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PROPOSED REMOVAL OF AMERICAN BANKERS ASSOCIATION HEADQUARTERS

AMERICA DEPENDENT UPON EUROPEAN PROSPERITY

GENOA AND AFTERWARDS

DEPARTMENT OF COMMERCE AND THE BANKS

ORGANIZATION OF THE FOREIGN DEPARTMENT OF AN ENGLISH BANK

SUCCESSFUL BANK ADVERTISING CAMPAIGNS

AMERICAN BANKING SYSTEM AND AGRICULTURAL CREDIT

COUNTRY HOMES FOR BANK EMPLOYEES

SOME BANK CREDIT PROBLEMS

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THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SIXTH YEAR

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VOLUME CV, NO. 1

Revival of the Proposal to Cancel International Debts

IT doubtless occasioned considerable surprise in this country when the British Prime Minister, speaking in the House of Commons on May 31, revived his proposal formerly made in a communication to Mr. Wilson, then President of the United States, looking to the cancellation of inter-Allied indebtedness. For less than a fortnight before Lloyd George, speaking at the closing session of the Genoa conference, had given to Russia these sage counsels regarding the inviolability of credit obligations:

“Europe is more and more filling up the gap left by Russia. Russia needs more and more the help which the world can give and which the world is anxious to give. Either from pride or prejudice, we have not in the course of these discussions referred to the fact that even at this moment there are millions of people in Russia standing on the brink of famine and pestilence who may perish without help. If Russia needs help she can get it. But will the Russian Delegation allow me in a friendly spirit to say one word? If Russia is to get help, Russia must not outrage the sentiments—or if they like let them call them the prejudices—of the world. There is real sympathy for her condition. What are those prejudices?

“I will just name one or two because they were all trampled upon in the memorandum of May 11. The first prejudice we have in Western Europe is this, that if you sell goods to a man you expect to get paid for them. The second is that, if you lend money to a man and he promises to repay you, you expect that he will repay you. The third is this, that if you go to a man who has already lent you money and say ‘Will you lend me more?’ he will say to you ‘Do you propose to repay me what I gave you?’ And you say ‘No, it is a matter of principle with me not to repay.’ There is the most extraordinary prejudice in the Western mind against lending any more money to that person. It is not a matter of principle. I know the revolutionary temper very well and the revolutionary temper never acknowledges anybody who has got

principles unless he is revolutionary, but these prejudices are very deep rooted, they are rooted in the soil of the world, they are inherited from the ages and you cannot tear them out. When you are writing a letter asking for more credits—let me give one word of advice to anybody who does it—let him not in that letter enter into an eloquent exposition of the doctrine of repudiation of debts. It does not help you to get credits. It may be sound, very sound, but it is not diplomatic.”

In the speech in the House of Commons, referred to above, the British Prime Minister took a position hardly compatible with this view. Dealing with the question of the remission of war debts, and proposals that have been put forward outside of Parliament, Lloyd George declared:

“The proposal, so far as I can see, is that Great Britain should forgive all those who owe her money without obtaining forgiveness of debts she owes. That is a proposal we really cannot contemplate.

“If our share of the German reparations be added to the amount of debts due from other countries there is over £3,000,000,000 due to this country. On the other hand, this country owes something like £1,000,000,000. The proposal is that we should forgive the £3,000,000,000 without receiving any remission of the £1,000,000,000.

“We are perfectly willing to enter into any international discussion with a view to obliterating the whole of these war debts if we receive consideration, although it is not equal to that we are prepared to confer.”

This suggestion brings the whole matter of debt cancellation again to the fore. It is directly opposed to the position taken in the act passed by the American Congress forbidding the Allied Debt Refunding Commission from entering into any arrangement looking to an entire or partial cancellation of any of the foreign debts due this country. Notwithstanding this positive stand on the part of Congress, there are not a few American economists and bankers who contend that our expectations of receiving payment of these debts rest upon a very slender foundation.

It must be stated, in fairness to Great Britain, that provision has been made already by that country for payment of her debt to this country.

Our Present International Policy

CRITICS of the methods employed by the present Administration in dealing with international problems are fond of saying that we have no definite foreign policy. Possibly this criticism is too severe. It may be that such a policy really

exists, but that it is difficult to discover, like the harmonies in a symphony. Look down deep beneath the surface and it will be found that we have a policy in regard to the Allied debts due us, in regard to Russia, and concerning abstention from participation in European political affairs. The Washington Conference revealed a distinct policy in relation to a reduction of armaments, and set an example worthy of imitation.

If these policies have not all been set down seriatim, they have nevertheless been strictly followed. Those who criticise the Administration for its conduct of foreign affairs probably feel dissatisfaction because their own ideas have not been followed out in all cases. They think they could have done so much better than the President and Secretary Hughes. But the responsibilities of dealing with the present difficult situation belong to these gentlemen and not to their critics.

Truly things do not work out so rapidly and smoothly as all of us could wish. But is this due to a lack of policy on our part? Is it not rather attributable to the inability of a number of the foreign nations to agree among themselves? Probably, until such agreement is reached, we are using our own power most effectually by keeping out of their conferences even. Surely it is rather too much to expect that our moral suasion can alone compose the serious differences that prevail in Europe. Nor can forcible intervention, either jointly or singly, be contemplated.

The suggestion has been made for an international conference at Washington to consider political and economic problems and all other matters that should be frankly discussed with a view to clearing up the situation. This proposal ought to come from Europe if it is to be seriously entertained. Possibly an international conference at Washington might find a more favorable atmosphere than exists in most European capitals, where so much heat has been generated. Every avenue of escape from the existing dilemma should be patiently explored. In time the way out will be found.

Proposed Removal of American Bankers Association Headquarters

FROM the office of the American Bankers Association comes a proposal to remove the headquarters of that organization from New York to Washington. The suggestion for this change was made by President Thomas B. McAdams in his report at the meeting of the executive council, recently held at White

Sulphur Springs, West Virginia. He gave these reasons for the change:

“I want to see the American Bankers Association, representing as it does every class of our citizenship, fostering sound and constructive policies for the development of business and finance. In order to do this we must not act independently of other great interests in this country, working toward the same ends, but should so establish our points of contact as to eliminate conflict and create a spirit of coöperation which will insure the success of our policies when founded upon sound principles and in the interest of all the people. We must devise some plan by which we may be continuously kept in touch with all the great national and international movements which are more and more concentrating in the nation’s capital.

“A few years ago a movement was started to move the headquarters to Washington. It met with strenuous opposition, the opponents urging such a move would make of our association a political organization. Since that time the situation has changed materially. Other great organizations, recognizing that their work could only be done effectively in close contact with the administrative and legislative branches of the Government, have established permanent homes there, and are rendering a great service to the nation in assisting both legislation and administration in their initial stages. The presence of these organizations in Washington has never been questioned. They form a part of the life of the national capital, and their assistance, their suggestions and their willingness to help are appreciated by all those interested in the upbuilding of this country.”

The statement that the location of the headquarters of other great business organizations at Washington “has never been questioned” is certainly subject to important qualification. Both in the debates in Congress and in the newspapers their presence has been seriously attacked.

President McAdams thus explains why the existing methods of dealing with legislative matters are objectionable:

“On the other hand, if our association be represented in Washington through a committee interested in a specific piece of legislation, our influence is immediately discounted by the assumption we never go to Washington except in advocacy or opposition to a pending measure or a possible ruling by a department official. When we do appear we are accused of conducting a lobby in our own selfish interest. The only motive which should actuate this council in this or any other question is its effect upon our association’s ability to aggressively and intelligently serve its members and broaden its field of influence in behalf of the public good. The

movement of our headquarters to Washington is the greatest single contribution this council will have the privilege of making to financial America."

This proposal represents another of the all-too-frequent movements to put the Government further and further into business. It is a deplorable tendency, and one which should receive no countenance from the bankers of the United States. Washington is already honeycombed with business organizations whose sole object is to interfere either positively or negatively in legislative matters. Here is the almost unending source of propaganda of all sorts with which the country is being continually deluged. And even where these efforts are for laudable objects, they are open to grave objection on the ground that they afford undue advantages to certain organized groups, compared with the interests of other bodies of citizens not represented at Washington by an organization.

This combining of certain interests for maintaining headquarters at Washington for the express purpose of influencing legislation is contrary to the entire spirit of our institutions. It gives a greater power to these groups than they ought to have. And this power is almost certain to be used selfishly.

The American Bankers Association heretofore has wisely kept out of politics. This sound policy should be maintained. If the headquarters are moved to Washington, a contrary departure will be indicated. Indeed, the removal will rightly be interpreted as having been made for the express purpose of putting this great organization into politics.

