERS
MAGAZINE**

SECTION

Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware.

CONVENTION DATES

New York—at Ithaca, June 22-24.

American Bankers Association—at Atlantic City, September 28-October 1.

Association of Bank Women—at Atlantic City, September 28-October 1.

EQUITABLE TRUST'S PARIS OFFICE OPENS WOMEN'S DEPARTMENT

The Paris Office of the Equitable Trust Company of New York has recently opened a women's department offering a complete banking service for women residing or traveling abroad and designed to meet all needs of the bank's women clients. The department includes a complete travel and tourist service in charge of specialists through whom itineraries can be planned and arrangements made for continental trips.

W. C. BAKER ADVANCED BY GUARANTY TRUST

The Guaranty Trust Company of New York has announced the appointment of Walter C. Baker as assistant trust officer at its Madison avenue office.

ADELSON MADE VICE-PRESIDENT OF MANUFACTURERS TRUST

Nathan S. Jonas, president of the Manufacturers Trust Company, New York, has announced the appointment of Louis C. Adelson as vice-president of that institution.

Prior to his connection with the Manufacturers Trust, Mr. Adelson was manager of

the Havana agency of the Federal Reserve Bank of Atlanta, having been for five years before that deputy governor of the Federal Reserve Bank of Atlanta.

NEW YORK AUDITORS OPEN NEWARK OFFICE

McArdle, Djourup & McArdle, accountants and auditors, specializing in system installations for financial institutions have announced the opening of an office in the Chamber of Commerce Building, Newark, New Jersey, under the management of Charles E. Hammett.

PHILLIPS MADE DIRECTOR OF CHEMICAL NATIONAL

William A. Phillips a senior partner of Dillon, Reed & Co., New York, has been elected a director of the Chemical National Bank of New York. Mr. Phillips is the thirty-third director to be elected to the Chemical Board in the 110 years since the bank's founding.

DILLON A DIRECTOR NATIONAL PARK BANK

Clarence Dillon of the investment banking house of Dillon, Read & Co., has recently been appointed a director of the National Park Bank of New York.

GOTHAM MERGER APPROVED

At a recent meeting of the stockholders of the Gotham National Bank of New York the terms previously arranged by directors for the sale of the bank's stock to the Manufacturers Trust Company of New York were approved.

The stockholders of the Manufacturers Trust at a recent meeting approved the proposal of the directors to increase the capital stock from \$8,000,000 to \$10,000,000

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

in connection with the acquisition of the Gotham Bank and of the Fifth National Bank whose stockholders have also approved the sale of the bank's stock to the Manufacturers Trust.

WALTER FREW TAKES TRIP ABROAD

Walter E. Frew, president of the Corn Exchange Bank of New York, recently sailed on a two months' trip to England and France.



WALTER E. FREW
President Corn Exchange Bank, New York,
who recently sailed for Europe

NEW SYSTEM OF CLEARING FOREIGN CHECKS

A new system of clearing foreign checks which will do away with messenger service and reduce the time required to exchange credits has been inaugurated by downtown New York banks.

The Federal Reserve Bank of New York has turned over to a number of banks a room in the new Federal Reserve Bank Building, where three times a day two representatives from each bank will meet to exchange foreign checks. Under the former system a large number of messengers were kept busy carrying the checks around from bank to bank.

The new system is similar to that of the clearing house except that instead of exchanging debits the banks exchange credits in foreign exchange; checks payable to instead of checks drawn on our exchange. The system has been named the "Foreign Exchange Collection," and is being used by about thirty of the large Wall Street banks. This system was inaugurated by an organization of junior bank officers.

NATIONAL AMERICAN OPENS BRANCH OFFICE

The National American Bank of New York opened a New York branch on May 1 at First avenue and 72nd street. This is the first branch the National American has opened.

SPECIAL DIVIDEND OF HARRIMAN BANK

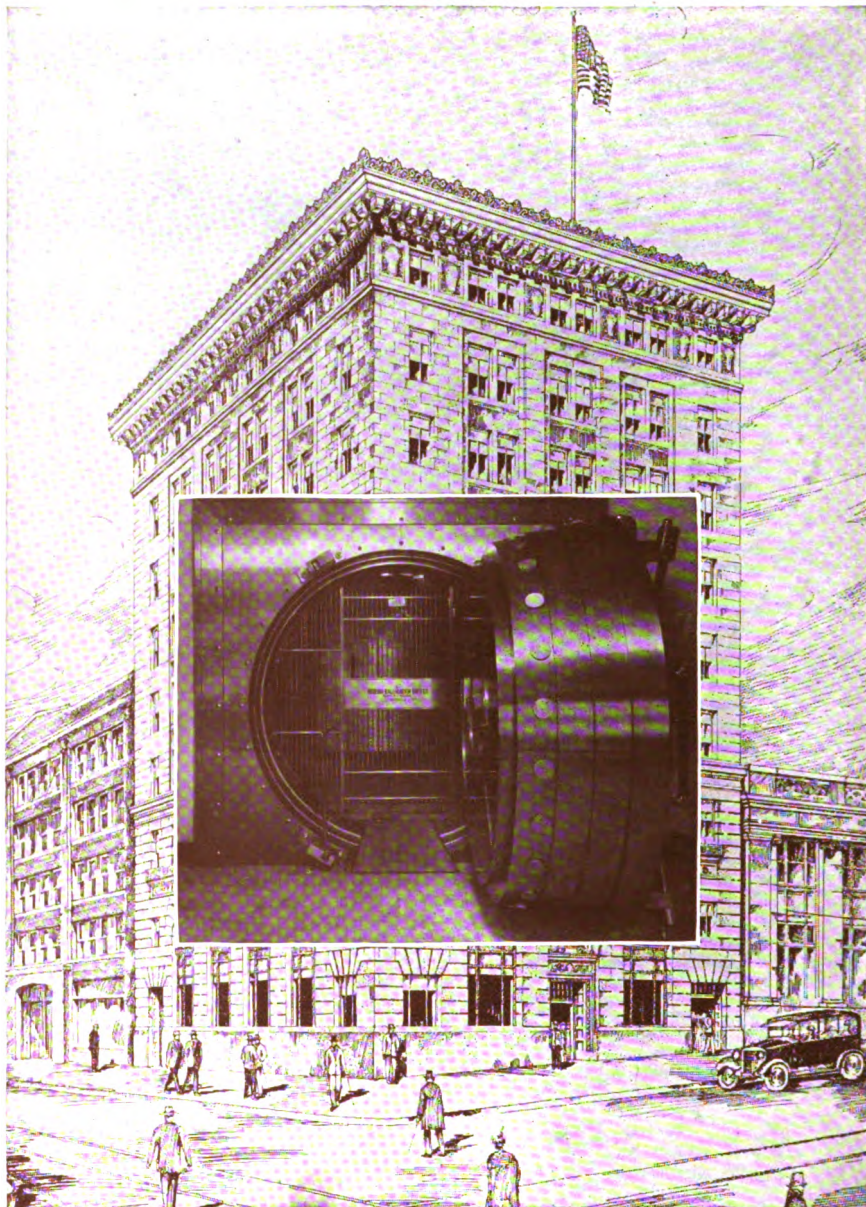
The directors of the Harriman National Bank of New York on May 21 declared a special dividend of 50 per cent. on the bank's capital stock payable to the stockholders of



Wayne National Bank, Goldsboro, N. C.

THE new ten-story bank and office building of the Wayne National Bank of Goldsboro, N. C., provides the banking facilities now so desirable in that rapidly growing cotton center.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



New building of the United States Mortgage Bond Co., Detroit, Mich., designed by Harry S. Angell, Architect of Detroit. All vault work was 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.



**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**

record. The bank's announcement of this dividend stated that it was in consummation of the organization of the recently approved Harriman Securities Corporation.

BANK DOUBLES CAPITAL STOCK

Directors of the Associated Banking Corporation of New York which opened for business the early part of this year have voted to increase the capital stock of the institution from \$500,000 to \$1,000,000.

FORD'S NEW BANK ENTERS WALL STREET

The Guardian Detroit Company, a subsidiary of the Guardian Trust Company of Detroit, of which latter institution Edsel Ford is a director, has announced the purchase of the investment banking house of Keane, Higbie & Company of New York.

The following have been elected officers of the Guardian Detroit Company: Jerome E. J. Keane, chairman; John C. Grier, president; Howard M. Smith, vice-president and Steuart L. Pittman, treasurer pro tem, and vice-president and secretary.

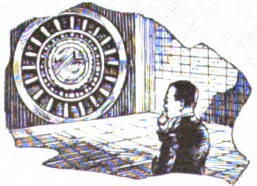
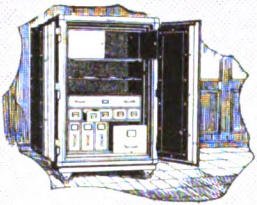
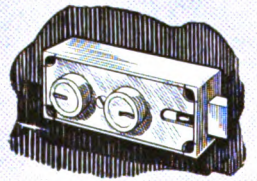
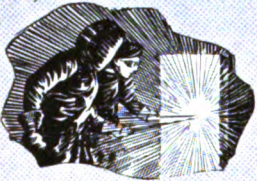
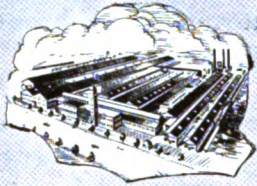
BANKERS GUESTS OF STOCK EXCHANGE

Members of the New York Stock Exchange recently entertained about three hundred bankers from various sections of New York State at a conference which was held at the exchange for the purpose of giving bankers who handle investments in their respective communities first-hand information as to the daily operations in the world's leading security market. Officers of the stock exchange gave over their entire day to the visiting bankers, explaining the operations of the Exchange throughout their various phases.

The bankers were addressed by E. H. H. Simmons, president of the New York Stock Exchange, who pointed out that "it is mainly through the banks that securities come to be issued and listed on the exchange and also that funds can be found to carry them in the floating supply until they can be distributed to the outright buyers and investors of the land. On the other hand, bankers look to the stock exchange for a variety of indispensable services in corporate financing—for the maintenance of a ready, free and



5 Outstanding Reasons



Why you should first consider
THE MOSLER SAFE CO.
if you contemplate purchasing a
Bank Vault.

- 1st:** Over fifty years' experience in manufacturing Bank Vaults, backed by the largest and best equipped Vault factory in the world ;
- 2nd:** Exclusive right to manufacture Bank Vaults of DONSTEEL — the only metal that cannot be penetrated by the oxy-acetylene torch or drill in a burglarious manner ;
- 3rd:** Mosler Patent Pick-proof Safe Deposit Locks, certified by the Underwriters' Laboratories of Chicago ;
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*Plans and specifications furnished without cost
or obligation*

THE MOSLER SAFE CO.
375 BROADWAY, NEW YORK, N.Y.
Factories Hamilton, Ohio Largest Safe Works in the World



open market, for reliable quotations and for integrity of method in security dealings."

AMERICAN TRUST BUYS NEW PROPERTY

The American Trust Company and the New York Title and Mortgage Company have purchased property at 285 Madison avenue adjoining their present offices. The company will improve this property with a modern office and bank building to conform with the building which it now occupies and which was recently extensively altered.

The New York Title and Mortgage Company which is affiliated with the American Trust Company plans to open a Bronx Office at 371-373 149th street, New York, according to a recent announcement of the company. The bank plans extensive alterations in the building in which its new office is to be located.

SECOND ANNIVERSARY OF LABOR BANK

The Federation Bank of New York celebrated its second anniversary on May 20.

President Coolidge sent a message to Peter J. Brady, president of the bank, which is the largest union bank owned by the Federation of Labor, stating that though it was impossible for him to be present on the occasion of the anniversary, he was very much interested in the work that the bank is doing as "it is another strong piece of evidence of a fact which anyone knows who makes an investigation, that the people of this country own the property of the country. America is neither owned nor controlled by a few men who take a primitive view of the earnings of the poor."

A letter of congratulation was also received from Andrew W. Mellon, Secretary of the Treasury, who also expressed his regret that he could not be present in person upon that occasion.

Mr. Brady in announcing the growth in resources of the bank from \$500,000 to \$11,078,828 in two years said: "We are now at the dawn of a new day for labor and we firmly believe as a result of our experience and influence also the dawn of a new era between the wage earners and their employers and capital and labor."

NEW COMMERCIAL PAPER FIRM

The Merchants & Manufacturers Trust, New York, a new concern which will deal

COLLECTION ITEMS

The location of our Elk Street Market Branch, in the heart of the Wholesale Fruit, Produce, Butter and Egg, Poultry and Grocery district insures prompt handling of collection items to Buffalo Wholesalers.



in commercial paper, has recently been organized. This new firm is associated with the Merchants & Manufacturers Securities Company of Chicago, which latter institution has resources of \$4,000,000.

The president of the New York company, Arthur Greene, is also president of the Chicago company.

POOR TO HEAD UPTOWN BANKERS ASSOCIATION

At a recent meeting of the Uptown Bankers Association of New York, the following officers were elected for the ensuing year: president, H. F. Poor, vice-president of the Garfield National Bank; vice-president, James M. Pratt, vice-president of the Guaranty Trust Company; chairman of the Executive committee, Theodore Eetzler, president of the Fifth Avenue Bank; executive committee, J. C. Murray, assistant cashier of the Seaboard National Bank; W. F. H. Koelsch, president of the Netherlands Bank; P. G. Birkhead, Bank of America and H. A.

THE obligations of this institution are selected as appropriate and sound mediums for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Full information may be secured through usual banking channels, or by addressing Financial Sales Department, at any of our offices.

GENERAL MOTORS ACCEPTANCE CORPORATION

Executive Offices:

224 West 57th Street, New York City

Branch Offices:

Atlanta	Cleveland	Kansas City	Philadelphia
Boston	Dallas	Los Angeles	Pittsburgh
Buffalo	Dayton	Memphis	Portland, Ore.
Charlotte	Denver	Minneapolis	St. Louis
Chicago	Detroit	New York	San Francisco
Cincinnati		Omaha	Washington
	London, England		Toronto, Canada

Dunn, vice-president of the Irving Bank-Columbia Trust Company.

MANUFACTURERS TRUST OPENS NEW OFFICE

The Manufacturers Trust Company of New York on May 4 opened a modern new banking structure at Grand street and Bushwick avenue, Brooklyn. The new building will be occupied entirely by the Manufacturers Trust and will serve as the new location of the company's Bushwick office.

The building is of limestone and brick in modern Renaissance design. The bank has outside light from four sides. The walls and floors are Travertine and the finishing of Tavernelle marble and bronze.

WINKLER APPOINTED VICE- PRESIDENT OF MOODY'S

Dr. Max Winkler who originated and has for four years been manager of the foreign department of Moody's Investors Service, New York, has been made a vice-president of the institution. He is editor of Moody's rating book of foreign and American government securities. He will continue to supervise

Moody's foreign service and will shortly sail for Europe to study conditions abroad.

CAMERON ON STAFF OF FINANCIAL NEWS

A. Guyot Cameron, formerly Professor of French Literature at Yale and Princeton, and for many years a student of international economic affairs, has joined the editorial staff of the National Financial News, New York, as foreign affairs editor.

NEW YORK CHAPTER A. I. B. ELECTIONS

The New York Chapter of the American Institute of Banking at its annual meeting on May 14 elected the following members to the board of governors for the three-year term, 1925-1928: Horace W. Foster, American Trust Company; Richard W. Hill, national secretary, American Institute of Banking; Henry R. Johnston, Chatham and Phenix National Bank and Trust Company; Harry A. Merritt, First National Bank of Yonkers, N. Y.; Ernest T. Love, Chase National Bank; Frederick C. Metz, Bank of New York and Trust Company; B. E. Schultz, New York Stock Exchange; A. C. Ten Eyck,

Coming to Buffalo ?

Are any of your customers coming to Buffalo or to Niagara Falls this year? If they are, send them to the Marine Trust Company. We shall be glad to serve them and show them every courtesy on your behalf.