We have too much politics in our banking already through the control exercised by the Federal Reserve Board, the ex-officio chairman of which is a member of the President's cabinet, and all the members appointed by the President. If the headquarters of the American Bankers Association are removed to Washington, we shall have more government in banking, and therefore more politics. The railroads are virtually managed from Washington, and we see what has happened to them. Do we wish the banks of the country also to fall under the deadly paralysis of government and politics? If we do not, we should not take this unwise step.

President McAdams declares that "The movement of our headquarters to Washington is the greatest single contribution this council will have the privilege of making to financial America."

A greater contribution would be to keep the banks out of government and out of politics.

America Dependent Upon European Prosperity

REASONS why the prosperity of the United States is dependent upon that of Europe were clearly stated recently in a report of a special committee of the Chicago Association of Commerce on "Present Day World Problems as They Affect the United States." After citing the contentions between respective groups in this country, the report declares:

"Unable to understand the interdependence of the different parts of the world economic organization, the farmers, capitalists, and laborers alike are led to seek fictitious remedies, remedies which, like quack medicines, only tend to weaken the system. The fact that the United States is an economic unit, each group and each section of which in the end must stand or fall with the whole, has not yet sunk into the consciousness of the Nation. Much less do we realize that the entire world is now an economic unit.

"While there are no doubt grave defects in the modern economic system, no remedy will be found in the present crisis by weakening or wrecking that system. Yet such will be the result if ignorance leads large groups of the country to emphasize our antagonism of interest instead of our common needs. Such results will also inevitably follow if nations, ignoring the needs of their neighbors, refuse to coöperate in the solution of international problems and stand apart in the fancied security of their supposed isolation.

"The truth is that the United States is fundamentally dependent upon European prosperity."

This statement is supported by a detailed analysis of production, manufacture and exchange of commodities, explaining the interest that even the smallest communities have in foreign trade and how this interest attaches to all lines of production. For example, it is asserted that a recent analysis of the cargo carried by a United Fruit liner sailing from New Orleans to South American ports showed that practically every community in the United States, manufacturing or agricultural, had some part in the production of the cargo sent out in this steamer.

The failure of these facts to convince certain persons of the necessity of foreign trade are commented on in the report as follows:

"Notwithstanding such facts as these and in spite of all the emphasis that has been placed by bankers and others upon the necessity of maintaining our export trade if the country is to prosper, one still hears men say on every hand that whatever happens in Europe this great country of ours will not be seriously affected. Let our foreign markets go, if need be. It is urged that

they are relatively unimportant anyhow; for our foreign trade is only eight or ten per cent. of our total trade. Rather than grieve over the loss of foreign markets, let us confidently devote our attention to developing our home markets. Is not the consuming capacity of the American people limitless in extent? Think of the enormous numbers of people who still have no automobiles; think of the number whose homes are not elegantly furnished; think of the number, if one must, who are still scarcely above the minimum of subsistence. Why worry about foreign markets when such vast potential demands are to be found within our own borders?

“These are brave words, no doubt, but they are based upon fundamental misconceptions of the working of economic forces. Large and thriving domestic markets, unfortunately, depend upon foreign markets; they can not readily be stimulated when foreign markets are waning. Moreover, it is altogether misleading to argue that since our export trade as a whole constitutes only eight or ten per cent. of our total trade, it is relatively unimportant. The truth of the matter is that practically fifty per cent. of our total cotton supply is normally exported, and from twenty-five to thirty per cent. of our wheat crop. In many lines of industry our exports are altogether negligible; while in certain other important industries the export trade is of paramount significance. While one might argue with a show of plausibility that a ten per cent. loss of trade is not significant, he can not argue with equal cogency when the percentage that is involved is twenty or thirty or even fifty per cent. as in the case of cotton and copper.

“There is no escape from the conclusion that if American exports of cotton and wheat should be very greatly reduced as a result of European decadence, the cotton belt and the wheat belt would be seriously depressed for years to come. As a consequence the industrial activity of this country, as we shall see, would be seriously curtailed.”

It is pointed out that no immediate possibility exists of making up for a lack of foreign market for wheat, cotton, etc. Deprived of such market our manufacturers, in turn, would find their own domestic outlet curtailed. Possibly in time this dislocation could be corrected, on account of the great resources and vast extent of the country; but while the process was going on—and it must of necessity be a long one—our domestic trade would be subject to serious loss.

This declaration of views, coming from so representative a body as the Chicago Association of Commerce, will carry great weight.

Oil on the Political Waters

THE ameliorating effects supposed to be consequent upon the pouring of oil on troubled waters do not seem to apply when these disturbances are political in character. This inference arises from the disagreements which arose at the Genoa Conference owing to the injection of the oil controversy into the proceedings.

Careful students of our long-standing political difficulties with Mexico trace the origin of these difficulties to a disagreement over oil territories, and indeed the recognition of the Obregon Government has been delayed because of failure of that Government to give adequate guarantees for the protection of American oil interests.

International differences over deposits of valuable mineral substances are by no means new developments in world history. Gold has lured armies across deserts and navies overseas from time immemorial until now. The conquerors of Mexico and Peru were dazzled by the glitter of gold, some of which was largely imaginary. Though other pretexts have been put forward in excuse for various wars, when these pretexts are subjected to careful analysis, it will be found that underneath them lies the hunger to acquire the yellow metal.

While it cannot be said that the recent war arose from a similar source, it nevertheless was of a closely related character. It grew out of a hunger for international trade, which successfully conducted furnishes great command over the world's gold supply.

Owing to the wider use of oil as a fuel and especially on account of the marvelous development of the automobile industry, the struggle for possession of the world's chief sources of supplying this substance now transcends in intensity that which formerly raged in regard to acquiring dominion over gold-producing territory. The rich oil fields in the Far East, in Russia and Roumania, have become prizes in whose exploitation the nations of the world are now fiercely contending.

Coal, the other great fuel, has been found so abundantly in widely scattered localities that few international differences have grown out of contention for domination of the territories producing this substance, although the rivalries between Germany and France have not been entirely free from controversies over coal deposit areas.

Very likely the dissensions due to the oil controversy will continue until some other form of fuel is found that will take the place of oil. That such a discovery will shortly be made is by no means beyond the range of the probable. Some competent engineers are still hoping that in time the propulsive power of the automobile

may be steam instead of gasoline, or possibly that some method of utilizing various forms of oil may be found.

Philosophers have been endeavoring since the close of the war in Europe to ascertain what it was all about anyway. It would be rather a sad commentary on the progress of modern civilization if it should be finally discovered that this terrible controversy had no other outcome than to give one nation or some group of nations domination over the oil fields of the world.

Genoa and Afterwards

ENDEAVORS to appraise the results of the Genoa Conference should take into consideration not merely the achievements of this historic assemblage but its freedom from disaster. If measured by the former standard, not much satisfaction can be felt. On the other hand, when the possibilities of complete disaster are taken into account, it will be seen that the peaceful character of the conference and its orderly dispersion for the purpose of a subsequent meeting afford much ground for rejoicing. It is no small achievement to have held these warring groups together for several weeks, even if they did not accomplish much. They at least agreed to stop fighting for eight months. And they showed a willingness still further to explore the possibilities of reaching some measure of political and economic accord. This effort was transferred from Genoa to The Hague. This is not much, but far better than if the Conference had broken up in a row.

Hardly less important than the Conference itself was the speech made immediately after its dissolution by the British Prime Minister in the House of Commons. Reading between the lines of his adroit address, one gains the impression that Lloyd George was not so much convinced by Russian logic as he was terrified by the Russian army. This military force of 1,500,000 with another potential 4,000,000 alarmed him greatly, and was put forth as the excuse for apparent concessions to Russia. It will thus be seen that military power rather than moral ideals or simple principles of justice still dominates European politics. But the British Prime Minister, while failing to hold the Conference up to a very high standard, at least held it together, which under all the trying and disheartening circumstances was in itself a creditable achievement. If future meetings of those taking part in the Genoa Conference shall demonstrate the futility of reaching a settlement of existing problems on the basis there laid down, then the truth of the situation will be at least recognized and a more promising basis adopted.

The fact can not have escaped observation that these frequent

conferences are coming to represent something in the nature of a general European parliament, and they may even foreshadow a semblance at least of a federation of the respective nations. Some of the nations already realize the danger of acting separately or of combining in hostile groups. Even without fully realizing the import of their actions, they are searching for a basis of coöperation. The result of this quest may be of far-reaching importance in the history of the world.



An Improving Business Situation

GENUINE business recovery in the United States seems now under way. Railway earnings, bank clearings, continued building activity, better conditions in the iron and steel industry, and conditions generally point in this direction. This improvement will be hailed with widespread satisfaction as an evidence of gradual emergence from the depression following the era of inflation and speculation subsequent to the signing of the Armistice.

To a considerable extent this revival in business must be ascribed to the reaction which invariably follows a depression. A country of such large extent and resources as the United States, with so much of wealth and purchasing power, will not long remain in the slough of despond.

Gratifying and unmistakable as are the signs of reviving business, it could well be wished that the skies were clearer. The miners' strike, the restlessness of railway employees under a proposed reduction of wages, tariff agitation, impending deficiencies of revenue, and the still unsettled conditions in Europe, are all disconcerting factors in the situation.

While it may be hoped that the present revival will prove permanent in character, a depression of such severe extent as that we have lately experienced rarely disappears so soon. This time it may prove otherwise. But the situation, while tending to inspire hopefulness and even confidence for the future, is not yet such as to warrant the relaxation of that prudence which is especially essential in the conduct of enterprise while a depression of unprecedented magnitude is as yet hardly safely behind us. Much less is there anything in sight to justify a return to that spirit of wild speculation which brought on the crisis and depression from which the country is now happily emerging.

This country, in times of great prosperity, exhibits rather more of hilarity and recklessness than the situation warrants, for in nearly all such seasons just beyond the horizon may be discerned the portents of a storm. We do not remember these lessons very

long. We ought not to be discouraged or depressed by them. But we might take them sufficiently to heart to enable us to avoid again plunging into a gulf from which we have just escaped.



Is the Reparations Tangle Being Straightened Out ?

THIS question may be affirmatively answered by the result of the negotiations for a German loan, coupled with certain conditions which have received the assent of the German Government. But the question will yet remain as to the permanent effects of such a loan. Does it represent anything like a settlement of the vital elements in the reparations problem, or is it merely an expedient for temporarily bridging the gap? Even if the latter view be accepted, no little satisfaction may be experienced at the postponement of what was developing toward a serious crisis. The breathing spell may be utilized in finding a better and more lasting solution. If the German printing presses stop turning out "money," if more adequate taxes are imposed by that country, if exportations of capital are halted and at least some of that already exported is returned, all these accomplishments may go far toward relieving the Franco-German tension. But do they go to the heart of the matter after all? When loans are provided which will inevitably aid greatly in the revival of German industry, will the Allied countries themselves receive the increased fruits of this production in the shape of imports, or will they view with complacency a sharp impetus to German exports to the countries that were neutral during the war? If they are willing thus to have German industry accelerated, may not the loans granted for reparations purposes turn out in the long run rather more favorably for the country penalized than for those countries for whose benefit the reparations were intended?

These difficulties are far from imaginary, though a way may be discovered for applying the reparations that will render the present obstacles less formidable than they now appear. Should it prove impossible to find a workable plan of exacting reparations from Germany, it would tend to encourage future wars by making nations contemplating aggression feel secure against the payment of heavy indemnities.



Special European Service

RECOGNIZING that present conditions and the future outlook in Europe are of vital interest, not only to the United States but to the entire world, **THE BANKERS MAGAZINE** has arranged for special European representation to begin immediately.

A staff of trained economic observers will study and report upon the situation in the leading European countries, giving especial attention to such matters as production, trade, exchange, the currency and banking, and general economic conditions.

It will be the aim of these reports to present a concise account of some of the progress made toward recovery since the armistice was signed, and also to state the problems yet awaiting adjustment and some of the obstacles to be removed.

As all the leading countries of Europe will be embraced in this survey, the result of these investigations as presented in **THE BANKERS MAGAZINE** should comprise one of the most comprehensive and trustworthy accounts of the European economic situation yet published, and of invaluable service to bankers, manufacturers, farmers and merchants, who are all intensely concerned in the restoration of European prosperity.

Those who will participate in supplying this service will include the following:

ELMER H. YOUNGMAN, Editor of **THE BANKERS MAGAZINE**.

NICHOLAS PETRESCU, Ph. D., well-known economic writer.

ANNA YOUNGMAN, Ph. D., formerly of the Department of Economics, Wellesley College, and more recently associated with the Division of Analysis and Research, Federal Reserve Board.

Successful Bank Advertising Campaigns

By S. P. Wright

Copy Chief Hahn-Rodenburg Co., Springfield, Ill.

IT is claimed that "nothing succeeds like success", and on this basis this paper has been prepared. It is hoped that in these various examples of advertising campaigns that have been successes, you will find food for thought on your own campaign.

Perhaps before going any further it will be well for me to preface what is to follow with a word or two on just how I happen to be able to speak with authority upon so many different campaigns. In my official capacity as copy chief in a large service agency catering to banks, I naturally supervise the production, and in certain cases, produce myself, many campaigns. The result of several years of experience is briefly outlined in the following. These ads are taken from successful campaigns of the past, or are from my files as future parts of successful campaigns. In order to disguise the names of the various clients for whom this copy was written, I will use the name of "The First National Bank of Wilton" throughout.

While this article is supposed to be on copy more than anything else, I cannot refrain from mentioning in passing the border and signature cut. I have found that bank advertising is from fifteen to twenty-five per cent. more effective when the same border, and a hand-lettered or other artistic signature is used throughout the campaign. Some of the borders in use by various banks throughout the country are reproduced herewith to give you some ideas to work upon. You will find the border rather an expensive proposition—but more than worth the money.

Bankers very frequently entirely overlook a very vital element in planning their advertising—the eternal feminine. The young women of this country could make every man-jack a systematic saver—they have a way with them, you know! To reach the woman,

your appeal has to be carefully worded, yet if the right angle of approach is adopted, you will find that your task is not difficult.

Woman is very susceptible to flattery, proverbially so. If you appeal to her to exercise her influence over the men in her family, assuming that all she has to do is try, and the thing will be accomplished; she will rise to the bait with surprising effectiveness. It must also be remembered that especially nowadays, the woman as a depositor must not by any means be overlooked. The following advertisements are from a campaign that has been consistently increasing deposits for a middle-western bank.

You Wives

Are you really doing all you should to see that hubby keeps his savings account growing as it should? Men are so apt to kind of forget these things that it's really up to the women to keep them at it.

And women know, even better than the men (who are improvident creatures at best) the absolute necessity for thrift.

(Just a little appeal to their pride in the power they have over their men-folks. The fine thing about it is that it worked.)

Feminine Traits.

are so different from masculine characteristics that women feel out of place in most banks, for the reason that most banks are operated purely with the men in mind.

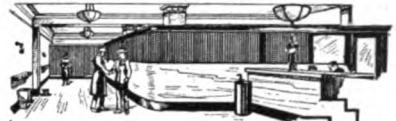
The First National, realizing that women are more and more coming to see the value of a reliable banking connection, has become a bank that women will feel it a real pleasure to deal with.

(A "woman's bank" appeal. Let them feel that you rather specialize in them, and they'll come your way. The ladies love to be catered to.)

Women Who Control Funds

find the First National to be the bank

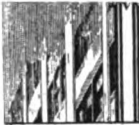
Lincoln, Illinois



Vinton, Iowa



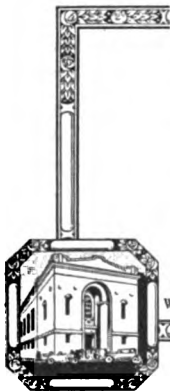
South Bend, Indiana



The ST. JOSEPH
LOAN & TRUST CO.
ST. JOSEPH COUNTY
SAVINGS BANK



Chi



DIVISION
STATE BANK
W. DIVISION AND NO. ROCKWELL STS



ILLINOIS
TRUST & SAVINGS BANK
OF CHAMPAIGN

There are reproduced above a few of the signature cuts that are being used by various banks in the Middle West

that suits their requirements in every respect.

The main reason for this is probably the unflinching courtesy and respect that all our employees extend to all our patrons.

We would be glad indeed to have you avail yourself of our services.

(A rather stiff bit of copy aimed at the elderly spinster who has money and who is rather afraid of the banks. Aimed at her, but nevertheless hitting a profitable variety of other folks.)

Your Hope Chest

Girls, have you a Hope Chest? Not the old fashioned cedar chest that your mother filled with linens and pretty things for her future home. Those things are necessary and good but the bride of today needs much more.

She will want electrical appliances to make her work easier, she will want the artistic things that make home restful. Yet the cost of living today is such that she may not feel that she can afford these things after she is married. A savings account will be a most valuable aid.

Start your savings Hope Chest HERE and NOW.