MARINE TRUST COMPANY of Buffalo

*Resources over
One Hundred Sixty Millions of Dollars*

Equitable Trust Company; Joseph J. Tuohig, Hanover National Bank, and Edward Vanderpoel, National Bank of Commerce.

The chapter presented a watch to Louis H. Ohlrogge of the National Park Bank, retiring treasurer, in recognition of his services since 1914.

AMERICAN EXCHANGE-PACIFIC BANK MERGER

Directors of the American Exchange National Bank and the Pacific Bank, both of New York, approved on May 21 plans for consolidation of the two institutions under the name of the American Exchange-Pacific National Bank. The boards of directors of the two institutions will constitute the new board and all offices of the Pacific Bank will continue under the same staff of officers.

Louis L. Clarke, president of the American Exchange National Bank, said in a statement to stockholders that the merger would probably be effective about August 1.

The American Exchange National Bank has been established for eighty-seven years

and during that time has carried on its business from one central office.

The Pacific Bank was founded in 1850 and is a state bank with four branches.

The new consolidated institution will have capital, surplus and undivided profits totalling approximately \$20,000,000. It is announced that there will be no changes in personnel and that the main office of the consolidated institution will continue to be at 128 Broadway.

The consolidation will be completed by increasing the capital stock of the American Exchange from \$5,000,000 to \$7,500,000. This increase will consist of 25,000 shares of additional stock at the par value of \$100 per share. Resources of the American Exchange National Bank are \$189,265,700 and of the Pacific Bank \$46,562,000. The two institutions have been very closely associated for a number of years during which time the American Exchange has had a controlling interest in the affairs of the Pacific Bank.

O. H. Cheney is president of the Pacific Bank. He was New York State Superintendent of Banks from 1909 to 1911, accepting the presidency of the Pacific Bank in the latter year.



E. B. HARSHAW
Cashier Grove City National Bank, Grove City, Pa.,
retiring president Pennsylvania Bankers
Association



O. HOWARD WOLFE
Cashier Philadelphia National Bank, one of the
speakers at the recent Convention of the
Pennsylvania Bankers Association

Pennsylvania Bankers Convention

Harshaw Sees Good Outlook for Business, But Warns Against Menace of Taxation

THE thirty-first annual convention of the Pennsylvania Bankers Association, held at the Hotel Traymore, Atlantic City, New Jersey, May 20-22, was attended by nearly 700 representatives of Pennsylvania banks. The convention was addressed at the opening session by E. B. Harshaw, president of the association and cashier of the Grove City National Bank, Grove City, Pa. Mr. Harshaw's address was of a very optimistic nature. He pointed out that conditions throughout the country are fundamentally sound, merchants and manufacturers are not overstocked, labor is fairly well employed, farmers are buying conservatively and the outlook for a steady business at a fair profit is good. The menace of taxation is the only dark spot that Mr. Harshaw sees on the horizon. He remarked that Secretary Mellon, in pointing the way to tax reduction, had rendered a very valuable service to business, but the situation would be much better if Congress should see

fit to take Mr. Mellon's advice and adjust taxation along more economic lines. Mr. Harshaw said further, regarding taxation:

"Business men and organizations have been too reticent in expressing a demand for lifting the present burden of taxation from the shoulders of trade and industry. This is an issue of greatest weight, if our business is to go forward. It is certainly time to impress the needs of business upon our law making bodies."

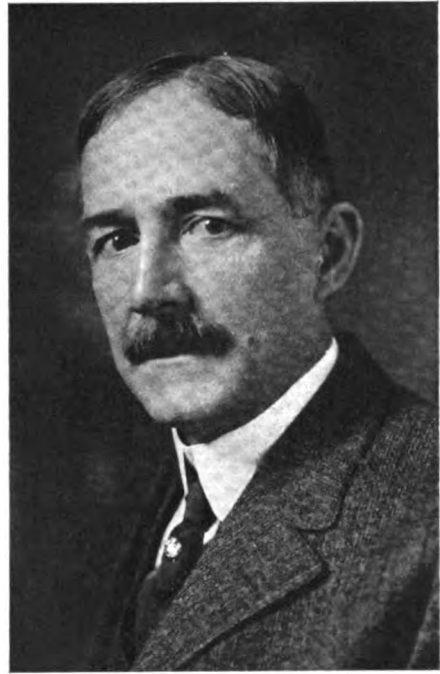
Mr. Harshaw praised President Coolidge's policy of economy and commended it as an example that can well be followed in every state, community and municipality and especially, he added, in Pennsylvania where the present state indebtedness is very high.

At the opening session, addresses were delivered by the chairmen of the various committees of the association. The speakers included E. E. Shields, chairman of the Blue Sky Committee; Hon. Edward J. Fox, chairman of Committee on Banking Code;



E. P. PASSMORE

President Bank of North America and Trust Company, Philadelphia, retiring member of the executive council, Pennsylvania Bankers Association



E. E. SHIELDS

Assistant cashier Franklin National Bank, Philadelphia, retiring chairman Blue Sky Committee, Pennsylvania Bankers Association

John G. Reading, chairman of Legislative Committee; W. S. McKay, chairman of Committee on Agricultural Development; Alex Dunbar, chairman Budget Committee and Special Committee on Amendment of the Constitution; Clark Hammond, chairman of Committee on Technical Information; Paul Detwiler, chairman of Committee on Education; Dr. J. T. Holdsworth, chairman Committee on Foreign Trade; the Hon. L. T. McFadden, chairman Robert Morris Memorial Committee and Prof. L. F. Graber, department of agronomy, University of Wisconsin.

The session closed with a meeting of members of the American Bankers Association.

Among other addresses delivered at the convention were "Immigration and the Population Problem of the World" by Prof. Henry Pratt Fairchild of New York University; "Taxation in Philadelphia," by the Hon. Franklin Spencer Edmonds; "The Crusade Against the Losing Account," by O. Howard Wolfe, cashier of Philadelphia National Bank, and "Tightening up our Banking Machinery" by Craig B. Hazlewood.

Officers of the association for the ensuing

year were elected as follows: president, George W. Reily, president Harrisburg Trust Company, Harrisburg, Pa.; vice-president, Clark Hammond, vice-president Columbia National Bank, Pittsburgh, Pa.; secretary, C. F. Zimmerman, treasurer, Lebanon County Trust Company, Lebanon, Pa.; and treasurer, P. T. Davis, treasurer Clearfield Trust Company, Clearfield, Pa.

The following resolutions were among those adopted by the convention:

Resolved, That we express our hearty approval of the recommendations of the President to Congress that the Federal estate tax be repealed.

Resolved, That since the prosperity of the country so largely depends upon low and equitable Federal income taxes, including surtaxes, we urge the senators and the congressmen of Pennsylvania to support the efforts of the Administration to reduce taxation on a scientific rather than a partisan basis.

Resolved, That we urge the repeal of the gift tax as an unwarranted interference with the personal affairs of the individual in the guise of taxation and as an improper basis of taxation.

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

Banking and Trust

service in keeping with the needs of progressive banks and trust companies is offered by this Company to financial institutions seeking New York connections.

Inquiries welcomed

UNITED STATES MORTGAGE & TRUST COMPANY

Main Office: 55 Cedar St., New York

Branches :

Lexington Ave. at 47th St.

Madison Ave. at 74th St.

Broadway at 73rd St.

125th St. at 8th Ave.

NATIONAL BUTCHERS AND DROVERS INCREASE

Stockholders of the National Butchers and Drovers Bank of New York recently voted an increase in capital from \$1,000,000 to \$2,000,000.

INDUSTRIAL ACCEPTANCE CORPORATION

The Industrial Acceptance Corporation of New York, which finances the sale of Studebaker cars on time payments, reports the net earnings for the quarter ended March 31, 1925 as \$212,984 compared with \$140,627 for the corresponding period of the previous year.

BANK OF AMERICA WILL MOVE INTO NEW QUARTERS

The Bank of America, New York, is occupying a section of its new building which is being erected on the block front bounded by Wall, William and Pine streets. The work of the demolition of the bank's old quarters has begun but the main banking floors will be occupied for a period of several weeks longer. The clerical

departments of the bank have already moved. Toward the latter part of June the departments on the main banking floors will also be transferred to the main building and the demolition of the old structure will be carried to completion within a short period after this.

The Bank of America plans to have its new building completely finished by May 1926, according to present estimates.



New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island.

CONVENTION DATE

National Association of Mutual Savings Banks—at Poland Springs, Me., June 17-19.

SAVINGS BANKERS TO MEET IN MAINE

The sixth annual conference of the National Association of Mutual Savings Banks



First National Bank,
Saugerties, N. Y.

A VIEW of the building recently completed for the First National Bank of Saugerties, N. Y. The bank occupies the whole building, which is of limestone with the highest possible class of equipment throughout.

*The building was planned
and erected under the
supervision of*

Morgan, French & Co., Inc.

Architects and Bank Engineers

19 West 44th Street . New York

will be held in Poland Springs, Maine, June 17 to 19. Three sessions will be included in the program. The first session will be devoted to "Mutual Savings Bank Administrative Policies," the second to "Extension of Field of Investment for Savings Banks," and the third to matters relating to the development of savings bank service.

Familiar forms of convention programs, it is announced, will be discarded this year and open forums will replace the formal reading of papers.

OLD COLONY TAKES OVER PILGRIMS TRUST

Announcement has been made that the Old Colony Trust Company of Boston has arranged for the purchase of the entire stock of the Pilgrims Trust Company of that city amounting to \$200,000. The Pilgrims Trust which has deposits of about \$700,000 succeeded to the business of the First State Bank of Boston early in 1925.

NEW BUILDING FOR UNION SAVINGS

The Thomas M. James Company, bank architects, Boston, are awarding contracts for the construction of a new building for the Union Institution for Savings at the corner of Tremont and LaGrange streets, Boston. The new structure will be a bank and office building of ten stories, built of steel and concrete and faced with limestone. The banking rooms will be fitted up in modern style and in accordance with the latest developments in improved bank architecture.

JOSEPH C. ALLEN BECOMES VICE- PRESIDENT OF AMERICAN TRUST

Joseph C. Allen, Commissioner of Banks of Massachusetts, has resigned that office to become vice-president and a director of the American Trust Company of Boston. Mr. Allen has served as bank commissioner under three Massachusetts Governors, Calvin Coolidge, Channing H. Cox and Alvan T. Fuller. It is said that after President Coolidge became Vice-President of the United States he stated that of all the appointments he had made during his two terms as Governor of Massachusetts he was most proud of the naming of Mr. Allen as bank commissioner. Governor Fuller recently appointed Mr. Allen for a third term with the understanding that he have the privilege of

withdrawing to private life at an early date.

Within the first six months of his administration as commissioner of banks, Mr. Allen closed four Boston trust companies and closed a fifth banking institution within the next few months. He then restored the faith of the people in the banks by insisting that every bank be guided by men of high



JOSEPH C. ALLEN

Recently elected vice-president of the American Trust Company of Boston

character and recognized banking ability, and that their business be made to comply strictly with all legal requirements.

Mr. Allen was a member of the special commission on banking laws which followed the closing of the trust companies. As a result of his work the banking laws were made more stringent and several important laws added to the statute books.

LIBRARIANS TO MEET IN MASSACHUSETTS

The Special Libraries Association and the New England Library Association are to hold their annual meeting at Swampscott, Mass., June 22 to 27. Miss Margaret Reynolds, librarian of the First Wisconsin



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The Business of Banks, Bankers, Investors and Dealers in Securities Receives
Prompt and Careful Attention

National Bank of Milwaukee and chairman of the financial group has announced the following program of speakers and their subjects for the addresses of this particular group: Miss Eleanor Cavanaugh, librarian, Standard Statistics Company, New York, "Obscure and Sometimes Occasional Sources on the Stock Market and Stocks and Bonds;" Roy G. Bergengren, Credit Union

National Extension Bureau, Boston, "Credit Unions."

The following four-minute speakers have been announced: Miss Ruth G. Nichols, librarian Federal Reserve Bank of Chicago; Miss Sue W. Uchter, librarian Continental and Commercial Banks, Chicago; Miss K. Dorothy Ferguson, librarian Bank of Italy, San Francisco; Miss Alice Scheck, librarian First National Bank, Los Angeles.

EDWIN A. STONE HONORED

Edwin A. Stone formerly of the Franklin Savings Bank, Boston, and for more than forty years secretary of the Bank Officers Association of the City of Boston was recently given the title of secretary emeritus at the annual meeting of the association which was attended by 1500 members. Mr. Stone was recently compelled to relinquish his duties with the association on account of illness. He is one of the six organizers of the association.

BANK CASHIERS ELECT OFFICERS:

At the recent annual meeting of the National Bank Cashiers Association of Massachusetts held in Boston the following officers were elected: president Henry G. Adams, Marlboro; vice-presidents, Earle I. Foster, Lynn and George F. Hall, Quincy; treasurer, Joseph B. Ross, Wellesley; and secretary, Elbert H. Barnett, Salem.

AMERICAN FOUNDERS TRUST

Announcement has been made that the name of Bull Brothers Company of Boston and New York has been changed to the American Founders Trust. The company states that this change has been made on

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Automobile Finance

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fifty-eight years of business
prestige behind it

account of the desirability of enlarging the plans and scope of its business and in keeping with the necessary change of business policy incidental thereto.

MERCHANTS NATIONAL BANK OF BOSTON

The stock of the Merchants National Bank of Boston sold at auction on May 6 at 326¹/₄, an advance of 23³/₄ points since the last sale. The Merchants is now one of the highest selling stocks in New England.

**WITHERELL AND NEWCOMB
ADVANCED**

Arthur B. Witherell has been elected treasurer of the Hampshire County Trust Company of Northampton, Massachusetts, and a new office has been created by the board, that of manager of the savings department, to which latter office Harold R. Newcomb has been elected.

SUMMARY OF BANKING PROFITS

The Federal Reserve Bank of Boston has published a summary of the operating costs and profits of member banks in New England for the year 1924. Banks are grouped in this summary according to their size and the character of their business. Sources of material used by the Federal Reserve Bank in compiling this report have been condensed from data filed with the bank in the ordinary course of business, namely, semi-annual reports of earnings and dividends, and the periodical reports of condition, furnished to the Comptroller of the Currency by national banks and to the Federal Reserve Board by member trust companies.

**FIRST NATIONAL BANK SEES
IMPROVEMENT IN BUSINESS
SENTIMENT**

The current New England letter of the First National Bank of Boston says that: "While business has not come up to the exaggerated expectations of the first of the year it is now becoming apparent that a substantial volume of goods has been produced and distributed. For the first four months of this year new records were established in the production of pig iron, rubber tiles, silk, newsprint paper, while motor vehicle output was the second highest on record. Conspicuous exceptions to this marked activity, however, have been the cur-

HAROLD A. DANNE
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tailed operations in the woolen, cotton and leather industry, resulting from style changes and high costs. As these are the three leading industries in New England it is not unnatural that the dealings in these lines should produce more of the feeling of depression in this section than general conditions warrant."



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.

CONVENTION DATES

- Robert Morris Associates—at Washington, D. C., June 8-11.
- National Association of Credit Men—at Washington, D. C., June 8-13.
- Virginia—at Hot Springs, June 18-20.
- Country Banks of Georgia—at Savannah, June 17-19.
- West Virginia—at Wheeling, June 25-26.

**BANKERS' NATIONAL WHERE-U'
BEE GOLF TOURNAMENT TO BE
PLAYED IN JULY**

Last year there was held for the first time a golf tournament between bankers in which they played against one another, but on their own courses. The idea of the invitation golf tournament conducted by mail was originated by Staples & Staples, Inc. of Richmond, Va. and proved so successful that a second tournament will be held in July of 1925 with more and better prizes and several new features added.

It has been called the "Bankers' National Where-U-Bee Golf Tournament" because the contestants play on their own home

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well versed on conditions
and credits throught this
territory :

invites your business

JOHN M. MILLER, JR.

President

Resources over \$33,000,000

courses or, if on vacation, on the course where they happen to be.

There are no limits to the number of rounds which may be played provided they are all played between July 1 and 31 and are played on the same course.

The contestant selects the lowest score made on each of the nine or eighteen holes during July. The score card submitted, therefore, will be a composite score of all the rounds played from which a score is selected.