(The modern girl wants a modern hope chest. Tell her how to have it, and she'll start it in your bank. Try it.)

Women Depositors

demand from their bank more than do men in the way of courtesy.

A slight inattention on the part of a teller, and a woman is offended, where a man would pass it up without a thought.

The fact that our women depositors are constantly bringing in their friends is therefore exceptionally pleasing to us.

(Tell a woman that she's fussy and particular, and you've paid her the highest compliment. This bit of copy strokes them the right way.)

Household Aid

Women who are household executives will find a checking account at the First National a great boon.

Deposit all your expense money, pay all bills by check, and your stubs will automatically "keep books" for you.

Try it.

(Modern women like to be "business women". Those confined to household activities jump at bait like this. A small

checking account like this isn't particularly desirable in itself—but it brings in other business with it that IS.)

Business Women

know the value of a good banking connection.

Other women can determine the status of the First National from their male friends or relatives.

We cater particularly to women patrons. You will be very welcome.

(You can't flatter them too much. This ad appeals to their vanity in a way that they don't seem to be able to resist. You will find it a good model to go by.)

The young folks are also a prolific source of accounts, if properly gone after. Dad and mother generally have to be "sold" on the proposition first; once they get the kid started, his pride in a growing account will, in a profitable number of cases, keep the ball rolling. The fact that the youngster of today with his less-than-a-hundred dollars account will be the big depositor of tomorrow is something that the far-sighted banker will not lose sight of. Since there is nothing like starting young, I am starting this lot off with a copy of a letter written for a client who sends it out to the proud fathers mentioned in the "Births" column of his local paper. He tells me it has been surprisingly effective, and productive of much real business, as well as considerable favorable comment.

My dear Mr. Blank:—

You are certainly to be congratulated. The daddy of a brand-new future President (if a girl, add "—by the time she's of age, we may be having women Presidents, you know—") is certainly a man to be envied. Here's my hand—congratulations.

As a banker, all things remind me of money, and it occurs to me that you might welcome one little suggestion: A little money put at interest for the youngster now will be a lot of money when college or a start in life makes big inroads on the exchequer. Open an account for the little one today—add to it as you can. The youngster's well worth the sacrifice.

I imagine you're a busy man today, running around with a pocket-full of cigars, so I'll just cut this short with a

sincere wish that the wife and the youngster are both doing splendidly.

Enviously yours,
President,
The First National Bank.

Farmer Lads and Lassies

who intend to accomplish things in this world (and what farm-bred youngster is not ambitious) will find that a savings account started in time is the first step towards real prosperity.

Your dad will tell you that ready cash or the want of it can make or break you, when you get out in the world for yourself.

Start an account at the First National, and see how many of your friends you will meet here.

(Right straight at the farm youngsters who are anxious to be something in the world. It's always a good plan to talk, whenever possible, to one limited class of people.)

Is Your Child Learning?

We are told that thrift is the foundation of success. Is your child laying the right foundations now for his future success? It is up to you to see to it that he is trained in *saving* rather than *squandering*.

Habits of childhood stick. What is his first thought when he gets money? Does he enjoy watching his bank account grow—or has he the habit of wondering what he can buy with it?

Have him start a savings account now.

(Most folks are acutely conscious of their own lack of thriftiness, while they thoroughly recognize its advantages. If you tell them that their child can be taught thrift (and he can) by getting used to it while he's young, they'll—well, what would YOU do?)

Your Son

What he will be depends very largely upon what you instil into him in his youth.

You know—from bitter experience—that thrift is as vital to a man as the air he breathes.

Are you doing your full duty towards your boy?

(Every mother's son of us were headed for the Presidential chair in the eyes of our mothers and fathers. Make parents believe that thrift is necessary to their son's success—and they'll teach him thrift.)

"As the Twig is Bent—"

At your age, you realize the necessity of thrift from the very start. You wish, oh, so earnestly, that you had saved from the first. Don't you?

Then don't you think it would be a good idea to open an account for each of the youngsters, and start them in right, right now?

Think it over a bit. We'll be very glad to see you anytime.

(Bitter experience and parental love is appealed to here. If these two won't move a parent to action, nothing will—but don't worry; this ad reached them.)

The average young man is the most thriftless person in the world. He has his health, no particular worries or burdens, and that much-discussed "rainy day" is a long, long way off to him. Yet to bring him into the fold is merely a matter of talking to him in terms that he will read, and that will convince him after he has read. A lot of you bankers will hold up your hands in holy horror at some of the following copy—but you would be mighty glad to get the account of the young fellow who talks and thinks in just such terms as these, now wouldn't you? Then why not talk to him in the language he thinks in? It has worked for many others, and will for YOU.

Rip Van Winkle

slept twenty years—but he DID wake up. Even then, he couldn't have afforded a siesta of that length if Dame Van Winkle had not been home supporting the kids.

It's about time that a lot of us woke up to our financial responsibilities and possibilities. A savings account in this bank will not only assure you of aid in time of illness, but will surprise you with the speed with which it will grow. Start anytime, with any amount.

(Breeze right along when you talk to young men. A bit of slang won't hurt you or them either. Let them feel that you are a group of human beings, and not merely a heartless, cold-blooded institution.)

Put Up, or Shut Up

Not an elegant phrase, certainly. Still, it has the merit of being extremely forcible. And it expresses very exactly the attitude that Opportunity

adopts toward the man or woman who would get ahead in the world.

You've got to have the money to start on, to build up a business of your own, to "get in on the ground floor" of some good proposition. It does no good to whine; "Put up or shut up." You can "Put up" if you have been nursing along a savings account.

Get out of the class that has to "Shut up."

(The man who thinks in forcible phraseology must be talked to in the same kind of language. You won't lose your dignity doing it; it's being done by the largest banks in the country.)

Take a Tip From Noah

Noah had a straight tip that there was going to be a lot of rain. He told his friends about it, and they laughed at him. When the rain *did* come, Noah and his folks had something besides an umbrella. The ones that laughed—lost out.

You don't need any one to tell you that a rainy day is coming. It comes to everyone in the form of Old Age. Are you laughing at the idea, or putting it off? Remember Noah's friends.

(I said that you would take exception to some of this copy; this is the ad I had particularly in mind. It brought in business, however—and that's the yard-stick to measure copy with.)

A Failure at Fifty

What could be more disheartening to a man than to realize, at the age of fifty, that he was a failure? Yet the man who is a "good fellow" and a "spender" when he is twenty and thirty is going to be a failure at fifty just as sure as he keeps up his habits.

Thrift before thirty means fortune by fifty.

(It isn't necessary, however, to use slang to get the young man's attention. This ad will make him think, and yet it is perfectly decorous.)

The Deal You Couldn't Swing

the "buy" you couldn't take advantage of on account of lack of funds, are just so much dead loss to you.

A savings account at this bank will equip you in a short time with the necessary funds to work with, so that the next time Opportunity knocks, you can greet her with outstretched arms. Better start NOW. Opportunity, you know, does not knock many times at an unopened door. Start here any time, with any amount.

(Lives there a man with soul so dead who never to his friends hath said "If I had only a little ready cash then I could have—" and so forth? We don't think so, hence this ad has a universal appeal—but the young man, being more ambitious, will be most affected.)

An Essay on Luck

This thing called Luck, the whine of the envious and the moan of the bad loser, is a mighty poor excuse for lack of success.

The law of average gives everyone the same amount of good and bad luck over a course of years. It's the man who goes after it that wins success.

A savings account is the foundation of prosperity; starting one will be the best piece of "good luck" that you ever saw.

(Young men are prone to believe over-much in that fickle goddess, Luck. It's up to you to tell them how to make their OWN luck. It pays.)

Certain conservative banks find in the words of great men, past and present, good copy material. It is a fact that the following ads have aroused considerable interest, and the fine part of it is that the supply of raw material is inexhaustible.

Some Real Authorities

on thrift are going to speak to you through these pages. Next Thursday the first of a series of ten ads will appear, quoting the applied philosophy of some of the greatest minds in this country.

Read what they say. Remember that they are speaking from the standpoint of men who have been through the mill, and come out well laden with earthly goods.

Profit by their experience.

(This serves to introduce the campaign, and to explain its purpose.)

In Lincoln's Time

whenever questions of importance were at issue, it was he who bore the burden. His work was always for the betterment of mankind.

Here is his message to you on Thrift: "Teach economy. That is one of the first and highest virtues. It begins with saving money."

Today you can take advantage of that advice and receive a just compensation. The First National will pay you to learn the Habit of Thrift. Start now.

(Anything that "Honest Abe" says is

pretty apt to be believed by good Americans. Here's what he said on thrift.)

When Teddy Spoke

People were pretty apt to listen to him. Here's what he said about thrift: "Extravagance rots character; train youth from it. On the other hand, the habit of saving money, while it stiffens the will, also brightens the energies. If you would be sure that you are beginning right, begin to save."

Don't let your character rot; build, by starting a savings account in the First National today. You can start with one dollar.

("Teddy" is still dear in the hearts of many thousands of Americans. He, too, advocated saving early in life.)

Savage or Civilized?

"One of the fundamental differences between savage and civilized life," remarked Andrew Carnegie, "is the absence of thrift in one, and the presence of it in the other."

If men consumed each day of each week all they earned, as does the savage, of course, there would be no capital—that is, no savings laid up for future use. Is thrift present with you—are you setting aside part of your earnings on a given day? The First National will pay you to save. Come in today and ask about our method of thrift.

(Carnegie made enough money to pose as a real authority on how to get it. His advice ought to have weight—and it does.)

I could go on almost forever quoting famous men on thrift, but I'll let you do that yourself. You'll find it mighty interesting and instructive—and incidentally, if the information gained is utilized in this manner, exceedingly profitable as well.

Of course, it would be palpably impossible to base an entire campaign on timely copy, but whenever possible, you will find it advisable to tie up your advertising to any and all local or national events that assume any importance at all. Even if the copy is devoted entirely to some outside affair, and only the signature cut left to sell the bank, if the copy is well written, it will be good advertising.

Hallowe'en Night

is a night of foolishness—suppose you clear your system of a lot of foolish

ideas that you've got to be a spend-thrift to be popular, by raising the dickens next Monday night, and then settling down like a good citizen, and start saving.

A dollar and a back-bone starts your account—have you got them?

(A "holiday" that isn't as a rule given much attention. This little ad quietly reminds folks that it is advisable to put everything movable under cover, and the rather clever tie-up to thrift is liable to evoke a chuckle and a comment as a tribute to your cleverness.)

Independence Day

Next Monday, July 4th, is the biggest holiday of the year.

Of course, we'll be closed all day, but bright and early Tuesday morning we'll be open so that you may, by opening a savings account, bring your *own* Independence Day that much nearer.

(Rather an obvious tie-up on the Fourth of July. A surprisingly large number of you bankers, however, let it slip by. Watch it this year.)

"From These Honored Dead"

may all of us indeed "take increased devotion" to the nation and the institutions for which they "gave their last full measure of devotion" to protect.

Next Tuesday, Decoration Day, this bank will be closed in honor of those brothers in the Blue and the Gray, and these newer comrades in the Olive Drab, who died for their beliefs.

God rest them.

(This little tribute to the brave lads of these United States who have given up their lives for their cause cannot help but touch the heart of an American. No tie-up to banking should be brought into an ad of this character, for obvious reasons.)

Why the Mails are Robbed

All the yeggmen and bank burglars are turning to the robbing of the mails as a safer and more lucrative pastime. They have to, to make an honest living.

The banks have been so inconsiderate as to provide a lot of safety devices to protect their money, and bank robbing is a mighty dangerous profession these days.

Our burglar alarm is a particularly large thorn in the side of the well-meaning cracksman.

(The mail-robbing epidemic is not yet over. Here's the way to capitalize on

the publicity the mail robbers are getting.)

Of course, I have only scratched the surface in regard to the various types of copy that might be used. My files have in them at the present time perhaps fifty entirely different campaigns in various stages of development, each one having a distinct and different appeal. The remainder are of course along more or less similar lines, as the clients concerned are facing somewhat similar problems under similar conditions. Some day I may, through these pages, go into some of the other interesting phases of copy appeals.

Before I close though, let me say that the way to make an advertising campaign distinctive is to outline it in advance; select your appeal and stick to it. Let one man write the entire copy; all writers express their personality in their writing, and if different persons write different ads in the campaign, the unity will be lost. Pick a good writer, and then don't interfere with him. Let his individuality, as it appears in his copy, represent to the public the personality of your bank.

And lastly (I hope this remark is unnecessary for most of you) keep hammering steadily away, week in and week out.



When the Purchasing Department Ran Amuck

By J. H. TREGOE

Secretary-Treasurer National Association of Credit Men

IN a recent journey I came across a rather unhappy incident. An Eastern commercial house, generations old and with a remarkable record, and bearing a name of high repute, went into receiver's hands. Why did such an unfortunate termination come to this splendid enterprise? Was it avoidable? Was it the result of a serious mistake?

The story is that the purchasing department of this enterprise ran amuck, bought goods right and left without any thought of the future, under the excitement of the hectic days when buying was outdistancing prudence. The scene changed. Values declined. The capital was wiped out. The last chapter was a receivership.

This is but one vivid instance of the business crimes of 1919 and 1920. A single department overstepped the boundaries of discretion, had no thought of the future. What if the purchasing department had consulted the credit department, if conferences had taken place about the future and as to what would be a prudent amount of buying? A different story would have been told. Disaster would have been averted. Unless the departments of an enterprise function as one, there are dangers ahead and success is made more difficult. Ig-

norance of economic laws, of the business cycle, was at the base of our criminal mistakes in the two hectic years, mistakes that have impaired capital, brought us into a period of depression and quieted our enterprise when there is a tremendous amount of potential buying power in the Nation. Shall we repeat these mistakes? Heaven forbid! Chains must be thrown around the recalcitrant department of a business that wants to play the game alone. The credit department must be the balance wheel of an enterprise. Conservatism combined with progressiveness must ever be the motto of the credit department. It should know the reefs and the channels of trade. It should know how the business ship is to be piloted safely into the port of success.

I would offer this admonition even though my training had been in some other department than credit. I have been horrified at the sight of the wrecks resulting from the criminal mistakes of the two fevered years. I have wondered often why it was that so much economic ignorance pervaded the land, was found indeed in its highest places. Credit is the child of certain well defined laws; not to know these laws is too frequently the cause of mistakes in those who deal with credit.



FRANK B. ANDERSON
President Bank of California, N. A.

MR. ANDERSON was born in Macon, Ga., in 1863. He was with the American Exchange National Bank of New York from 1880 to 1902 and left to become vice-president of the Bank of California in 1902, being elected president in 1909.

Mr. Anderson is vice-president of the Mission Bank and a trustee of Leland Stanford Junior University. He is a director of the Alaska Packers Association, California Gas and Electric Corporation, California and Hawaiian Sugar Refining Corporation, California Packing Corporation, Fireman's Fund Insurance Co., Hawaiian Commercial and Sugar Co., The Insurance Exchange, Miller and Lux (vice-president), Natomas Company of California (president), Pacific Gas and Electric Co., San Francisco Gas and Electric Co., San Francisco Remedial Loan Association, Spring Valley Meter Co.

The American Banking System and Agricultural Credit

By Ivan Wright

University of Illinois

DESPITE the improvements in the organization and operation of our banking machinery during the past few years there are yet many unsolved problems. The people who are most directly affected by these unsolved problems in banking are entirely right in raising the questions and in demanding that something be done about it. But the ways and means of solving these problems are of vital concern to all the economic interests of the country. No specific interest is more directly concerned than the present banking systems. The burden of the responsibility in solving the difficult credit problems of the farmers can be handled wisest perhaps by the existing banking organizations. A duplication of machinery would seem to be unnecessary from the standpoint of national economy. Therefore, it seems to be the duty of existing bankers' organizations to exert their utmost efforts and skill in endeavoring to get at the roots of the difficulties and bring them to the best possible solution.

WHAT THE AGRICULTURALISTS WANT

The wishes of the agricultural classes in respect to improved banking facilities were rather definitely proclaimed by the representatives at the National Conference on Agriculture at Washington called by President Harding in February. In brief, the demands for improved credit facilities may be summed up as follows:

1. A permanent Federal agency to provide for farmers' credit from six months to three years, by means of loans to banks, live stock loan associations, or coöperative associations and a continuation of the war finance corporation until the machinery of this kind has been established.
2. An increase in the maximum amount that Federal Farm Land banks may

loan from \$10,000 to \$25,000 and that the Joint Stock Land banks be authorized to lend up to twenty times their capital.

3. That the stockholders of the Federal Farm Loan System be represented on the boards of directories.
4. That the Federal Reserve banks be authorized to buy and sell, with or without indorsement by member banks, warehouse receipts on farm products.
5. That steps be taken to encourage the buying of Federal Farm Land bank bonds.
6. That the Federal Reserve Board and district bank boards admit the representation of agriculture, manufacturing, and merchandising.