For this purpose special score cards will be furnished by Staples & Staples to any banker who requests them. Last year the first prize of a silver cup was won by Walton Holmes, Jr., assistant vice-president of the Pioneer Trust Company of Kansas City, Mo., for a selected score of 58 played on the Kansas City Country Club course, distance 5673 yards, par for the course, 70.

The second prize was won by Claude W. Haynes, of the National Loan and Exchange Bank of Columbia, S. C. with the best selected score of 60. Mr. Haynes played on the Ridgewood Country Club course, distance 6256 yards, par for the course, 75.

There will be one set of prizes for the bankers playing upon 9-hole courses and another for the bankers playing on 18-hole courses.

The first prize is a handsome leather golf bag. The second prize is a Travelo knit jacket.

In addition, it is planned this year to offer a prize for the best selected score from each city where ten or more contestants turn in cards. In this way the bankers in each city will compete against one another as well as against the rest of the country and a Read balanced wood club will be given to the winner in each city which has ten or more entrants.

The tournament is open to any banker, or employee or director of a bank. There is no entrance fee. The only requirement is that the bankers who intend to play send in their names and report their scores on the special score cards provided.

Readers of **THE BANKERS MAGAZINE** may secure full information explaining the rules of the contest and listing the prizes from Staples & Staples, Inc., Richmond, Virginia.

**McADAMS MADE VICE-PRESIDENT
STATE AND CITY BANK OF
RICHMOND**

Thomas B. McAdams, formerly vice-president of the Merchants National Bank of Richmond, Va., and past-president of the American Bankers Association, has been



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THOMAS B. McADAMS

Recently elected executive vice-president of the State and City Bank and Trust Company of Richmond, Va.

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**McArdle,
Djörup & McArdle**

42 Broadway, New York

elected executive vice-president of the State and City Bank and Trust Company of Richmond.

For the last twenty years Mr. McAdams has been prominently connected with the banking business, and in addition to being past-president of the American Bankers Association has been president of the Virginia Bankers Association and president of the Association of Reserve City Bankers.

Mr. McAdams is also widely known in fraternal circles, having been grand potentate of the Shrine from 1909 to 1910. He has served as head of the Virginia-Carolina Rotary District, is an LL.D. of the University of Richmond and has been a member of the staff of two governors of Virginia.

The State and City Bank and Trust Company is one of the larger financial institutions in the South, and operates six banking houses in Richmond. Its capital and surplus is \$2,700,000, and it has total resources of about \$25,000,000.

Julien H. Hill is president of the institution, which was established more than fifty

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Capital and Surplus . \$1,500,000.00
Resources . . . \$12,500,000.00

"Cooked" Air

"Cooked" air is the term used by scientists for the devitalized product of ventilating systems of the usual type.

The Smithsonian Institution at Washington, the Government Scientific Bureau, has stated that one-third the deaths in the United States are caused by respiratory diseases due to bad heating and ventilation; or, in other words, due to "cooked" air in one form or another.

Nevertheless, "cooked" air is the fashion; monumental buildings are evidently not considered in good taste unless the air in them is thoroughly devitalized, and even the humble home has its pipeless furnace.

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years ago and has for many years devoted its principal efforts to the upbuilding of Virginia and the South. The State and City Bank's service includes every phase of commercial and savings banking.



Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa and Missouri.

CONVENTION DATES

- Iowa—at Dubuque, June 15-17.
- Michigan—on board S. S. Noronic, June 15-19.
- Wisconsin—at Milwaukee, June 16-17.
- Illinois—at Peoria, June 18-19.
- Minnesota—at Duluth, July 9-10.
- American Institute of Banking—at Kansas City, Mo., July 14-17.
- Indiana—at West Baden, Sept. 16-17.
- Financial Advertisers Association—at Columbus, O., October 14-16.

UNION TRUST ONE YEAR IN NEW BUILDING

One year ago on May 19, the Union Trust Company of Cleveland opened for business in its quarters in the new Union Trust Building and took formal occupation of the largest banking room in the world.

At noon on May 19, the bank's officers and employees gathered around an immense birthday cake in the bank's cafeteria.

During the bank's opening week a year ago almost half a million people visited the Union Trust lobby. Since that time, the bank reports, interest in the new building has not lagged and during the last year at least twenty thousand visitors have been conducted through the bank.

GLEASON SUCCEEDS LATE A. G. TAME AT CLEVELAND TRUST

Charles B. Gleason, vice-president in charge of bond sales at the Cleveland Trust Company, Cleveland, has been named chairman of the new business committee at the bank. He succeeds the late A. G. Tame, senior vice-president, and in this capacity will be the executive in charge of the bank's

new business department, of which E. V. Newton is manager.

Others who succeed Mr. Tame in important committee assignments are F. H. Hobson, vice-president, who becomes vice-chairman of the banking investment committee; and A. R. Horr, vice-president, who becomes vice-chairman of the estates investment committee.

**WARNER NEW DIRECTOR OF
CENTRAL TRUST**

At a meeting of the board of directors of the Central Trust Company of Illinois, held April 29, Rawleigh Warner, vice-president and treasurer of Dawes Brothers, Inc., was elected to the board. Mr. Warner has been associated with Dawes Brothers, Inc., since his discharge from the army in 1918.

**OHIO'S STATE BANKS NEAR TWO
BILLION MARK**

Combined resources of Ohio's state banks are nearer the two-billion-dollar mark now than ever before in the history of these institutions.

This unprecedented showing is indicated in a statement issued by H. E. Scott, Superintendent of Banks of Ohio.

The statement is based on returns made by the 743 banks supervised by the State Department of Banks, in response to the call for a statement of their financial condition on March 30, 1925.

Total resources of these banks on that date were \$1,921,438,074, as compared with \$1,875,538,359 on December 31, 1924, and \$1,916,237,424 on October 10, 1924, the dates of the two preceding calls.

"These gains are gratifying and they signify that, despite business fluctuations of the past, Ohio's banks are stronger than ever, and the business structure of the country rests upon a firm foundation," said Superintendent Scott.

Total deposits of these banks on March 30, 1925, were \$1,653,108,169, as compared with \$1,607,986,504 on December 31, 1924, and \$1,510,467,090 on March 31, 1924.

Savings deposits, which are included in the foregoing figures, increased from \$728,692,339 on March 31, 1924, to \$790,234,160 on March 30, 1925. Time certificates ("interest bearing deposits"), also included in the figures for deposits, increased from \$98,802,632 to \$108,270,452 during the year.

Substantial increases are shown in a num-



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ber of items between the calls of March 31, 1924, and March 30, 1925. Loans and discounts increased from \$1,109,873,743 to \$1,217,839,475. Included in the latter two sets of figures are real estate loans which increased from \$404,501,799 to \$467,402,618. Holdings of government bonds and securities increased from \$77,539,718 to \$97,477,195.

GUARDIAN TRUST COMPANY OF DETROIT

Announcement has been made by the organization committee of the Guardian Trust Company of Detroit that the charters of that company and of the Guardian Detroit Company have been filed at Lansing. The Guardian Detroit Company started business on May 16 but the Guardian Trust Company will not be ready to open for business until its banking rooms on the main floor of the Buhl Building are completed, which it is expected will not be until the middle of June.

The Guardian Detroit Company has taken over the municipal bond business of Keane, Higbie & Company at both its Detroit and New York offices. This action will at once place the new corporation in the front rank of similar institutions, as Keane, Higbie & Company has long had a nation-wide dis-

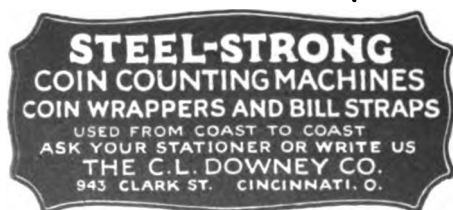
tribution for municipal and other bonds. Keane, Higbie & Company, with offices in the new Buhl Building, will continue as underwriters and wholesalers of investment securities.

The organization meeting of the Guardian Detroit Company has been held and the following officers elected: Jerome E. J. Keane, chairman; John C. Grier, Jr., president; Howard M. Smith, vice-president; Archer H. Brown, vice-president, and Steuart L. Pittman, treasurer pro tem. and vice-president and secretary. These, with Henry E. Bodman, attorney, Ernest Kanzler, vice-president of Ford Motor Company, and William Robert Wilson, president Guardian Trust Company of Detroit, constitute the board of directors.

Mr. Grier's election to the presidency of the new corporation is in the nature of a promotion. He came to Detroit from Pittsburgh in 1919 and associated himself with Keane, Higbie & Company. He was subsequently made vice-president of the company and transferred to New York City where he became manager of the firm's New York office. He returns to Detroit not only as president of the Guardian Detroit Company but as vice-president of the Guardian Trust Company.

CENTRAL SAVINGS TAKES OVER CONTINENTAL

Announcement was made that the Central Savings Bank, Detroit, Mich., has taken over the deposits of the Continental Bank of that city amounting to over \$2,390,000 together with its five branches and that its depositors had become members of the large family doing business with the Central Savings Bank which is affiliated with the First National Bank of Detroit.



When interviewed, Laurence P. Smith, president of the Central Savings Bank, stated "This transfer of relations will afford the depositors and customers of the Continental Bank the splendid facilities of the Central Savings Bank. Each individual, company or corporation will receive the same courtesies and accommodations that are available to all Central Savings Bank customers."

DETROIT BANKS PROTECT BRANCHES

Detroit banks have arranged, with the approval of Police Commissioner Croul, for the creation of a special corps of seventy-eight patrolmen who will make it their business to guard the branch offices of banks. This measure follows a recent series of holdups of branch banks in Detroit.

Each member of the new bank patrol will be equipped with uniforms, rifles and motorcycles. They are hired by the local banks though officially attached to the police department. They will visit the 241 branch banks of the city on a regular schedule, day and night, so that each one of the branches will be inspected every ten minutes. In outlying branches and remote sections special guards will be stationed behind steel turrets and shields to furnish additional protection.

LONERGAN HEADS ST. LOUIS A. I. B.

Irving W. Lonergan, manager foreign department of the First National Bank in St. Louis was elected president of the St. Louis chapter of the American Institute of Banking at the chapter's twenty-fifth annual banquet which was recently held. Mr. Lonergan is a graduate of the St. Louis University Law School and a member of the Missouri Bar Association.

McNALLY TO HEAD RESERVE BANKERS

Raymond F. McNally of St. Louis was elected president of the Association of Reserve City Bankers at the closing session of their convention in Louisville, May 8. Other officials elected were: vice-president, H. Y. Lemon, Kansas City; directors, Frank Boyd of Omaha, Charles McCain of Little Rock and Eugene W. Owen of Boston.

Mr. McNally came to St. Louis in 1915 as vice-president of the Mississippi Valley

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Of our unusual plan to help banks merchandise their service—on the principle used in merchandising commodities—we can tell you facts and give you plans that will help to build a surprising amount of new business.

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of Cleveland

Trust Company. In 1918 he went to the National Bank of Commerce as vice-president and cashier. He began his banking career in Chillicothe, Mo., his native city, in 1901. He has been president of the Clearing House Division of the American Bankers Association and also president of the Missouri Bankers Association.

HERMAN HUNICKE

Herman Hunicke, vice-president and oldest employee of the Liberty Central Trust Company, St. Louis, recently died at his home in that city at the age of eighty-one. He had been with the Liberty Central for sixty-two years. He was born in July, 1843, and came to this country from his birthplace, Bremen, Germany in 1856. He landed in New Orleans and came up the river on the Alexander Scott Steamboat of which Mark Twain was at one time pilot.

In 1861 he came to St. Louis and worked for a few months until the outbreak of the Civil War for Angelroth and Barth, a commission firm. Then he enlisted and served in the war for three years.

In October, 1868, he entered the present Liberty Central Trust Company as a balance clerk. His progress was steady. In time he became head bookkeeper, assistant cashier, cashier and then vice-president.

LONSDALE HONORED

John G. Lonsdale, president of the National Bank of Commerce in St. Louis, has been elected a director of the Chamber of Commerce of the United States, representing the finance branch, and succeeding Owen D. Young in that capacity. Mr. Lonsdale is a member of the Executive Council of the American Bankers Association, and was formerly president of the National Bank Division of that organization.

KANSAS CITY CONVENTION A. I. B.

About two thousand delegates, including some of the most prominent bankers of the country are expected to be in attendance at the annual convention of the American Institute of Banking, to be held in Kansas City, Mo., July 13-17. The guests will begin to arrive Monday morning July 13. Monday will be taken up with registration and visitation of banks. Monday evening there will be a smoker for the men and a card party for the women. Later on a get-together will be held with dancing and refreshments. Tuesday morning will be the opening convention session, the presiding officer being Edwin V. Krick of San Francisco, national president. One of the principal features of an institute convention is the departmental conferences. In them lies the real meat of the convention. Conferences are arranged on every phase of banking activity, and outstanding men are chosen to lead the various sections. These conferences will be held with the following men as chairmen:

Audits and examinations, S. A. Wardell, Federal Reserve Bank, Kansas City; bank administration, H. S. Cohen, Citizens and Southern Bank, Atlanta, Georgia; bonds and investments, C. R. Davenport, Fred E. Nolting Co., Richmond, Virginia; checks and collections, Melvin Thies, Union Trust Com-



Four bankers, whose combined banking service totals 177 years, were the recipients of honors at the May Day Dinner of the employees of the National Bank of Commerce held at the City Club in St. Louis. Gold service buttons containing jewels were presented to these banking nestors by John G. Lonsdale, president of the bank, as a part of the employees' jubilation over the close of a campaign for new business in which \$6,786,000 was secured. Reading from left to right—Warren M. Chandler, vice-president, 44 years; F. A. Peterson, assistant cashier, 42 years; W. B. Cowen, vice-president, 47 years; F. W. Leet, head of collection department, 44 years.

pany, Chicago, Ill.; credits, Clarence R. Chaney, Northwestern National Bank, Minneapolis, Minn.; foreign trade and foreign exchange, W. D. Thurston, Baltimore Trust Company, Baltimore, Md.; savings bank, Roy C. Van Denberg, Savings Bank of Utica, Utica, New York; trust functions, R. R. Bixby, Mercantile Trust Company of California, San Francisco, Cal.; business development and advertising, O. F. Meredith, Bank of America, New York.

The conferences will begin Tuesday afternoon at luncheon and last through until four-thirty. Other sessions will be held Thursday afternoon and Friday morning. Tuesday evening has been left open to allow various chapters and other groups to have dinners or other meetings. On Wednesday morning the annual debate will be held. Inasmuch as some chapters have not finished their debate schedules, the participating chapters and the subject cannot be an-

nounced until later. Wednesday afternoon and evening will be given over to entertainment. An automobile ride over the boulevards will be followed by a gathering at Fairyland park. Dinner will be served and there will be an entertainment program afterwards. Thursday morning will be given over to various conferences including chapter presidents' conference, chapter publicity conference, public education conference, public speaking and debate conference, women's conference. On Thursday evening the chapter caucuses will occupy the attention of the delegates. At this time the various candidates for office will appear before the different chapter organizations. Following this appearance, the chapters decide for whom they will vote. Friday afternoon the closing convention session and election of officers will be held. The farewell ball at the Hotel Muehlebach on Friday evening will close the convention.



Canadian Cruises



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JULY 11-25
AUGUST 8-22



Stopping One day each way at Halifax. Two days at Quebec.

Sailing through the Northumberland Straits, Gut of Canso, the Saguenay River, thence on to Quebec. Magnificent scenery, smooth water, cool weather. The ship has spacious promenade decks and all deck games, many rooms with bath, finest cuisine, etc. Orchestra for dancing.

No passports required.

The round trip occupies 12 days, rate \$150 and up, or one way to Quebec, 5 days, \$80 and up.



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Angeles, California, was elected to the presidency of the association. Harrison C. Hall was elected vice-president, V. W. Killick, secretary; Sydney E. Walsh, treasurer; Guy E. Marion, librarian; and George Ellis, editor. The following counsellors were also appointed: George J. Eberle, Paul D. Barton, R. H. Hornidge, and Clem A. Copeland.

YAKIMA NATIONAL BANK-TRUST COMPANY COMBINE

The Yakima National Bank of Yakima, Wash., has announced that the savings and commercial banking business of the Yakima Trust Company has been combined with its own.

CONDITIONS IN THE PACIFIC-SOUTHWEST

The current monthly summary of conditions in the Pacific-Southwest, compiled by the research department of the First National Bank of Los Angeles Pacific-Southwest Trust and Savings Bank says regarding the present outlook:

"The agricultural outlook in the Pacific-Southwest territory has improved materially during April, due to favorable weather conditions. The future of the livestock industry appears better than at any time in the past three years. As a result the psychology of farming communities is improving. It is not to be expected that this will result in an immediate expansion in business operations. Statistics indicate sustained business in the Los Angeles Basin. Fundamental factors are favorable to the maintenance of the present level.

"Unusually heavy rainfall during April in all important growing districts came, as previously, at a time well suited for farm operations. Temperatures following the rains were beneficial. Additional snowfall in the mountains has assured water for irrigation well into the summer. An adequate supply of power is expected. Crop damage from frost is less than was anticipated.

"The markets on citrus fruits are very favorable. Returns to growers will exceed materially those of last season, despite the short crop. The navel orange harvest is completed and the valencia movement has started. The deciduous fruit outlook in the San Joaquin Valley is particularly encouraging. Crops indicate reaching

Western and Pacific States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico, Oklahoma, Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska.

CONVENTION DATES

Oregon—at Corvallis, June 11-13.
Colorado—at Bear Creek, June 19-20.
South Dakota—at Sioux Falls, June 23-24.
North Dakota—at Devil's Lake, June 25-26.
Montana—at Glacier Park, July 11-13.
New Mexico—at Las Cruces, September 21-22.

STATISTICIANS HONOR BUNJES

At the recent annual meeting of the Western Statistical Association, H. G. Bunjes, statistician of California Bank, Los

matured stage at almost normal production. A fair crop of canning fruit is anticipated in the districts south of the Tehachapi. Early reports indicate prices slightly in excess of last season.

"Indications point to normal production of all varieties of grapes. The set of walnuts was very heavy and uniform. A record crop would not be surprising. Planting of beans is under way. Additional rain is desired to insure a crop on unirrigated land. Grain fields have been revived and output will be more nearly normal. Alfalfa production should now exceed last year. Cotton acreage is estimated at 12 per cent. in excess of last season. The live-stock industry has been greatly stimulated by abundant feed and higher prices for fat cattle.

"The usual statistics which reflect the volume of business indicate sustained activity in the Los Angeles Basin. Retail turnover in April will exceed March. Wholesale trade has been quiet. Building permits in Los Angeles during each of the past two months have exceeded all months since March of last year. The volume of manufacturing continues at a fair level. Petroleum production registers a slight decline. Business failures are large in number but normal in aggregate volume of liabilities. Bank deposits in Los Angeles show a healthy increase during the first quarter of the year. The credit situation is favorable."

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 German election and the British budgetary changes have provided outside influences on the business situation, the first being taken as forecasting keener industrial competition from German manufacturers and the second as indicating more stabilized conditions and, through the resumption of the McKenna duties, more favorable treatment of Canadian products in British markets. The return of Great

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.



FRANK O. WETMORE,
Chairman

MELVIN A. TRAYLOR,
President

**Combined Resources
Exceed \$350,000,000**

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 - - - - - \$4,823,400
Reserve Fund and Undivided Profits 3,051,110

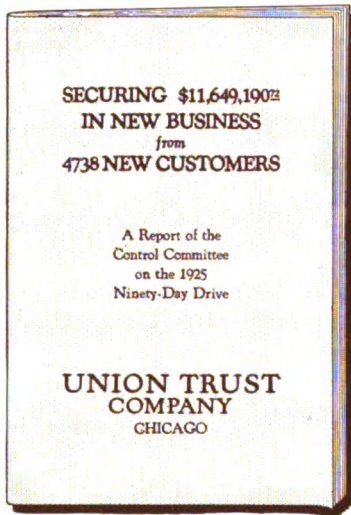
Britain to the gold standard is also regarded favorably as assuring a market for Canada's gold output which now amounts to about \$25,000,000 a year and can be increased with the introduction of additional capital. Then too the stabilizing of British exchange should improve British buying of Canadian products. The effect of currency fluctuations in handicapping exports has been seen in the flour trade, for instance; some purchases were postponed pending the stabilization of exchange and large orders were lost on account of the depreciated value of the pound. This applies to other classes of goods as well. Then if other countries follow the British example the advantages referred to will be felt on a broader scale.

Apart from these outside factors, business signs in Canada have been of a conflicting character. The improvement in the agricultural situation is evidently substantial and real but there has been some decrease in car loadings perhaps because of the smaller wheat crop last year, the volume of spring building has been rather disappointing, the eastern coal strike has depressed conditions there, lumbering orders have not been up to expectation and while there are some slight increases in the volume of manufacture there are still many factories working on a part-time basis which is not profitable. However, in addition to the better conditions in the farming community, particularly in the prairie provinces where the live-stock have wintered well, British Columbia reports the second largest halibut catch in her history and from the East comes news of record breaking pulpwood production.

The steel industry is also continuing fairly busy, although slackening.

Fundamental improvement in the situation and outlook is indicated in the changed price alignments for commodities exported and imported. Last spring at this time the Bureau of Statistics' index of wholesale prices stood at 154 while the farm products group, normally higher than other prices in an agricultural country, averaged only 134. This situation has completely changed. The present average of all commodities is 161 while the farm average has crept up to 157, only slightly below the general level of prices. Assuming last year's farm revenue to have been about \$1,433,320,000, as estimated by *The Financial Post*, it is presumably safe to surmise that the proportion of this total spent in buying other goods has risen and will continue to rise in the ratio in which the farm index has risen or thereabouts.

Then it is significant of these price adjustments that the advances apply to products the bulk of which are sold abroad rather than consumed at home and the returns, therefore, have a direct bearing on buying power. A corollary to this is that as Canada profits from high prices for her farm products, the increase of these prices paid by foreign consumers must also have the effect of increasing the cost of living in those countries and the cost of manufacturing goods which compete with Canadian manufactured goods in either the home or foreign markets. This and the tendency of European countries to get back to a gold basis should have the effect of adjusting the



In response to the many inquiries we have received regarding our recent 90-day drive for new business, we have prepared this printed report.

We will gladly mail a copy to any interested bank or banker while the supply lasts.



FREDERICK H. RAWSON
Chairman of the Board

HARRY A. WHEELER
President

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COMPANY
CHICAGO**

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You can loan more money *safely* on houses built with Celotex Insulating Lumber than on those of ordinary construction.

Because Celotex houses cost less for upkeep, have a lower rate of depreciation, and have a greater market value.

Celotex stops heat waste

Celotex houses cost less to heat, leave the tenant more money to pay off his mortgage, because Celotex stops heat waste.

It provides *heat insulation*—saves one-third the heat generated to warm an ordinary house.

It makes houses stronger

Celotex is used in place of wood lumber as sheathing on walls and roof, and as a plaster base instead of lath. It is much stronger in wall sections than wood lumber. (No other insulating material has this great structural strength.)

Naturally, the depreciation on a house so constructed is considerably less. Even after a period of years, Celotex houses are sound collateral for renewals.

Good market value

People everywhere are more and more realizing the importance of heat insulation. They are demanding it in the homes they buy. And definite advantages of high insulating value at no extra building cost make them prefer Celotex insulation.

Celotex houses, you will find, have a ready market, and bring better prices than ordinary houses. They are easily and quickly sold when foreclosures are necessary.

Ask your architect

Your architect or contractor will tell you more about the advantages of house insulation. In the meantime, write for our valuable free booklet on this subject. Just use the coupon below.

THE CELOTEX COMPANY, CHICAGO, ILLINOIS
MILLS: NEW ORLEANS, LA.

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abnormal spread between manufacturing costs at home and abroad which has prevailed since the war.

The restoration of agriculture to a more stable basis has made considerable progress and is still proceeding. Not only has there been the readjustment of price levels which places the farmer approximately where he was when the country was last prosperous, but mixed farming in Western Canada is steadily replacing the operation of the wheat "miner." Sir John Aird, president of the Canadian Bank of Commerce, and C. A. Bogert, general manager of the Dominion Bank, have just returned from the West and they report a material change in the financial situation and a marked improvement in business sentiment. Liquidation of loans, particularly in Manitoba, has been proceeding in a much more satisfactory way and this, rather than a curtailment of commercial and industrial credits, is the explanation for the material reduction which has been shown in the commercial loans of the banks. At the first of April these current loans amounted to \$917,645,000 as compared with \$1,007,000,000 a year ago.

Representatives of the big mortgage loaning institutions, including the trust companies, loan companies and insurance companies, also report substantial progress in the western situation.

ROYAL BANK ABSORBS UNION OF CANADA

The Royal Bank of Canada, Montreal, has acquired the business of the Union Bank of Canada which has resources of nearly \$115,000,000 and 327 branches. This merger gives the Royal Bank resources of \$720,844,325 and 813 branches in Canada and a total of 923 branches including those in foreign countries. The Royal Bank of Canada was established in 1869, it absorbed the Union Bank of Halifax in 1910, the Traders Bank in 1912, British Guiana Bank in 1914, Quebec Bank in 1917, Northern Crown Bank in 1918 and in February 1925 purchased the main offices and seventeen branches of the Bank of Central and South America. The Union Bank of Canada has its head office in Winnipeg and was established in 1865.

Under the terms of the agreement of sale to the Royal Bank the shareholders of the Union Bank will receive one share of Royal Bank stock for two shares of Union Bank stock. As the last quoted price of the Union Bank shares is \$111 and the price for

Royal Bank stock is \$236, the shareholders of the Union Bank are obtaining a bonus of \$14 per share.

It will be necessary, when the shareholders of the Royal Bank authorize the purchase, that the additional capital stock required to pay the Union Bank shareholders be also authorized. The Royal Bank has been paying a 12 per cent. dividend and 8 per cent. has been paid by the Union Bank.

The assets of the Royal Bank under this merger will be \$720,844,345, made up of \$605,527,604 of Royal Bank assets and \$115,316,741 of assets of the Union Bank.

The capital of the Royal Bank is \$20,400,000 and the rest fund is the same amount. The capital of the Union Bank is \$8,000,000 and the rest fund is \$1,750,000.

Notes in circulation of the Royal Bank are \$27,718,783 and of the Union Bank \$7,867,314.

Current loans of the Royal Bank are \$183,682,116, and current loans outside of Canada total \$132,657,453. Call loans in Canada are \$29,481,488, call loans outside Canada total \$37,032,058.

Sir Herbert Holt, president of the Montreal Light, Heat and Power Consolidated, is president of the Royal Bank.

WEYBURN SECURITY BANK

Improved conditions in Western Canada are reflected in the higher profits of the Weyburn Security Bank for 1924, as indicated by the annual report just issued. The net figures were \$46,601, compared with \$40,270 in the previous year. Taxes were higher and an increased amount was written off, but after the payment of dividends of 5 per cent. there was \$5420 to be added to the balance, now totalling \$20,528 in addition to reserves of \$225,000.

BANK OF MONTREAL

The statement of condition of the Bank of Montreal, as of April 30, 1925, shows total resources of \$718,194,797; total deposits in Canada, \$517,323,704; deposits outside of Canada, \$86,787,423; paid-up capital, \$29,916,700 and surplus and undivided profits \$30,765,458. The New York office of the Bank of Montreal is at 64 Wall street. W. T. Oliver, J. Dodds and E. P. Hungerford are agents. The Bank of Montreal has over 600 branches in Canada and Newfoundland. Sir Vincent Meredith is president of the bank and Sir Frederick Williams Taylor, general manager.

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 285,000 DEPOSITORS
CAPITAL & SURPLUS \$11,075,000

Ask our Department of Research and Service for any desired information regarding business conditions in this region.

BANK DEBITS AND CLEARINGS

The bank debits to individual accounts at the clearing house centers of Canada as reported to the Dominion Bureau of Statistics by the Canadian Bankers' Association, showed an increase of 1.6 per cent. in March over the corresponding month of the preceding year. The advance as compared with February last was 4.7 per cent., but this increase would be more than offset if seasonal tendencies were allowed for.

The bank clearings in March were \$1,195,146,690, an increase of 1.8 per cent. over the record of March, 1924, and of 7.7 per cent. over the record of February of the present year. If allowance is made for seasonal tendencies based on the experience of the last ten years, the adjusted clearings would indicate a decline of 3.5 per cent. from the record of February.

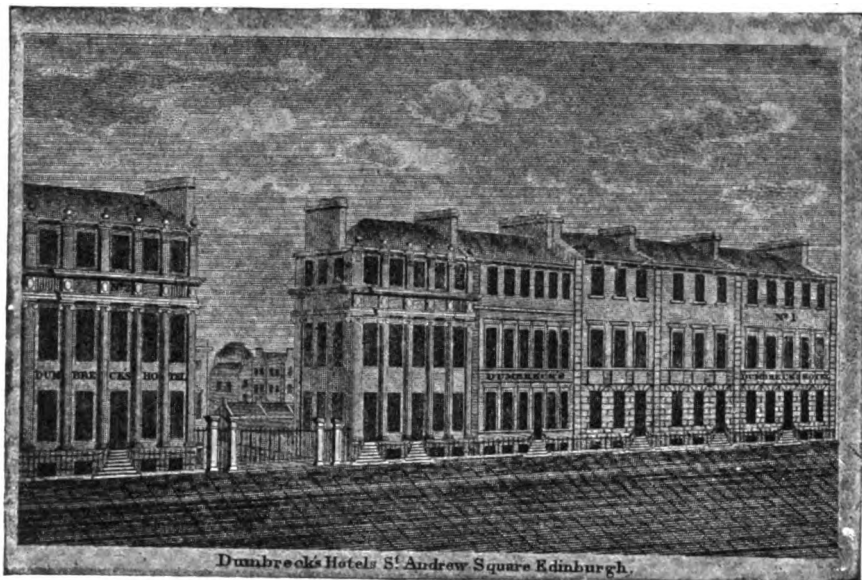
ALBERT W. AUSTIN HEADS DOMINION BANK

Albert W. Austin, vice-president of the Dominion Bank of Canada has been elected president of that institution to succeed the late Sir Augustus M. Nanton. Mr. Austin is a son of the founder and first president of the Dominion Bank. He was elected a director in 1897 and made vice-president in 1919. C. A. Bogert has been elected vice-president to succeed Mr. Austin.

C. S. Blackwell has been appointed chairman of the Dominion Bank. He has been a director of the bank since 1921. He is a vice-president of the Toronto General Trusts Corporation, president of the Casualty Insurance Company and chairman of the board of the Toronto General Hospital.

CORRECTION FOR INTERNATIONAL BANKING DIRECTORY

Subscribers to the International Banking Directory are notified that the title of the Banque d'Hochelaga, Montreal, Canada, which is listed on page 478 of the directory has been changed to the Banque Canadienne Nationale. The cable address of this bank is now "Bancanat, Montreal" instead of "Univers, Montreal" as listed in the directory.



Dumbreck's Hotels, St Andrew Square, Edinburgh, the original site of the Bank of Scotland. The present quarters of the bank's head office are located on this site

Centenary of the National Bank of Scotland

THE National Bank of Scotland attained its Centenary on March 21 of this year.