The economic consequences of some of these proposals if carried through are problems which deserve the most careful attention of economists and bankers as well as legislators. However, the farmers do have some cases that are very worthy and if the banking systems can help them solve these problems it will be advantageous not only for the farmers and the existing banking organizations, but for our economic system.

TWO RURAL CREDIT BILLS BEFORE CONGRESS

At this time there are before Congress two rural credit bills. One was prepared by the Joint Commission on Agricultural Inquiry and is known as the Commission bill. The other was introduced in the House by Representative McFadden of Pennsylvania and in the Senate by Senator Kenyon of Iowa and it is more than a year old. It is known as the McFadden-Kenyon bill.

The Commission bill proposes to create twelve regional banks with a million dollar capital each to be furnished by the Government and with no provision for the retirement of this capital.

These banks are to be authorized to re-discount paper having maturities of from six months to three years. This paper rediscounted would be that offered by other banks, trust companies, and incorporated live-stock loan companies. The regional banks would raise their borrowed capital by the sale of this paper in the open market.

The McFadden-Kenyon bill proposes to create two corporations by separate federal charters. One to be known as a rural credit society and the other a multiple insurance league. The credit society is to consist of a central bank with a branch in each state and any number of community associations which the bill has designated as "Communes". The central bank is to have \$25,000,000 capital furnished by the Government, however, a sinking fund is to be created for the retirement of this capital. The branches of which there would be one in each state are to have an aggregate capital of \$2,400,000 and this capital is to be furnished by the big mutual life insurance company which accepts the federal insurance charter. The stock of the local "Communes" is to be subscribed by the farmer members and in proportion to the loans made to members.

The purpose of the multiple insurance league under the McFadden-Kenyon bill is to furnish sound and cheap multiple insurance to the credit society's members and to standardize that paper. This multiple insurance is defined by its supporters as insurance against every contingency, such as crop failure, death of live-stock, and the like.

Whatever the merits or demerits of either of these proposed rural credit schemes may be, the first needs in solving these problems seem to be some careful research into the economic problems of agricultural credits. It is certainly not enough to leave the solution of such problems to men whose interests are primarily political. Every bank should be a local bureau of economic information regarding the problems in its community. In fact, the local bankers are perhaps better informed about sound financing of projects in their communities than anybody else but their in-

formation has not been used to the best advantage in the past nor does it seem to be appreciated at this time.

ECONOMIC CONDITIONS AND RURAL CREDITS

Credit for agriculture like any other enterprise depends upon economic conditions. Every country banker knows as well as every city banker that his prosperity depends upon business activities. When prices are going up and the public is buying and selling freely the bankers' turnovers are quickened like the merchants' but when prices are declining and people buy from hand to mouth the merchants' turnovers are slow, the paper offered the bankers to discount decreases in quantity and frequency, and very often in quality. A good example of a rather unprosperous situation in a country district is afforded by a statement of the conditions made by the principal of a state institution in Oklahoma to the writer a short time ago. In brief, the gentleman stated that the farmers were unable to sell their products and had been all year. Corn could be bought anywhere in the rural districts at a maximum of twenty-five cents a bushel and in some places it had sold, as low as fifteen. Horses and mules were selling at about thirty-five dollars a head and the feeders of live-stock despite the low prices of feed were unable to realize any profits due to the decline in prices and the costs of transportation. Without knowing anything about any particular bank or merchant in this district it is obvious that their business cannot be very prosperous. It is also doubtful whether national legislation creating cheap credit can improve this situation without doing more harm than it is possible to do good. Nevertheless, the situation is one of national importance and no economic interest can isolate itself and avoid being affected by these rural problems, but it does seem that if agriculture, banking organizations, and other enterprises would coöperate through some intelligent study of their mutual problems more progress would be gained than to make out of it a political football.

Country Banks Promoting Club Work

Helping Farmers of Tomorrow to Get On Makes
for Greater Deposits

By James E. Downing

“OUR aim is to drive every scrub calf out of our county.” This is a statement issued by Charles F. Koontz, vice-president of the Merchants National Bank, Muncie, Indiana. This bank has taken an active part in promoting different agricultural and livestock clubs and community work in that county for the past nine years. An average of seventy-eight bushels of corn to the acre has been grown by the members, composed of boys from ten to twenty-one years of age. There are something like eighty members and the prizes offered for the corn clubs is \$140. Down in the basement of the bank is the community room, furnished with chairs, desk, tables and other conveniences. A ladies' rest room adjoins. On the walls are pictures of the different clubs of the county in which the bank is interested. A blackboard gives the market livestock quotations daily.

Country banks are coming more and more to realize that any coöperation they can extend to farmers working to improve the conditions within a zone or community, which will cement more friendly relations between town and country, will reflect itself in greater deposits as improvements take place. An average reduction of nine bushels per acre, at 45 cents a bushel represents a loss of \$35,000,000 a year, if it occurs in the best corn-growing states. Better seed selection has increased the yield five bushels an acre. These are things that belong to modern methods. Country club members by practicing modern methods produced \$4,500,000 worth of food at a cost of \$2,500,000. The farmer at forty, we are told, if he can be induced to try modern methods, has but twenty years left to practice them. The club boy or girl at eighteen has forty years to practice them.

The 1921 report of club work in South Carolina issued by Clemson College, shows:

There were 1089 members in the pig clubs of the state. One hundred and fifty-six members turned in complete reports at the end of the year. These produced 12,036 pounds with a total value of \$8,718.52 and a total profit of \$3,623.54. The estimated value of the production of those not making a complete report was \$40,610 or a total value production of \$49,358.52.

Some idea of the significance of the boys' club work, especially in its effect upon production, may be gained from the figures on yields. The first-prize winner in the corn clubs made 141 bushels an acre at a cost of eighteen cents a bushel. The average yield of 48.8 bushels per acre made by club boys reporting speaks loudly against the average for the state of about eighteen bushels per acre. In the cotton clubs the figures are equally as striking. The first-prize winner made 2771 pounds of seed cotton on an acre, the average yield for club members being 1524 pounds or easily two or three times the average for the state at large.

As an illustration of the business methods learned by club members, money was borrowed by members for club work from thirty-two banks. There were 450 club members having bank accounts of their own with which they conducted their club work. The value of purebred stock and purebred seed was taught the club by the county advisor and hundreds of purebred animals were distributed to members. Many bushels of purebred seed corn were also used by members.

The first prize winner in the dairy cattle club, cow-and-calf class, started with a cow costing \$225 and, at a cost of twenty dollars made a net gain in value of cow and calf products sold of \$293.70 to which should be added sixty-five dollars in prize money, making his total \$358.70 for his club efforts.

The first-prize winner in the pig club paid fifty dollars for the sow and at a total cost of \$14.07 produced animals worth \$270 thus making a net gain of \$205.93. Her prizes won amounted to sixty-five dollars making a total return of \$270.93. But this is not the end of her story: she entered the dairy calf club with a calf costing seventy-five dollars and at a cost of \$6.75, her animal was finally valued at \$175, or a net gain

of \$98.25 plus ten dollars won as prizes, or a total of \$108.25. This added to her pig club profits makes a total of \$384.18, to start a bank account with which to carry on extended operations another year.

One of the popular means of banks cooperating with these young farmers of tomorrow is for the bank to offer to loan to boys whom the county advisor selects for the purpose of buying purebred livestock and enrolling in a club. One man whose boy wanted to join a club appeared at the cashier's window of the Bibb National Bank, Macon, Georgia, and asked to be allowed to borrow twenty-five dollars and sign a note for it. The bank had advertised that it would loan that much to buy a purebred pig if the boy would join a club and exhibit his hog at the local fair in the fall. The cashier asked this man why he did not draw a check on his checking account with the bank instead of signing a note.

"No," he replied. "You don't understand what I am up to. I prefer to borrow this money. I may have to pay this note but if I do, it will enable me to get some idea of what kind of a boy I have and what kind of stuff he is made of."

The First National Bank of Waycross, Georgia, found fourteen months after financing the purchase of seventy-five head of purebred hogs for club members in Ware County, that they had depositors whose faces were unknown to the cashier at the window and their names were strange to the bookkeeper a year previous.

The Bank of Cartersville, Cartersville, Georgia, helped to buy twenty-one head of purebred hogs for club members and a year later had depositors not old enough to vote. A "Pig-Club Chautauqua," is an annual event attended by several hundred boys and their parents, the outgrowth of this one bank's cooperation.

The First National Bank of Sylvester, Sylvester, Georgia, financed forty-five boys with money to buy registered sows. At an auction sale a year later the bank was paid the money borrowed together with interest at the going rate

and many of the boys opened their first bank account, following the sale. The hogs sold were surplus after supplying other club members in Worth County.

The Bank of Ellaville, Ellaville, Georgia, financed a plan to buy ninety head of registered hogs. It was a fine bright day in June when the hogs were delivered. The cashier of the bank realized these were the first registered hogs to be brought into the county, grew enthusiastic when he saw the hogs and announced that he would give a dollar deposit at the bank to each boy who exhibited his hog at the Schley County contest the following fall. He estimated fifteen would make good and the limit he might have to pay would be twenty-five. An actual count of the hogs on exhibition that long-looked-for contest day reached seventy-five. The cashier nearly fainted.

L. A. Wood, teacher of agriculture in the schools of Lagootee, was himself a farmer, formerly a dairyman, before he entered the educational field and allied himself with the White River Bank, of Lagootee, in boosting Martin County, Indiana, farming. At the last community fair there were between 300 and 400 purebred hogs on exhibition. The local Poland China Association gave cash prizes and the merchants subscribed \$1000 to meet expenses of the event. The hog show was the result of an endless chain scheme promoted by the White River Bank under the plan by which the bank takes a note for a year, purchases a gilt for the club member and from the first litter of that gilt, are returned two gilts at weaning time, which releases the note. These two gilts are then loaned to two more members on the same kind of terms. The plan is called "two for one." The start was made by the bank a few years ago with eleven head of pigs.

Fourteen head of Jersey calves and a few head of Holstein calves have been given out by the bank on a similar plan, the one-year notes being renewable until the calf reaches the breeding age or is sold at public auction in the fair ring. The calves used in this club were bought by the bank, but the selection was made

by the vocational teacher who also attended to the registration papers, etc.

A man is best measured by the kind of stock he raises. Even though scrub stock costs the American farmer \$1,500,000 a year because of their inefficiency, the principal menace of such stock lies not in their economic loss so much as in the character of stockman which their production creates.

Scrubs are not the sign of a progressive farmer who contributes to the welfare of his community. Such a man usually does little for his community and nothing at all for bettering livestock. If he breeds, feeds and produces scrubs, there is reason to believe that he is the limiting factor in his own business.

Ten years ago the University of Illinois showed that on 577 dairy farms, farmers using purebred bulls had an annual income of \$862, those using high grade bulls returned \$484, while those using scrub bulls had an income of only \$170. Farmers using grade bulls were making only little more than the average farm hand.

Winning a prize at a county or state fair, even though it be only the prize at the bottom of the list, gives one a new pride in his work. If it does not give one too much of a swelled head, it is a good thing for him to know that he excels in something. The winning of a blue ribbon makes a man a brother to kings, it fills him with a joy that is good to his soul, it sets for him a new standard in life. If he is made of the right kind of stuff he tries to live up to that blue ribbon in all things, he tries to make all of his products as high in quality for their kind as was for its kind that which won the blue ribbon. Sooner or later that spirit of better

quality permeates his entire being and he becomes a bigger and a better man for having won that ribbon.

The value of club work among country boys and girls is well known to the average banker. Not all realize however, that of the 11,000,000 farm boys and girls in this country who are of club age, but 331,000 were enrolled in the United States last year. If the boys and girls of today are the farmers of tomorrow, the future standard of agriculture in this country as well as the potential buying power of the rural districts, are in the hands of these juveniles. The measure of their standing in the nation will be in like ratio to the opportunities provided them to improve and advance on the farming methods of today. With only three per cent. of the eligibles in the active club work there is no danger of overdoing.

The individual who can beat the next fellow in the game of competition reaps the reward due to superior brains, skill or management. The man who knows how to grow big acre yields at the lowest possible cost, fares better than the ignorant man who always seems to have had bad luck. The man who understands how to produce blue-ribbon breeding stock deserves to get prices far above those received by the man who only grows common or scrub stock. That is the rule of the world—which simply means that sooner or later every man and every institution must stand or fall through ability to compete with others in the same lines of trade.

Country banks can accomplish much for themselves and their communities by promoting club work and helping farmers of tomorrow to get on. It will make for greater deposits.





Country house at Patterson, N. Y., of the Guaranty Trust Company of New York

Country Homes for Bank Employees

Several Banks Have Provided Comfortable, Attractive Club Houses
Used Entirely in Interests of Employees

YOU need no longer envy the vice-president when he leaves for a vacation at his sumptuous country home. That is, you need no longer envy him if you are fortunate enough to be a member of the organization of one of the several banks in various parts of the country the employees of which have a home all their own. These homes are designed entirely for the employees' own use, for rest or recreation.

Some time ago the Guaranty Trust Company, New York, purchased for the use of its employees a house and sixty acres of land in the little village of Patterson, N. Y., in the foothills of the Berkshires, and some two hours from New York City by train. Months were spent in refitting and furnishing the house before it opened its doors to the

employees of the Guaranty as a comfortable country home, and a place of recuperation.

Guaranty Country House, as it is known, has accommodations for about twenty persons. The house stands on a knoll, and is approached by a private driveway. The broad piazzas lend dignity to the exterior of the building. The main floor of the house includes, in addition to the dining room and a sun parlor, two spacious living rooms with wide armed chairs and broad backed couches of ample proportions. The furnishings in the sleeping rooms are such as one would expect to find in a well-appointed home. This pleasant country home in so attractive an environment serves as an ideal haven for a period of care-free rest from the routine of

business, or convalescence from illness.

For more than three years the employees of the Hibernia Bank and Trust Company, New Orleans, have enjoyed the use of a summer home at Pass Christian, across Lake Pontchartrain on the Gulf Coast. The home, which has proven very popular, is known as Resthaven. The house is of generous proportions, with screened galleries, and clinging vines all around it which make it cool and inviting on the warmest days. A large number of the Hibernia "family" spend their vacations at Resthaven, and the home is usually filled to its capacity from the opening of the season in the spring until its close in the fall. Employees of the Hibernia have, near the home, facilities for swimming, surf-bathing, tennis, and the use of a golf course a few miles away.

The employees of the Dexter Horton National Bank, Seattle, are fortunate in having as a country home a former summer home of the bank's president, N. H. Latimer, known as Norval Hall. The home is situated on the shore of Puget Sound at Port Madison, twelve miles from Seattle. A beach stretches along the width of the grounds, and bathing and boating may be indulged in by the Dexter Horton employees. There is a nearby baseball diamond, and beneath the veranda which extends over 100 feet across the front of the house is a bowling alley. A living room twenty-five by sixty-nine feet in size is fitted with a hardwood floor, which is very suitable for dancing. There are sleeping accommodations for sixty people.

A committee of the bank's employees have the management of Norval Hall in their hands. There is a house charge of twenty-five cents a day for employees who visit the house. If the visitor stays over night the charge is thirty-five cents. Meals are charged for at the rate of forty cents for breakfast, fifty cents for lunch, and sixty cents for dinner. The bank employs a man and his wife to care for the grounds and the house, and to prepare and serve meals. The additional expense not provided for by the fees charged is defrayed by the bank,

and is not large. The house is in use throughout the year, but is particularly popular in the summer time. Many employees spend their vacations there, and at times as many as seventy-five have



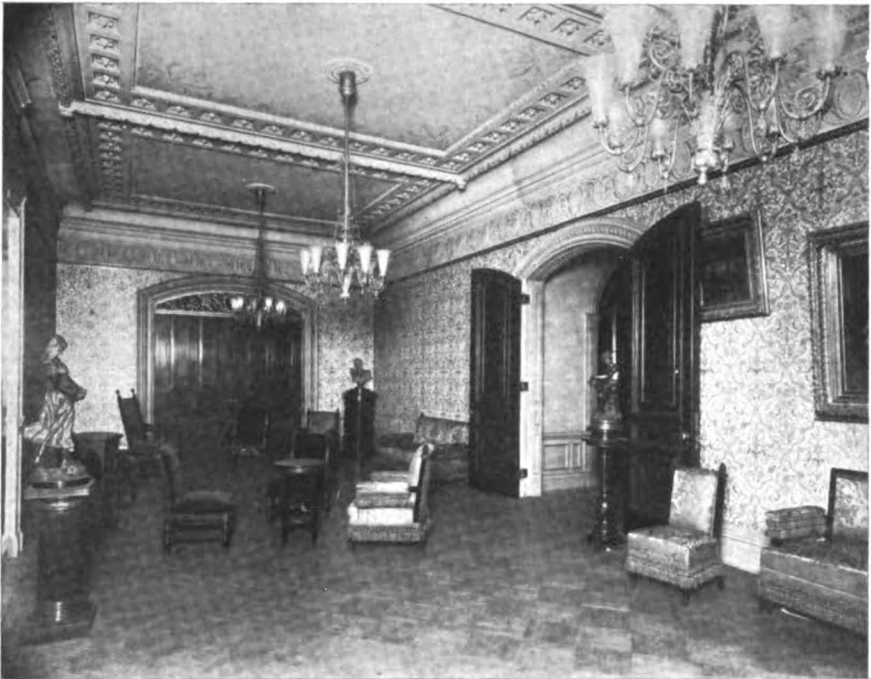
Club house of the National City Bank of New York in Brooklyn

been accommodated over night during the week ends.