Between the years 1821 and 1824 the idea was conceived of establishing another joint-stock bank in Edinburgh, in addition to the Bank of Scotland, the Royal Bank of Scotland, and the British Linen Company, all founded before 1750, and known as the three chartered banks, and the Commercial Bank of Scotland founded in 1810. The earliest paper bearing on the establishment of the bank is dated November 17, 1824, and contains a rough draft of "proposals for establishing a new Bank in Edinburgh," while the first public announcement appeared in the *Edinburgh Evening Courant* of December 23, 1824, reading as follows:

"National Bank of Scotland

Applications for Shares of the New Banking Establishment to be called 'The National Bank of Scotland,' have already been made to so great an amount (upwards of £780,000 having been subscribed for since yesterday by about 300 individuals, independent of the subscriptions of those with whom the undertaking originated), that it becomes necessary to give notice to intending proprietors, residing in Edinburgh, that

their applications must be made without delay, as the subscription papers, so far as regards this city, will be closed in a few days; but as a considerable portion of the Capital Stock has been set aside for the accommodation of persons residing in other parts of Scotland and in England, applications from such persons will continue to be received till the 10th proximo, after which a Meeting of Subscribers will be called by public advertisement.

Apply (if by letter, postpaid) to Mr. A. W. Goldie, W.S., 58 India street.

EDINBURGH, 22nd December 1824."

Other competitors, however, were in the field. The Scottish Union Banking Company, and The Scottish Union Commercial Banking Company published announcements within the next three days soliciting applications for shares.

It soon became apparent to the various promoters that such an immediate increase in the number of Edinburgh banks was not desirable, and negotiations looking to a fusion were entered into between the originators of the National Bank of Scotland and the Scottish Union Banking Company. Subsequently the Scottish Union Commercial Banking Company joined forces, and on January 8, 1825 a notice appeared in the *Courant* in name of "The Joint Committees



Alexander Henderson, first chairman of the Bank of Scotland

of Management of the three United Banking Companies."

Owing largely to the judgment, tact, and discretion of the Right Honorable the Lord Provost of the City of Edinburgh, Alexander Henderson of Press, all difficulties were successfully overcome, and on March 21, 1825 a general meeting was held in the Waterloo hotel, when the necessary resolutions were approved, and the National Bank of Scotland was formally incorporated with a capital of £5,000,000, divided into 50,000 shares of £100 each. It is of interest, as illustrating the feeling of the times, that the adoption of the name "National Bank of Scotland" was strongly objected to by one of the older banks as an invasion of its privileges, and the opinion of high legal authority was actually taken on the point. This was entirely favorable to the new bank.

A board of directors was nominated at this meeting, and the following were chosen as the first ordinary directors of the bank:

The Right Hon. The Lord Provost, Alexander Henderson of Press, chairman, James

Reoch, William Gilchrist, Colin Macnab, William Patison, Adam Anderson, Richard Alexander, George Young, Alexander Dudgeon, George Carstairs, Gilbert L. Finlay, John Macfie, William Robertson, James Auchinleck Cheyne and John Anderson.

In May 1825 Lord Napier was appointed deputy-governor of the bank. The first governor was the Duke of Roxburghe, in 1841; and distinguished noblemen who have since been associated with the bank as governors include the Earl of Dalhousie, the Marquis of Lothian and the Earl of Mansfield. The present governor is the Duke of Montrose, K.T., and the deputy-governor is the Earl of Ronaldshay, P.C., G.C.S.I., G.C.I.E., who succeeded his father, the Marquis of Zetland, as deputy-governor in 1923.

Patrick Borthwick had been appointed manager of the bank, and A. W. Goldie, law agent in February 1825, and meetings of the directors were held at frequent intervals in temporary premises in George street, Edinburgh. Most of the early business appears to have been of a purely domestic



Patrick Borthwick, first manager of the Bank of Scotland

character, including the acquisition of suitable permanent premises. On May 18, 1825 the bank purchased that part of their present building in St. Andrew Square, Edinburgh, then known as Dumbreck's Hotel, in which place the business continued to be carried on till 1835, when the adjoining house, also now occupied as part of the bank's head office, was acquired. The first meeting of the directors minuted as having been held in the head office is dated Saturday, October 28, 1825, but it was not until the following Monday, October 30, 1825—seven months after its inception—that the new bank started active operations. With this object, calls had already been made on the shareholders to the extent of 6 per cent. of the subscribed capital, and a further 4 per cent. was called in November 1825, making a paid-up capital of £500,000. This was increased in 1843 by £500,000, and in 1920 by a further £100,000—the latter sum being contributed out of reserve profits,—bringing the present paid-up capital to £1,100,000.

The first issue of the bank's notes was dated October 11, 1825, and in 1826 the note circulation was £133,000. When the authorized limit, based on the average circulation for the year to May 1, 1845, was fixed under the Bank Act of that year, this had risen to £297,000, while in 1900 it was £900,000, and by November 1, 1924—the end of the bank's last official year—it had reached £2,591,000. The circulation has more than doubled itself during the last decade, mainly as a result of the war. The present form of the notes, which are the work of Waterlow & Sons, Limited, dates back to 1890.

Very early in the bank's career the directors resolved on a comprehensive branch system, and by the end of 1826 thirteen branches had been established in places apparently selected, as Kerr says in his "History of Banking in Scotland," to embrace the whole country rather than from their business importance. By 1850 the bank had forty branches in existence, which had increased by 1900 to 112, and today there are 137 branches, exclusive of sub-offices.



Main banking floor, head office of the Bank of Scotland in Edinburgh

Early efforts to extend the scope of the business were also marked by the bank's absorption of two small local concerns—the Commercial Banking Company of Aberdeen in 1833, and the Perth Union Bank in 1836.

While the Bank had established an agency in Glasgow in 1832 for the collection of bills, etc., it was not until December 1843 that a regular branch was opened in that city. Now the bank has eighteen branches there, in addition to the principal office at 47 St. Vincent street.

On August 5, 1831 the bank received a Royal Charter of Incorporation from William IV., thereby placing it on a level with the older institutions, and so removing any disability, technical or practical, under which it might hitherto have labored. In 1881 the principle of limited liability was adopted by all but the three oldest banks, whose liability is governed by their charters of incorporation, and on April 3, 1882 the bank was registered as limited under the Companies Act of 1879.

Under the guidance of its first sponsors the bank steadily established itself in public favor, and the early reports of the directors give frequent expression to their satisfaction and pride. Deposits rose steadily from about half a million in 1826, and

reached their high-water mark in 1921, when they touched £38,590,000.

In 1827 a dividend of 5 per cent. was declared, and since then dividends have been regularly paid, ranging up to 20 per cent. There has also been built up a substantial reserve fund which on November 1, last had reached £1,300,000, against a paid-up capital of £1,100,000.

The bank has also played its part in matters of more general concern. As early as 1825 it was found collaborating with the British Linen Company in an effort to extricate the Fife Bank from troubles into which that bank had fallen. Later the bank took a prominent part in helping to wind up the affairs of the Western Bank of Scotland, whose outstanding liabilities it assumed in 1870.

The National Bank of Scotland was the first Scottish bank to open an office in London. Immediately after its inception, the directors had appointed Glyn & Co. as the London correspondents of the bank, and in December 1843 an account was also opened with the Union Bank of London. But with the extension of railway facilities and the linking up of Scotland with the South, it was felt that a closer contact with the Metropolis would be advantageous both to



Main banking floor of the Bank of Scotland's London office

the bank and its customers, and in 1864 it was decided to open "an agency in the City." In pursuance of this, the bank purchased premises at 21 Finch Lane, and James Miller, agent of the principal office in Glasgow, was appointed the first agent. The success which attended this venture was most marked, and in their report for the year 1865 the directors declared that it was a source of great satisfaction to them to have an agent of their own in London, "who can feel the pulse of affairs and keep them informed of all that goes on." The action encountered considerable opposition, however, from both the London and the English provincial banks—revived from time to time as other of the Scottish banks entered England,—and it required courage and perseverance to overcome this attitude. The bank's London office is now at 37 Nicholas Lane, E.C., under the charge of T. C. Riddell as manager—this property having been purchased in 1867.

An important event in the bank's history took place in 1918, when an offer to purchase the whole of the capital stock of the bank was made to holders by Lloyds Bank, Limited. For some time previously the large London Banks—now few in number and grown to large dimensions by frequent

analogations and absorptions—had been casting longing eyes on the country north of the Tweed, and one at least was stated to have gone the length of purchasing premises in Edinburgh and Glasgow with a view to opening in these cities. But the proposal by Lloyds Bank envisaged other possibilities, for, while the Scottish Bank was to retain its separate entity, there was contemplated a reciprocal arrangement rendering the association mutually beneficial to both banks and their customers. The offer was accepted by holders of over 98 per cent. of the stock of the National Bank of Scotland, who became holders of shares of Lloyds Bank, thereby retaining a direct interest in the continued prosperity of the former bank. This fusion of interests did not escape adverse comment at the time on the part of perfervid Scots, whose objections appear to have been based largely on sentimental grounds. It is a striking commentary, however, that three other Scottish banks have since followed the National, whose neighbor, the British Linen Bank, has become affiliated with Barclay's Bank, while the Midland Bank has acquired the stock of both the Clydesdale Bank and the Northern Scotland Bank.

Reference has already been made to Alex-



War memorial of the Bank of Scotland

ander Henderson, to whose efforts much of the intitial success of the bank was due. Mr. Henderson died in 1827, so that his active connection with the bank was a short one; but another of its founders, A. W. Goldie, had a much longer association. Mr. Goldie acted as law agent of the bank from its inception till his death, and was a director for twenty-five years, being later chairman. Many other directors have had a long and intimate connection with the board, extending in some cases to over forty years. Patrick Borthwick, the first manager, died in 1837, and was

followed by George Crosbie, who served as manager for nine years. W. J. Duncan succeeded Mr. Crosbie as a manager in 1846 and to his outstanding ability and initiative during the long period of thirty-five years much of the bank's success has been due. In his "Scottish Banks and Bankers," Macbeth Forbes describes Mr. Duncan as a remarkable personality, forceful and resourceful. It was Mr. Duncan's idea that the bank should open an agency in London. Another method which he adopted for increasing business was the forming of connections in the Colonies and in foreign parts.



Exterior of the Bank of Scotland's principal Glasgow office

where the bank's correspondents are now numerous and widespread. Mr. Duncan was succeeded in 1881 by T. Hector Smith, with whom was long associated George B. Hart as secretary, and under their régime the bank in the early years of the present century attained the foremost rank. Mr. Smith was succeeded upon retirement in 1911 by J. S. Cockburn, who guided the destinies of the bank throughout the difficult period of the war, and successfully maintained its high position among the Scottish banks. Mr. Cockburn retired in 1920. The present general manager is William Carnegie, with George A. Hunter as secretary.

In 1921 a joint council was formed by the bank consisting of representatives of the board, the management, and the staff, and this proved a boon in bringing the various parties together so that they could appreciate each other's point of view on matters re-

lating to the bank's service. A regular pension scheme was brought into operation in 1899, and the annuity fund provides additional support for widows and orphans who may be left not too well provided for. Another and more recent innovation was the introduction last year of a profit-sharing scheme, under which the staff receive a share of the annual profits of the bank after providing for a dividend on the stock at a specified rate. This is expected to justify itself in further stimulating the interest of the staff in the bank's prosperity.

When war broke out in 1914 the staff responded nobly to the call to arms, and in all 439 joined the forces. Of these, 78 laid down their lives. A handsome memorial has been erected to their memory in the vestibule of the bank's head office in Edinburgh, and a volume has been prepared recording the names of all who served.





Head office of the Dresdner Bank, Berlin

A Leading German Bank

**Dresdner Bank, Now in Its 53rd Year, Has Capital and Surplus
of 101,400,000 Gold Marks**

THE Dresdner Bank was established in 1872 with a capital of 9,600,000 marks, after having taken over the banking house of M. Kaskel. Soon its business grew beyond the limits of a provincial bank, and its activities were extended to other cities in Germany. In 1881 a branch was established in Berlin, where the bank's head office is now located.

The Dresdner Bank developed quickly into one of the leading institutions of Germany with numerous offices and branches and, through the opening of branches in Hamburg, Bremen, and London as well as through the forming of overseas subsidiaries, it took the lead in foreign trade service. In the course of its development many banks and banking institutions were absorbed, among others the Anglo-Deutsche Bank in Hamburg in 1892 and the Bremer Bank in Bremen in 1895, thus forming a foundation for oversea business. In 1904 the Deutsche Genossenschaftsbank von Soergel, Parrisius & Co., Berlin and Frankfurt am Main was acquired, thus adding the large number of the Schultze-Delitzsch co-operative societies to its customers. Since then the bank has specialized in this line of business, maintaining special departments in Berlin and

Frankfurt. Further purchases included the Breslauer Wechslerbank in Breslau and the Wuerttembergische Landesbank in Stuttgart in 1910, and the Oberschlesische Bank in Beuthen in 1911. During the war in 1917 the Rheinisch-Westfaelische Disconto-Gesellschaft in Aachen and the Maerkische Bank in Bochum were acquired, thus establishing for the Dresdner Bank valuable new bases in the industrial area of Rhenish Prussia and Westphalia.

The bank now has branches in about a hundred cities in all parts of Germany, fifty-six offices in Greater Berlin, and has interests in a number of other banking institutions: for instance, in the Deutsch-Suedamerikanische Bank A. G., Berlin, with branches in Hamburg, Madrid, Buenos Aires, Valparaiso, Santiago de Chile, Rio de Janeiro, Mexico City, Santos, Sao Paulo, Asuncion; the Deutsche Orientbank A.G., Berlin, with branches in Hamburg and Constantinople; the Duerener Bank in Dueren, the Eschweiler Bank in Eschweiler, Hardy & Co. G.m.b.H., Berlin, the Landgraeflich-Hessische konzessionierte Landesbank in Hamburg v. d. Hoehe, the Mecklenburgische Bank in Schwerin and the Oldenburgische Landesbank in Oldenburg.



Dresden office of the Dresdner Bank

Th events and after effects of the war, the period of inflation, and the crisis following the stabilization of the currency affected business considerably. In the foreign fields the old connections had to be taken up, the more so since the London branch had to be liquidated on account of the Treaty of Versailles. These efforts have been successful and the relations of the bank with foreign countries are again gaining in importance.

Branches under the name of the Dresdner Bank are maintained in Danzig, Polish Upper-Silesia and Rumania. In Holland the bank is represented by Proehl & Gutmann. The latter have made themselves known by the financing of international business, especially in the field of importing raw materials into Germany on a large scale. The Deutsch-Suedamerikanische Bank, Berlin, owing to its international character,



The Dresdner Bank in Munich



The Hamburg office of the Dresdner Bank



The Dresdner Bank in Frankfurt

was not affected by the inflation of the German currency and therefore was able to keep its pre-war capital intact. This bank made further progress in 1924. The Deutsche Orientbank after conversion of its capital to 4,000,000 gold marks increased it by 2,000,000. For 1924 it will not declare a

prise all the branches of industry and commerce. Its executive officials are members of the boards of directors of many of the most important industrial concerns.

The bank also takes an active part in the underwriting of loans.

The following statements of January 1,



Breslau office of the Dresdner Bank

dividend. The bank has re-opened its Turkish business by purchasing the Banque de la Seine in Constantinople.

The clients of the Dresdner Bank com-

prise all the branches of industry and commerce. Its executive officials are members of the boards of directors of many of the most important industrial concerns. The bank also takes an active part in the underwriting of loans. The following statements of January 1, 1924 and December 31, 1924 show the progress made by the Dresdner Bank in 1924, the first normal year since the period of inflation:

	ASSETS	
	Marks Jan. 1, 1924	Marks Dec. 31, 1924
Cash	20,874,885	32,409,114
Commercial bills	6,482,178	153,123,726
Cash deposits with other banks	81,858,388	136,877,426
Loans against stock exchange securities	701,513	3,750,941
Advances against goods stored and shipments	23,347,699	77,479,853
Investments in bonds and shares	6,416,191	11,179,699
Participation in syndicates	14,767,249	12,831,460
Participation in other banks	23,162,427	22,430,384
Debtors in account current	83,013,448	312,465,803
Bank premises	30,000,000	30,000,000
Other freehold property	1,000,000	1,000,000
Furniture	1	1
Investments of the pension-fund	38,592	1,007,341
	<hr/> 291,662,571	<hr/> 794,555,748
	LIABILITIES	
Share capital plus reserves	100,000,000	100,000,000
Creditors	189,392,462	684,774,651
Acceptances	131,204	431,219
Clearing items between head and branch offices	1,138,905	
Pension-fund	1,000,000	1,000,000
Net profit		8,349,878
	<hr/> 291,662,571	<hr/> 794,555,748

Almost all items show a large increase; business has grown and deposits have increased extraordinarily during the year. On the other hand, demands for credits could be satisfied more and more. Special attention was devoted to the demands of the foreign trade, as seen from "Advances against goods stored and shipments." Sixty per cent. of the total assets are liquid. The number of accounts maintained with the Dresdner Bank amounted at the end of 1924 to 253,072 against 200,196 at the end of 1913. Of the net profit, an amount of RM. 1,400,000 was added to the legal reserve fund, which has now reached 30 per cent. of the capital stock. The other reserves have also been strengthened, e. g., 119 bank buildings are valued at 30,000,000 gold marks which is the same amount as stated in the statement of 1913. Since that year many new buildings were purchased

and numerous buildings were enlarged, and therefore many hidden reserves are contained in this item.

The extraordinary development of the Dresdner Bank is largely due to the activities of Geheimer Kommerzienrat Eugen Gutmann, who was one of the original founders of the bank. A few years ago Mr. Gutmann, on account of his age, withdrew from the management of the bank and has since been honorary chairman of the board of directors.

The management of the Dresdner Bank at present consists of the following gentlemen: Dr. Walther Frisch, Herbert M. Gutmann, Carl Hrdina, Wilhelm Kleemann, Henry Nathan.

The main office and seat of the management has been in Berlin since 1884, while the legal domicile is still in Dresden.



Short Cruises to Canada

HALIFAX, the St. Lawrence, the Saguenay river, and a two day visit to Quebec are all combined in the Canadian cruises of the Furness Bermuda Line of New York City.

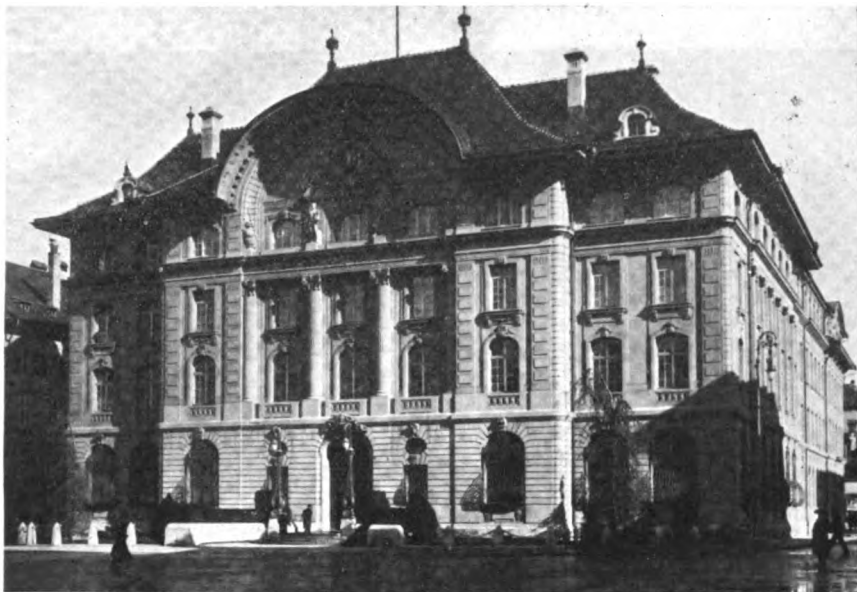
It takes but two days to reach Halifax, Nova Scotia, from New York. A day is allowed for visiting Halifax. Upon departing from Halifax the boat steams first through the Straits of Canso which divide Nova Scotia from Cape Breton Island and thence on through the Northumberland Straits dividing Nova Scotia and New Brunswick from Prince Edward Island.

The expanse of the waters of the Gulf of St. Lawrence gives one a faint realization that in the waters of the St. Lawrence and the connecting rivers which it taps, together with the Great Lakes which border Canada and the United States, there is contained

more than one-half of the fresh water in the world.

From the St. Lawrence, the portals of the Saguenay river are entered where Capes Trinity and Eternity dominate the surroundings. From the Saguenay to Quebec is but a brief journey. There are really two Quebecs, one a modern city and the other an old city at the base of the hills surrounded by old fortifications. There are many places of interest in and about Quebec which the tourist can profitably visit.

The return voyage to New York retraces the steps of the outward voyage with the exception that the schedule has been so arranged that the tourist enjoys daylight runs through the waters which were missed on the outgoing voyage. The Furness Bermuda Line of New York City conducts four Canadian cruises each summer season, two in July and two in August.



Office of the Swiss National Bank at Berne

The Swiss National Bank

SWITZERLAND is the only country in Europe which delayed the establishment of a central bank of issue. The National Bank of Switzerland was constituted in 1905, and opened on June 20, 1907. This tardy foundation is due to the political régime of the country. The twenty-two cantons, or to be more accurate, the twenty-five states (three cantons are divided into half states) renounce only with great reluctance some of their rights in favor of a unification. It was certainly no easy matter to create a central bank, and no end of difficulties had first to be overcome considering that the simple regulations of a decentralized issuance were realized in 1881 only after a long and hard struggle. However, the principle of the centralization triumphed in 1891 by a partial revision of the Federal constitution, but both projects for applying the principle were rejected. These rejections were caused in the first place by the fear of certain centers that the state might become too powerful, and secondly, because of rivalry as to which canton the bank should be located in. Finally a third project, overcoming these two obstacles, created the law of August 6, 1905, which is the instrumental charter of the Swiss National Bank. This law has since been partly revised in 1911, underwent sev-

eral modifications since 1914 and some further modifications were made again in 1921. Actually it is the law of April 7, 1921, which forms the legal fundamental statute of the bank.

The Swiss National Bank is a private corporation, but is subordinated to the surveillance of the government. The legal and administrative domicile is Berne and the board of directors is located in Zurich. The capital stock was fixed at francs 50,000,000, of which francs 25,000,000 were issued, which is represented by 50,000 shares of francs 500 each.

A statement of December 31, 1923, shows that this capital is distributed as follows: 46.4 per cent. is in the hands of private individuals and firms, 38.2 per cent. is the property of some Swiss cantons and 15.4 per cent. belongs to various cantonal banks. The stockholders must be Swiss concerns and Swiss citizens. It is especially pointed out that the Swiss Government has no financial interest in the bank.

The stockholders and officers of the National Bank naturally resent the mixed character of its control. The assembly of the stockholders, which in ordinary corporations is the supreme organic body, plays a secondary role in this case, due to the



Conference room in the Zurich office of the Swiss National Bank

surveillance of the Federal Council. The latter designates twenty-five of the forty members of the board including the president and a vice-president, the nomination of fifteen other members being made by the stockholders. It is also the Swiss Federal Council which nominates, on recommendation of the board of the bank, the members of

the board of general directors and the board of directors for the branch offices. Outside of this indirect supervision exercised by its directors, the supervision of the government is also exercised directly by the controlling of the balance sheet before the general meeting of the board is held. We shall see later on that, besides the issuance



Quarters of one of the bank's general managers in the Zurich office



A view of one of the landings of the staircase in the Zurich office with fresco in the background

of bank notes, the Federal Council has other powers.

The executive body of the bank is the general board of directors, divided into three departments of which two, the first and third, are in Zurich and the second is in Berne.

The first department occupies itself essentially with discounts, loans on securities, clearings, etc. The chief of this department is ex-officio, president of the general board of directors.

The second department is charged with the issuance of the bank notes, the administration of the monetary reserve, the relations between the Confederation and the Federal Railroads. Its chief is at the same time vice-president of the general board of directors.

The domain of the third department comprises the auditing office, the bureau for claims and collections and the statistical office.

The mixed character of the bank is not only indicated by its organization, but also in the distribution of the profits. Ten per cent. of the net profit is first turned over to the reserve fund. After this the general meeting decides on the payment of the

ordinary dividends, which may not exceed 5 per cent. and a maximum of 1 per cent. of super-dividends. The remainder of the profit is turned over to the federal treasury for distribution among the cantons and the Confederation.

The reason for the establishment and the tasks of the bank are defined in the first and the second paragraphs of the law. According to the first paragraph, the Confederation grants the bank the exclusive right to issue bank notes. The note issue privilege will expire in 1927 at which time the Federal assembly will decide on a prolongation. In case this privilege is not renewed, the Confederation has the right to take over the bank with all the assets and liabilities. The second paragraph provides that the bank shall serve as stabilizer of the money market, shall facilitate paying operations, and shall also act as treasurer for the Confederation, in case this is required. To complete its task outside of the two main domiciles the bank has established up to now seven branch offices and two



Vestibule inside the main entrance, Zurich office of the Swiss National Bank

agencies. The bank maintains furthermore, twelve agencies managed by other banks.

The bank is alone responsible for the notes issued. These notes must be covered by a metallic reserve of 40 per cent. The balance of the reserve is to consist principally of commercial securities, checks, foreign sight drafts, money loaned on securities for ten days, and money loaned on precious

war. However, the bank has completely stopped the issuance of 5-franc notes, and is trying to withdraw them from circulation. Two federal decrees, one in 1914 and the other in 1921, authorized the emission of notes of francs 40 and francs 10 respectively. None of these have been issued. At the beginning of the war, the Confederation turned over to the bank francs 30,000,000 in

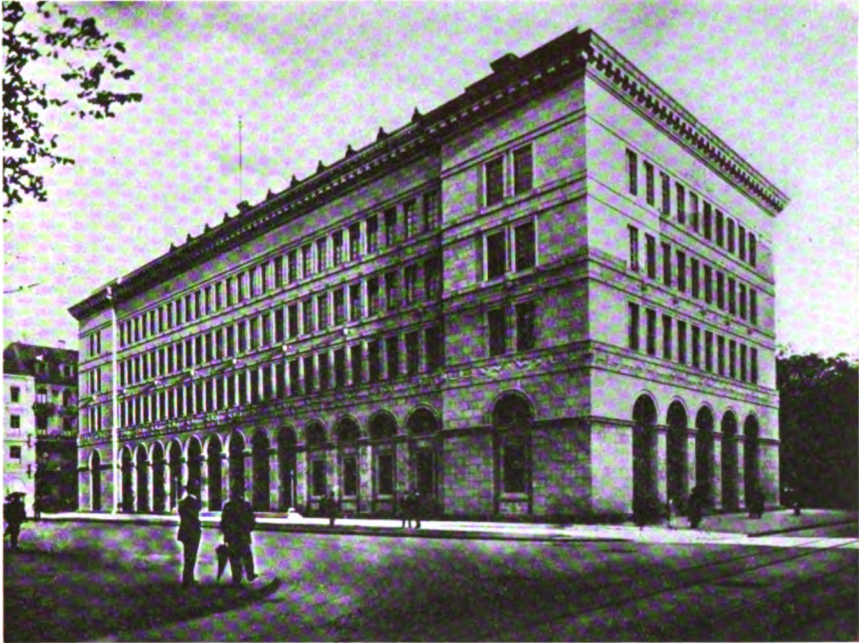


One side of the main banking floor of the Zurich office, Swiss National Bank, showing tellers' places

metals. In normal times the bank has to redeem its notes in cash at sight and at par. The Federal Council can release the bank from this obligation, in case of necessity, as in case of war. This was done by decree in 1914 at the outburst of the war. This decree is still in effect. The notes are, in normal times, issued in small denominations of francs 50, francs 100, francs 500 and francs 1000; other notes can be produced through the assent of the Federal Council. In fact, small notes of francs 5 and francs 20 have been issued during and since the

treasury certificates of francs 5, 10 and 20. These certificates were paid for with the bank notes. A third note was added to the circulation by emitting certificates of francs 25, issued by the loan treasury of the Confederation. The above mentioned treasury certificates as well as the notes of the loan treasury have since been withdrawn.

The rules concerning the issuance and guaranty of the notes determine beforehand, the field of activity of the bank. The principal operations are discounts, the buying and selling of bills of exchange and similar



Exterior of the Swiss National Bank building at Zurich

paper. The paper must be commercial paper bearing two solvent and independent signatures and being payable within ninety days. Other essential operations are check accounts, foreign drafts on sight, unsecured loans and trading in bullion. The bank takes care of the operations of the Treasury of the Confederation whenever this service is required. Funds payable at sight may be accepted on deposit without interest. These transactions indicate clearly the character of the National Bank as a bank of issue. As there are no funds available for such purposes, the bank cannot be approached for long-term loans. Besides the

regular operations of the bank, the purchase of obligations for temporary disposals, the purchase and sale of titles for third parties, and holding in trust of titles are carried on. The bank has established a service of balancing which is the corner stone of the Swiss system of clearing. This service is performed by the chambers of compensation (or clearing houses) administered by the National Bank at the nine principal Swiss banking places. To perform this operation the bank maintains close relations with the check service and the balancing of the postal giro accounts.

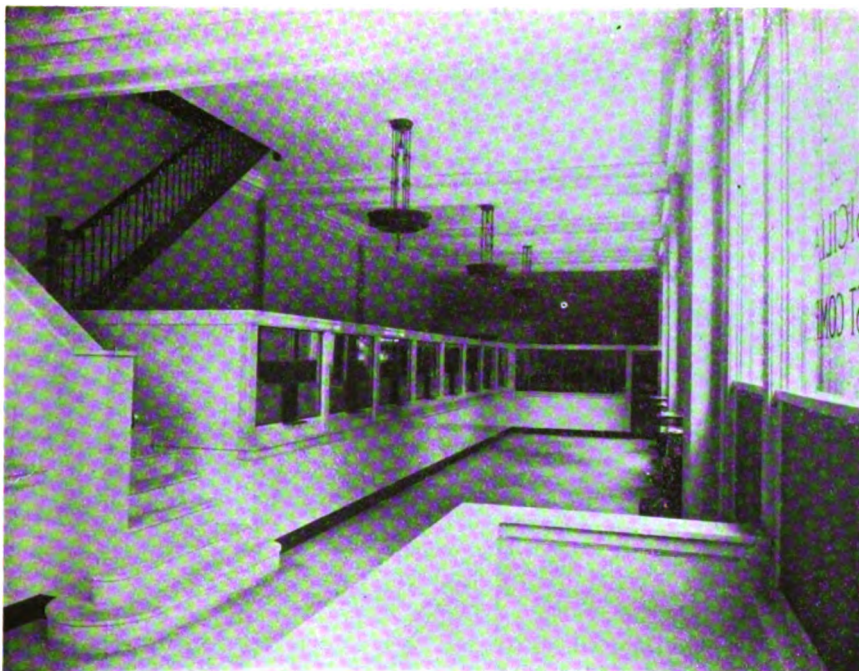




President's office, Banco di Sicilia Trust Company, New York, showing Mr. Badami at work



Directors' room, Banco di Sicilia Trust Company, New York

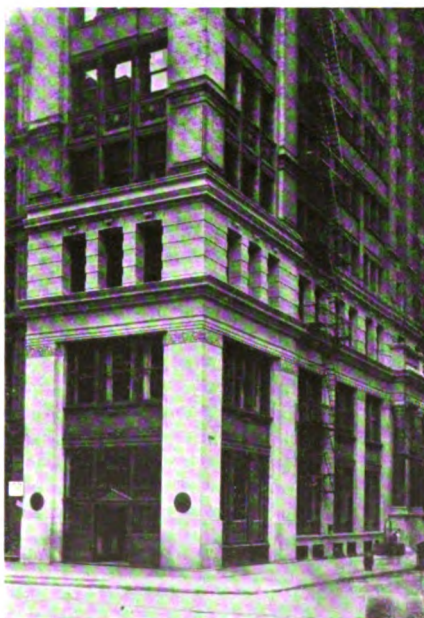


Interior of the main banking room

Banco di Sicilia Trust Company, New York, Opens for Business

THE Banco di Sicilia, Italy, which has been carrying on quite an extensive program of expansion, under the leadership of its president and general manager, Ignazio Mormino D'Asaro, has incorporated the Banco di Sicilia Trust Company under the laws of New York State with a capital of \$500,000 and a surplus of \$50,000 to act as its New York agency. The opening of the offices of the new trust company at Broadway and Broome street, New York, on April 29, 1925 aroused considerable interest in New York banking and financial circles, and the ceremony was attended by several representatives of the larger downtown New York banks.

The parent company, the Banco di Sicilia, Italy, is the second oldest bank in Italy, and one of the three Italian banks having the privilege of issuing notes. Prior to 1848, however, it was known as the Bank of Two Sicilys, and was distinctly an adjunct of the Government, doing practically no private loan and deposit business. The Italian Government still appoints the board of directors, and receives a share of the earnings after a certain amount has been set aside for



Exterior of new office of Banco di Sicilia Trust Company, New York



Left to right: Italo Palermo, vice-president and treasurer; Louis Costa, vice-president and secretary, Banco di Sicilia Trust Company, New York

reserves, and a percentage given to certain educational and philanthropic institutions. However, the board of directors now contains representatives appointed by the Chambers of Commerce of the cities in which branches of the bank are located, as well as the Government directors. Its main function now is commercial banking. In addition it owns three other institutions in Italy, two of them agricultural credit banks, and the third a savings bank. Its resources total over 2,000,000,000 lire.

The officers of the Banco di Sicilia Trust Company are Salvatore Badami, president; Italo Palermo, vice-president and treasurer; Louis Costa, vice-president and secretary; Luigi Scala, assistant vice-president and manager of the foreign department, Louis Freiman, assistant manager of the foreign department; Beniamino Ingegnieros, assistant manager of the new business department; Frederic Gerard, comptroller; A. Di Marco, assistant treasurer and assistant secretary.



Entrance to the safe deposit vault





Entrance to new building of Northern Trust and Savings Company, Lancaster, Pa., which was designed, built and equipped by the Griswold Building Company, Inc., New York

Northern Trust and Savings Company, Lancaster Pa.

THE formal opening of the new modern home of the Northern Trust and Savings Company, presented to the public of Lancaster, Pa. a completely equipped financial institution capable of meeting the most exacting requirements of banking service and at the same time provided an edifice in which pride is justified.

The exterior is a study in itself. The two Corinthian columns, the deep reveal above the entrance, and the entrance itself, all take their appropriate places in the proportion of the design. The exterior stone

is of cut cast granite, and while reasonably conservative in ornamentation it does embrace that amount of detail sufficient to be in absolute keeping with the general design. Set in the deep reveal above the entrance is a large steel-framed window which aids in providing abundant daylight for the main banking room. The entrance, with its two bronze doors, is of ornamented bronze, and set on either side of the doors are two panels of verde antique marble. The mental picture which this type of architecture produces reflects the bank's message of good



Top to bottom: Interior seen from main entrance; Officers' Quarters; Interior seen from rear of bank



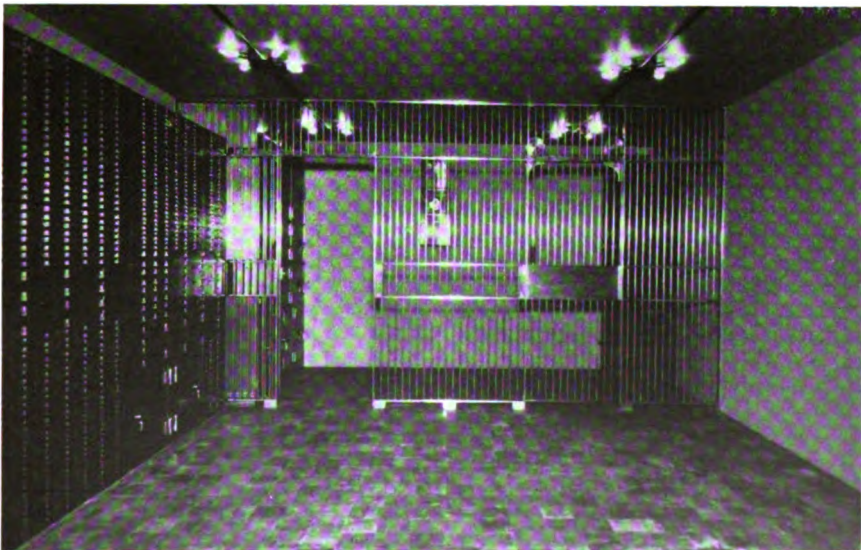
Directors' room on the Mezzanine floor

will, and its desire to serve, and invites business through the general atmosphere of its home.

The vestibule, a worthy link between the exterior and the interior, is representative of close attention to detail. Cloisonne Terrazzo flooring, walls of Botticino marble, and ornamented bronze lighting fixtures, make this an attractive entrance. Although in the

interior there is no great wealth of color or ornamentation to please the eye, the same effect is obtained in the very simplicity of the general decorating scheme of the interior. The result is a banking institution and a banking home.

While the building is considerably deeper than its width should allow for absolute proportion, by careful planning the excess



Interior of safe deposit vault, showing space in rear for currency chests. The vault was built and installed by the York Safe and Lock Company, York, Pa.



Entrance to the safe deposit vault

in depth has been utilized in such an efficient manner that the banking room is perfectly balanced. On the right of the entrance is a well appointed ladies' retiring and rest room complete with mahogany wainscoting and furniture, while on the left of the entrance is another room of the same size, equally well appointed, which may be used by the clients of the bank for business of a private nature.

The public lobby is spacious and fitted with every need for the bank's patrons. The entire wainscoting of the banking room and public space is of imported Botticino marble matching that of the counter-screen, and the flooring of gray cloisonne Terrazzo with a reddish brown border extending about the lobby blends nicely with the general tone of the room. Botticino marble check desks on the walls of the banking room are equipped with solid bronze fittings.

The counter-screen of Botticino marble is surmounted by handsomely ornamented bronze glass frames, trim, and bronze wickets, those of the savings department being set in a reveal to accommodate the usual needs of the customer at these wickets. Under the top of the counter-screen, in bronze receivers, are the concealed reflector

lights which throw the correct line of light on the counters, insuring at all times accurate and efficient service. Also placed with the reflector lights is the indirect lighting system employed to illuminate the main banking room. This method of lighting lends a soft glow which melts into the blending of the interior decorations without losing its efficiency. The flooring in the cages, and in all the work space behind the cages, is of $\frac{1}{4}$ -inch thick battleship linoleum, and the cage work is of olive painted steel. Abundant daylight is furnished by a skylight of leaded glass 75 feet in length, and additional light is given by the large steel-framed windows in the front and rear of the bank.

Directly to the rear of the public lobby are the officers' quarters. This space, divided from the public lobby by a counter of Botticino marble, has a flooring of noiseless rubber tile in imitation marble. Mahogany furniture is used throughout these quarters. The size of this space allows interviews with the officers without fear of the interruptions often caused by cramped officers' quarters.

To the right of the entrance to the officers' space is the entrance to the safe deposit department and safe deposit and security vault. It is here that the bank doubles its width to accommodate its clients in an arrangement which is representative of the carefully planned interior. The safe deposit and security vault, installed by the York Safe and Lock Company, York, Pa., 25 by 18 feet over all, has ample room for safe deposit boxes numbering well into the thousands, while plenty of space is left for the battery of currency chests separated from the front section of the vault by a highly polished steel grille. Each teller has an individual chest with a combination lock, into which he deposits his funds nightly, so that an accurate checking of cash is an easy matter. The vault, constructed of 18-inch solid reinforced concrete with a 3-foot slab for the roof, is lined with laminated armored steel, and guarded still further by modern electric burglar-proof protection, while the bank is also equipped with an additional daylight-hold-up alarm system. A massive door, weighing 18,000 pounds, of 10-inch solid steel and fitted with modern time locks, guards the entrance.

Opposite the safe deposit and security vault is a book vault utilized for storage and other purposes, and adjoining these two vaults are the safe deposit department, coupon booths, a committee room, and a pay-roll room, all furnished in mahogany

with bronze fittings. To the rear of the entrance to this department is the large locker and wash room for the male employees of the bank.

On the mezzanine floor, located over the safe deposit department and vault, is the directors' room, which is tastefully appointed, with a casement window overlooking the main banking room. Mahogany furniture and wainscoting coupled with the artistically stippled walls and the soft hangings, make the room most attractive but yet in perfect keeping with the dignity which the room demands.

In the basement of the bank, the vast amount of space is used by a storage vault, store rooms, and bank's heating plant, with an abundance of room remaining to be employed in the future as need arises. The storage vault, constructed of the same thickness of reinforced concrete as the safe deposit and security vault, will be used for the safe keeping of valuable records of the bank and can accommodate like valuables of the customers.

The bank has embraced among its many features of service an innovation to Lancaster enabling "twenty-four-hour-service" for its clients. Located five feet from the side-walk level on the marble panel to the

left of the entrance to the bank, is the opening for the "night safe." Every depositor of the bank is provided with a key to this small bronze door, measuring about 6 by 10 inches, so that at any time after banking hours deposits can be made by storekeepers, theaters, and all others needing night service. This small door, when opened, resembles on a larger scale the trap to a letter box, and the deposit is placed in this and slides down the chute when the door is again shut. The chute leads to the night safe inside the bank from which the deposits are collected in the morning and credited to the customer as though made during banking hours. An alarm bell rings in the bank as long as the door to the chute remains open, ceasing only when the door is locked. An automatic device is located at the end of the chute which closes as soon as the deposit passes through. In this manner the deposits are as safe as though they were in the vault. The estimated time between unlocking the door and locking it again after depositing is ten seconds.

This banking home of fireproof construction was designed, built, and equipped by the Griswold Building Company, Inc. of New York City who are specialists in bank design and construction.



The Apparent Industrial Recession

THE facts about the apparent recession in industrial conditions, which preceded the recent stock market changes, are indicated in the accurate figures presented in the Chart of Business Barometers in the *Review* of the Bank of America, New York, for May. Pig iron production in April reversed its previous trend and declined, while unfilled orders of the U. S. Steel Corporation continued to decrease and the output of bituminous coal also followed its declining course. Production of crude oil in April, however, stood at a higher level than at any other period in the last twelve months. Real commercial and industrial activity, however, was indicated by the increased freight car loadings reported. The price of cotton reversed itself and registered a decline, while that of wheat continued to drop.

Increases in the following financial indices in April as compared with March are reported in the Bank of America's barometers:

The ratio of reserves to deposits of the Federal Reserve System and the ratio of loans to deposits of the member banks. The total earning assets and the total circulation of the Federal Reserve System showed declines; as did also the total bank debits of the member banks. Franc exchange recovered and rose with sterling. The number of commercial failures increased in April as did also the liabilities involved. The stock market in April was less active than in the previous month and railroad and industrial stock prices both declined, while bond prices reached higher levels.

In addition to other important industrial and financial indices, the new issue of the Bank of America *Review* contains articles on "The Tariff and America's Foreign Investments," "The American Rubber Industry" and "Florida—the Last American Frontier."



Interior view of Kenmore-Governor Square Branch of National Shawmut Bank, Boston, designed by the Thomas M. James Company, architects and engineers, Boston

Protecting the Teller Against Gunmen Boston Bank Installs Bullet-Proof Cage in New Branch

BESIDES the Park Square branch recently opened by the National Shawmut Bank of Boston, another branch called the Kenmore-Governor Square Branch has been opened recently. This office has some unusual and interesting features, the most important of which is the installation, in addition to the usual electric protective devices of a thoroughly bullet-proof cage for the tellers.

All the glass of this cage is bullet-proof glass manufactured by the Safetee Glass Co. in Philadelphia. This glass is $\frac{7}{8}$ inches thick and is built up of several layers. The most extensive tests with rifles or revolvers of different kinds have failed to penetrate it. There is no open grille wicket as is generally customary, but instead a glass deal plate and a glass door, through which deposits may be passed. This door is of such shape as to absolutely prohibit the use of fire-arms through the opening.

There is a small opening through which any sound may readily pass and through which the customer may converse with the teller. This is of such shape as to prohibit the passage of a bullet.

The roof of the cage is also protected with bullet-proof glass so it would be impossible for a burglar to jump up on the counter-



Teller's window, showing how teller is protected against fire-arms

screen and shoot down at the tellers within.

The cage is ventilated by electric fans and all of the woodwork is backed with heavy boiler plate, in no case less than $\frac{1}{4}$ inch thick, so that if a bullet should penetrate the heavy wood construction which finishes the public space side of the counter-screen, it would not penetrate this heavy bullet-proof steel plate. The rear of the cage is protected by heavy steel doors.

Besides this interesting feature provided for the safety of the tellers, the office is

particularly attractive, the wood finish being of selected figured American walnut, the walls and ceilings being treated with Craftex and the floor of rubber tiles, which together with the beautiful walnut furniture, the fine rugs, and the draperies, provide a particularly harmonious and home-like office which should appeal strongly to the merchants of the district.

The Thomas M. James Company were the architects of the new banking room.



Thrift Should Be Made Part Basis For Salary Increases

By William E. Knox

President American Bankers Association

AN increase in living cost has become a fixture in America because it is based on a number of established facts. One is the operation of the law of diminishing returns from natural resources. Another is the permanently high wage levels. Another is the high cost of government that can be tempered only in part, for we are demanding more from our governments, both state and national, than ever before, and we must pay for it. These changes mean a new distribution of wealth—more for some classes than ever before, and relatively less for others—the opportunity for greater extravagance and waste for some, the need for more efficient personal economy for others.

In view of these facts we face the very practical problem of how multitudes of our people can maintain a proper standard of living and also provide for their years of declining productivity. It is impossible for most men to increase their real wages: Therefore they must meet their added responsibilities out of more economic employment of what they get.

This readjustment calls for education, but it is not the task of the schools alone. The schools must teach the young personal economics, but the working man has passed out of the influence of the schools and his problem of personal finance is one of the most serious problems of American business. The question of worn out employees must be studied by American business. This is largely a problem of prevention. The solu-

tion must be chiefly along lines of providing ways and means so that wage earners can acquire a reasonable degree of independence by their own providence while they are still working. That must be the primary aim and not a dole system for taking care of them as dependents and subjects of charity after they are worn out, for the ideal should be to prevent unprovided for dependency from arising.

Business must not be driven off from this problem by such arguments as that it discharges its full duties when it pays its men their wages, or that industrial paternalism is contrary to democratic freedom. These arguments will not hold water. It is an essential part of industrial progress that an organized plan be developed for the permanent financial success of every human being in accordance with a just return for the economic service he renders society.

A pauper renders no service to society—but we want no paupers in America—we want no pauper class. The schools must teach our young people so to manage their own personal affairs as to insure that they will lead lives that have an economic worth to society. Business must provide plans for its workers to enable them not only to earn but also to save so that the teaching of the schools will not prove an illusion in practice. Do these things and we will have no pauperism in America. Neglect to do them and we will ultimately develop pauperism—a nation's worst social crime.



Proposed new building for the Farmers National Bank, Reading, Pa., from plans prepared by Alfred C. Bossom, architect and bank engineer of New York

Some Recent Bank Building Operations

New Building for Farmers National Bank of Reading, Pa., To Have Unusual Entrance

THE Farmers National Bank of Reading, Pa., has moved into temporary quarters, which it will occupy while its new building is being erected on the site in Penn square which the bank has occupied for 111 years—the site where the old Federal Inn, at which General Washington stopped, stood until 1814.

The short corner location has been effectively utilized by designing the front of the building as an arc of a circle. Thus from all parts of the Square and from other streets, the rounded facade can be quickly seen and the structure will appear as though all lines converged to it. Midway in the arc of the front will be the main entrance door. The Italian Renaissance architecture and the graceful columns on either side of the doorway will all add to the distinctive appearance of the new "Bank with the Lions"—so called from the statues of lions on either side of the main door.

Entering the principal door, the visitor will find himself in a circular vestibule which opens into the main banking room, sixty feet wide, extending the full length of the building, and lighted by tall windows at either end and a dome from above. On the left will be offices for the officials. The bank screen will be ornate in design and the accommodations for tellers and cashiers unusually commodious. The floor and walls will be of soft toned Travertine and the counters of Travernelle marble, while the cages will be of bronze with an artistic patina. Sound-proof rooms will be used for the bookkeeping, accountancy, and correspondence divisions, so that not even the slight noise from up-to-date machines for calculating and writing can be noticed.

At front and back will be mezzanine floors with directors' room and additional quarters for the clerical staff. The second floor, reached by elevators and stairs, will be equipped as offices and used by the bank.

A wide stairway from the center of the main banking room leads to the safety deposit department in the basement, contain-

ing 4000 individual boxes, silverware vaults, and a fully equipped fur storage plant. Abundant space and numerous coupon booths are provided for the convenience of the public.

The building will be 55 feet in height, and will extend back 125 feet. It will be of Barre granite, and while at present having only two stories above the curb, the steel work has been designed to sustain the weight of at least four additional stories. The directors are making ample provision for expanding business.

The building was designed by Alfred C. Bossom, bank architect and engineer, New York.



Middletown Savings Bank, Middletown, Conn.

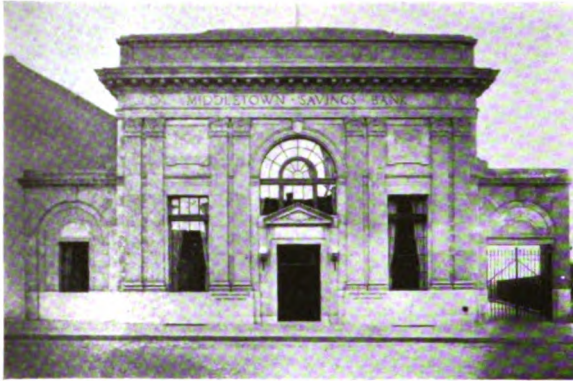
THE building shown in the illustrations on the next page has recently been completed for the Middletown Savings Bank, Middletown, Conn. It is modified Italian Renaissance style, the facade being built of Bedford Indiana limestone with a granite base. The average exterior dimensions are 43 by 100 feet. There is a twelve foot wing on one side, which is balanced by the entrance gate on the opposite side.

Entering the building, a ladies' room is located directly to the left. The officers' space is also located near the front, so as to be equally accessible to the public and the employees. The floor of the main banking room is of Tennessee marble slabs. The banking screen is of Italian Rosato marble, to the height of the wicket ledge, and the upper screen is of cast bronze. The working space behind the counters is laid with cork tile.

The directors' room is located on the rear mezzanine floor, overlooking the main banking room. Additional working space to take care of future growth is provided on the front mezzanine floor.

The bank is equipped with two burglar-proof vaults, one for its own funds and securities, and the other to take care of depositors' valuables.

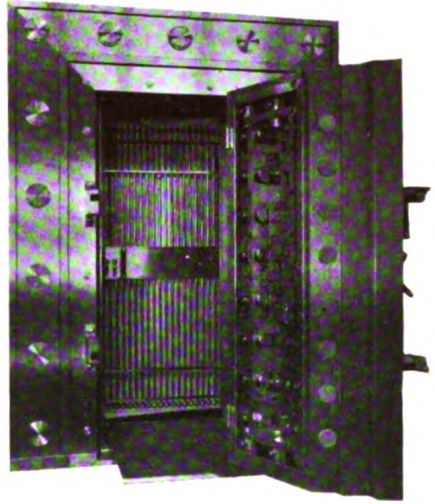
The building was constructed and equipped under the supervision of Holmes & Winslow, bank architects, New York.



Facade of Middletown Savings Bank, Middletown, Conn., showing wing at left, balanced by ornamental gateway at right

Interior view of Middletown Savings Bank, Middletown, Conn. This building was constructed and equipped under the supervision of Holmes & Winslow, bank architects, New York





New building of the Central National Bank, New Rochelle, N. Y., now under construction, with view of entrance to the vault at right. The building was designed by William Whitehill, architect, New York. Vault was built and installed by Herring-Hall-Marvin Safe Company, Hamilton, Ohio

The illustration at the right shows the new building of the Falls National Bank, Niagara Falls, New York. It is of Indiana limestone, and has a particularly appropriate corner entrance. There are several suites of offices on the second floor in addition to the banking rooms proper. The building was planned and erected under the supervision of Morgan, French & Co., Inc., architects and bank engineers, New York





Italian Renaissance fireplace in the vice-president's conference room in the new building of the Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, Pa.



Directors' room of the Hyde Park State Bank, Chicago, showing gallery of eleven portraits of directors made by the Radiotone Corporation, Chicago. These portraits are made on metal instead of on paper or canvas, and have a scintillation of high lights and shadows, and a plastic and life-like appearance not found in any other form of photographic reproduction.



As the steel re-inforcing for the main vaults of the Federal Reserve Bank of Cleveland, Ohio, looked during construction. This installation was by the Rivet-Grip Steel Company, Cleveland, Ohio



PHOTO BY WINEMILLER & MILLER, N. Y.

*New building of the Corn Exchange Bank's branch at Spring
street and Broadway, New York*

BOOK TALKS

Special Section of The Bankers Magazine

JUNE 1925

How James B. Forgan Came To Chicago

The following account of how the late James B. Forgan became associated with the First National Bank of Chicago is taken from his autobiography, "Recollections of a Busy Life," Bankers Publishing Company, \$6. Mr. Forgan's book is a fascinating account of a successful banking career, and should prove not only interesting but also inspiring to the new generation of bankers that is growing up today.

We kept our principal Chicago account with the First National Bank there, and in the late summer of 1891, when passing through Chicago en route for New York, I called to pay my respects to Lyman J. Gage, who had recently been promoted from vice-president to president of the bank. In conversation with me Mr. Gage entered into most minute inquiry as to my career from boyhood up to that time, especially as to my banking experience. This struck me as rather odd, and when I left him I remarked to Mrs. Forgan, who was waiting for me in the outside office, that if Mr. Gage went as minutely into the records of all the bankers who called upon him, he must be an encyclopedia of knowledge in regard to them. Although he did not commit himself in any way, I formed the impression that there must be some ulterior motive behind his minute inquiries.

Shortly after I returned to Minneapolis, I had occasion to write Mr. Gage about some ordinary matter of business between the banks. He replied that he had no doubt the matter could be arranged, but that if I could conveniently come to Chicago soon, he would like to talk it over with me. Again I suspected an ulterior motive in his wanting me to come to Chicago, as there was nothing in connection with the matter I had written him about necessitating a personal interview between us. I, therefore, arranged to call upon him again, when he told me that his official organization was not in good shape and that he would have to bring a man into the bank from the outside. Mr. Kingman, his second vice-president, had recently died, and Mr. Symonds, his vice-president, was in very poor health. He told me that a committee of directors had visited Minneapolis and St. Paul to look into my standing and

reputation and that his board now stood ready to elect me a vice-president of the bank if I was prepared to accept the position. I naturally felt very much flattered, but although the position and the pay both appealed to me, I did not accept his offer at once. I told him how I felt, but that I would want to return home and consider it for a few days before I would give him a definite answer. To this he agreed, and after returning to Minneapolis and talking it over with my wife and my directors, I arrived at the conclusion, as they did, that I could not afford to refuse the offer, although the directors were prepared to meet the increase in salary.

Shortly afterwards, on Mr. Gage's invitation, I returned to Chicago and met the directors of the bank at dinner at his house. It was then arranged that I should be elected a director of the bank at the next annual meeting of shareholders the following January and to my new position as a vice-president at the meeting of the directors to be held immediately thereafter. As already stated, Mr. Gage had recently been elected president, succeeding Mr. Samuel Nickerson in that position. In December, prior to the annual meeting, Mr. Gage was seized with a sudden attack of appendicitis on board the train on his way to New York. He was travelling with the board of directors of the World's Fair, of which he had been president, but which position he had surrendered, due to the work devolving upon him in the bank in consequence of the death of Mr. Kingman and the serious illness of Mr. Symonds, the two vice-presidents already referred to. This caused Mr. Nickerson to request me to come to Chicago about two weeks earlier than I had arranged for.

BOOK TALKS

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JUNE 1925

Shop Talk

IF you wish to be placed on our book approval list, send us your name and address and the name of the bank with which you are connected. If you are not connected with any bank, send us one or more business references. By being placed on our book approval list you are given the privilege of receiving, on five days' approval, any book published by the Bankers Publishing Company. You will also receive announcements of all new banking books which we publish as soon as they are out. This will enable you to see and examine at your own desk all of the new banking books as they are published.



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Speaking of some of the qualifications of a bank credit man, Thomas J. Kavanaugh of the Mississippi Valley Trust Company, St. Louis, says in his book "Bank Credit Methods" (Bankers Publishing Company, \$2.50):

It is highly important that the bank credit man possess a fair knowledge of accounting and cost systems, so that he may be able to judge with some degree of intelligence the merits of a credit proposition. He should also encourage the attaining of this knowledge by his assistants. A competent bank credit man should be able to go through a manufacturing or other industrial unit, and judging from the viewpoint of efficiency, give a reasonably accurate idea as to whether or not the business is being conducted along modern efficient lines. I do not mean to say that he should necessarily be, or claim to be an efficiency engineer, but his mind should be cultivated along the lines of intelligent discrimination in the matter of efficient plant administration. He can considerably increase his value to his bank by being able to investigate the financial management of a business.



To become an efficient and intelligent credit man requires constant study as well as experience. If you aspire to become a credit officer, begin now to acquire the proper background of knowledge which is essential to success.

BOOK REVIEWS AND NEW BOOKS

Recent Announcements of Other Publishers

THE SELECTION AND CARE OF SOUND INVESTMENTS. By Arthur Hobart Herschel. New York: H. W. Wilson Company. Price, \$4.00.

AN IDEA of the scope of this book can be learned from the following list of chapter headings: Balance Sheets of a Successful Company and the Plan of Capitalization; Active Stocks and Bonds; Different Investments for Different People; Selection of Reasonably Safe Investments; Attractive Securities; Guides for Careful Investors; Legal Investments in New York State; Government and State Bonds; Municipal Bonds; Real Estate Mortgages; Guaranteed Mortgages and Farm Mortgages; Railroad Bonds; Investment Principles and Legal Securities; Industrial Preferred Stocks; Successful Companies; Guides for Careful Stockholders; Stock Dividends and Rights; Investment Records.

The author of this book has come to his task with a wealth of individual experience and prolonged study of his subject, amply qualifying him for its presentation. More than four years have been devoted to its preparation. Simple in language, helpful in arrangement, clear in exposition, pointed in illustration, it will prove a valuable assistant to those who wish a usable handbook dealing with an intricate but vital theme.

+

MODERN BRIDGE TACTICS. By R. F. Foster. New York: Dodd, Mead and Company. Price, \$2.00.

THIS book gives a complete explanation of the latest theories of bidding and play at auction bridge, including four-card suit bids, suit distribution, winning leads and plays.

Mr. Foster is an acknowledged American authority on all games of cards, although probably best known for his writings on bridge. It was Foster who first introduced bridge to America through his writings and brought auction bridge to its present-day popularity through lectures on that game.

The author has always been one of the most up-to-date writers on auction bridge. In his new volume he discusses, in addition to the fundamentals of the game, the latest theories of successful bidding and such recent innovations as four-card suit bids, suit

distribution, winning leads and plays. Mr. Foster's book is the latest authoritative contribution to modern bridge tactics.

+

HISTORY OF THE CABINET OF THE UNITED STATES OF AMERICA. By William H. Smith. Baltimore: Industrial Printing Company.

THIS book gives an account of the origin of the cabinet, a roster of the various members, with the term of service, and a biographical sketch of each member showing the public offices held by each. It covers the cabinets from Washington to Coolidge.

The author has not only produced a reference book of inestimable value to students of American history and government, but also has provided the general reader with a fascinating narrative of the lives of the men who have influenced the history and policies of America.

The book is profusely illustrated which adds greatly to its interest and value.

+

NEW YORK CORPORATION LAWS, INCLUDING AMENDMENTS 1925. J. B. R. Smith, Editor. New York: U. S. Corporation Co. Price, \$2.00.

THIS book gives the full text of the Business Corporations Law, the General Corporation Law, the Stock Corporation Law and sections of the tax law applicable thereto. It also gives articles of general application of the Membership Corporations Law, the Stock Transfer Act; the Uniform Stock Transfer Act, the Blue Sky Laws, Legal Recording and Filing Fees and a synoptic analysis and complete index.

At the last legislative session twelve acts relating to private stock corporations were adopted. These acts affected twenty-five separate sections, amending twenty and adding five new ones, many of which, particularly those relating to taxation and to fraudulent practices in respect to stocks, etc. (Blue Sky Act) are of major importance.

+

THE BASIS OF REAL ESTATE VALUES. By John P. Kennedy, Chief Appraiser, Security Trust and Savings Bank, Los Angeles: Bank Business Builders Associates.

THE BANKERS MAGAZINE—BOOK TALKS

THE author of this book is chief appraiser of the Security Trust and Savings Bank of Los Angeles and writes with authority on this subject with which he is thoroughly familiar. In this volume he discusses some of the factors relating to real estate appraisals.

The following list of topics which the author discusses will give the reader an idea of the ground covered: Importance of Location; the Effect of Migration; Value of Well-planned Streets; Importance of Good Transportation; Center of Population; Business Thoroughfares; Manufacturing Districts; Zoning Laws; Value of Buildings of Different Types of Construction; Fractional Lots; Schools and Parks; Appreciation and Depreciation; Obsolescence; Dry Rot; Soils; Hardpan; Alkali; State Water Resources.

This book should be a valuable handbook for real estate officers of banks and trust companies.

+

ACCOUNTING PRINCIPLES UNDERLYING FEDERAL INCOME TAXES, 1925. By E. L. Kohler. Chicago: A. W. Shaw Company. \$5.00.

THE 1925 edition of this valuable book covers all of the changes made in the Revenue Act of 1924. Each section of the law is carefully examined, restated and critically discussed. Step by step the author shows exactly how to prepare each item in the return of an individual, trust or corporation. One of the unusual features of this text is the summary of the hundreds of cases which have come before the Treasury Department and the courts for decision.

+

OFFICE MANAGEMENT, PRINCIPLES AND PRACTICE. By William Henry Leffingwell. Chicago: A. W. Shaw Company. \$5.00.

HERE is a book based upon the author's twenty years' experience in many offices. It sets forth the principles underlying practically every activity of office management. Starting with a survey of the office in the various types of business, the author proceeds to lay bare the underlying principles of able organization and control. Step by step, he shows definitely how to analyze the problems of office management, points out the fundamental importance of standardization of the product of office work, plant, equipment and materials, and methods of desk efficiency, opening and distributing mail, recording and bookkeeping, filing and indexing.

Watching The Watch

By General Motors Official

AS I was driving along a city street about 8 o'clock one morning, a husky man in overalls who had been doing some work on the road waved his hand at me to stop.

"What time is it gettin' to be?" he asked me, after I had stopped.

"It jes' seems as though this mornin' is creepin', it goes so slow," he said, when I told him the time.

The other night at 12 o'clock, I was awakened by the telephone. It was the president of a General Motors unit. He was doing some work in his study, he said, and came across some papers which he wanted to talk over with me.

"Pardon me," I said, "but do you know what time it is?"

"Why no," he answered. "I suppose it is getting fairly late, but thought you would still be up."

He was astounded when he realized how fast time had slipped by.

I know a clerk who was named "Ticks" by his co-workers, because it was believed he fairly counted the ticks of his watch during working hours. His hand must have had callouses from holding his watch so much. I have lost track of him, because he moves so often from one company to another.

One of the largest business executives of the country has so much work to do that he arrived an hour or two ahead of every one else, so that he can have some time for concentrated thought before the conferences and callers get into action during the regular business day. And then he spends many of his evenings working for the good of his business.

It may not be necessary to keep ungodly hours for one to climb up the golden ladder of success. But one thing which has been proved by American business history is this: Working hours are intended for work—not calisthenics with a watch.—*General Motors Topics.*



New Books

THE FINANCIAL HISTORY OF THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY. By S. J. Warren. Boston: Houghton. Price, \$2.50.

HISTORY OF COMMERCE IN THE UNITED STATES. By Clive Day. New York: Longmans. \$1.80.

PAPER

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