About two years ago one of the directors of the First National Bank, St. Louis, Benjamin Gratz, turned over his country estate to the bank's employees for their use as a country home. The estate comprises 120 acres of land and a chateau. It is located in the foothills of the Ozarks, on the Meremec River, near Glencoe, Missouri, some few miles southeast of St. Louis. Here the employees of the First National have facilities for mountain climbing, canoeing, swimming, tennis, and other sports.



One of the living rooms of the Guaranty Country House



Drawing room of the National City Bank club house



Hibernia Cottage at Pass Christian, Miss.

A BANKERS' CLUB FOR EMPLOYEES

The rising young bank employee in New York City must wait in most cases until he has become a bank executive of some note before he can hope for membership in the exclusive Bankers' Club. However, the employees of the National City Bank have a Bankers' Club of their own, and their own clubhouse on Brooklyn Heights, overlooking the skyline of down-town Manhattan, and ten minutes on the subway from Wall street. The members of the City Bank Club of the National City, with the assistance of the bank's Realty Company, purchased some time ago one of the fine old resi-

dences of the city of Brooklyn. This house was made into a comfortable and modern clubhouse with ample accommodations for fifty club men. The clubhouse is run on a cost basis, and has proven a boon to young bachelors who otherwise would have to live in the hotels or lodging houses of the city.

The clubhouse also provides a center of entertainment and recreation for all members of the City Bank Club. The large drawing room and halls afford opportunities for dances for groups among members of the club. Convenience of location makes the clubhouse readily accessible from the bank building.



Some Thoughts on Old Coins

By Theodore J. Venn

Member American Numismatic Association

AMONG collectors of coins, as among those who seek first editions of noted authors, autographs, etc., there are all sorts of specialists. Some numismatists confine themselves to gold and silver, while others collect only copper and the other baser metals. There are many who devote their entire attention to the Americana and a larger number who include the coinage of the world, both ancient and modern, in their endeavors. But no matter what his specialty may be, the advanced numismatist, like the collector of other objects who can afford to indulge his expensive fancies, always is most eager to secure the great rarities. There is a keen desire to acquire those pieces which others lack in their collection.

The average collector of American coins always is interested in any of the earlier issues, with probably a preference for the obsolete coinage. The commemorative pieces also enjoy considerable vogue. As quite a number of these coins still pass through the hands of bankers, the following treatise on a few of the series, indicating the numismatic value of the scarcer and rarer specimens, may not prove devoid of interest.

PANAMA-PACIFIC COMMEMORATIVE COINS

Of all the commemorative coins ever issued by the United States Government in connection with any of the large expositions, those struck for the Panama-Pacific fair in 1915 seem to have taken the strongest hold on American collectors. In the series there are both round and octagonal \$50 gold pieces, a \$2.50 gold piece, a gold dollar, known as the workman dollar because it bears the head of an artisan, and a 50 cent silver piece.

Owing to the unfavorable time in which this exposition was held, a year

following the beginning of the great world war, the sale of these commemorative pieces did not come up to expectations, and those remaining were remelted at the San Francisco mint. As has been customary with all commemorative coins, this issue also was designed to be sold at a premium to help defray running expenses, and, while the original sale was comparatively small, this very fact has caused a heavy demand for the coins during the past two years and none of the pieces can now be obtained at anywhere near the prices at which they were originally sold.

In the recent public sale of the collection of the late Lewis C. Gehring, a Brooklyn banker, the Panama-Pacific set sold at \$255, while one of the \$50 slugs, sold separately, brought \$138. Coin dealers offer as high as \$130 for the round \$50 piece and \$125 for the octagonal. The \$2.50 coin has gone under the hammer at \$9, and dealers now ask \$4.25 for the gold dollar and \$2 for the 50-cent silver piece—quite a contrast to the Columbian half dollar, which practically goes begging at par.

RARE TEMPLETON REID \$25 GOLD PIECE

The only \$25 gold piece that has even been struck in the United States was that issued in 1849 by Templeton Reid, one of the first assayers in the California field. It was one of many private issues coined during the state's early mining days to provide a medium of exchange at a time when there was insufficient other money for the proper transaction of business. The United States Government never has coined a \$25 gold piece, nor is there any other private issue of this denomination.

This is the rarest of any of the pioneer or private issues of gold, among which there are many rarities. For years dealers have been offering from

\$200 to \$400 for the coin and one of the most recent buying catalogues lists it at \$1,000. The numismatic value naturally is much larger. What one of those pieces would bring at auction at the present time is largely a matter of speculation, but there is no doubt a number of collectors would travel many miles to attend the sale and make an effort to secure it.

LAFAYETTE SILVER DOLLAR

Some years ago the Lafayette dollar appeared to be on the way to join the Columbian issue of half dollars, but since the return of our soldiers from France it seems that the majority of those who were in Paris and saw the American Lafayette statue there are in the market to secure one of these coins.

This dollar was struck in 1900 by the United States Government to aid the Lafayette Monument Commission in securing sufficient funds to erect the statue in Paris. There were 50,000 of the pieces coined and the intention was to sell them at \$2 each, but it proved impossible to dispose of all them at that figure and the remainder were sold wholesale at considerably below the mark first set. For a long time they were a drug on the market, but now the demand exceeds the supply and it is impossible to secure the coin at the price at which it originally sold.

UNITED STATES GOLD DOLLARS

The owner of any United States gold dollar, no matter what its date, may rest assured he has a coin that commands a premium. For years there has been a large demand for these coins by manufacturing jewelers and by those who desired to use them for presentation purposes and this has caused good premiums to be paid even for the most ordinary dates. Dealers will pay \$2.50 each for any that are in fine condition.

It is on the rarer dates or smaller issues that the numismatic demand has left its greatest impress, although it naturally has been a contributing factor all along the line. There are a number

of rarities in the series and these always bring good figures, either at private or public sale. Gold dollars were first coined in 1849 and the issue continued until 1889, after which it was discontinued.

Extremely rare are the gold dollars of 1863 and 1875 of Philadelphia mintage, the San Francisco coins of 1870, and the Dahlonega issues of 1855, 1856, 1860 and 1861. (Philadelphia coins have no mint mark; branch mint coins bear first letter of city of issue.) Rare also, although to a lesser degree, are the Philadelphia issues of 1864 to 1868 and the San Francisco coins of 1854, as well as the Dahlonega pieces of 1854 and 1857.

As to the values of some of these rare gold dollars, a few results obtained at late public sales may not prove uninteresting: Dollar of 1863, proof, \$69; 1864, proof, \$55; 1875, proof, \$125 (a new high record); 1870 S mint, extremely fine, \$105; 1860 D mint, very fine, \$52; 1854 S mint, uncirculated, \$21. Many numismatists consider the 1861 Dahlonega mint dollar rarer than the Philadelphia issue of 1875.

Among other dollars which are scarce are the Philadelphia issues of 1869 to 1872 and from 1876 to 1880 inclusive, the Dahlonega coins of 1850 to 1853 and those of 1858 and 1859; also the San Francisco dollar of 1860 and the Charlotte coins of 1849, 1850, 1852, 1855, 1857 and 1859.

The issues from 1881 to 1889 were rather limited and these also have been showing a tendency toward scarcity within the past year or two.

Dealers always will pay a higher price for uncirculated than for fine specimens, and more for proof coins than for uncirculated ones.

THREE-CENT SILVER PIECES

Collectors of American coins always have looked with much favor on the 3-cent silver pieces which the United States Government struck continuously from 1851 to 1873. This is probably due to the fact that these are the smallest silver pieces which the Government

ever coined and also because the issue is an obsolete one.

The 3-cent silver coin should not be confused with the nickel 3-cent piece which was coined from 1865 to 1889. The silver piece has a large star on the obverse and the Roman numerals III within a large C on the reverse, while the nickel coin has a Liberty head on the obverse and the Roman numerals within a wreath on the reverse.

The rarest date of the 3-cent silver issue is that of 1864, only 470 of the coins having been struck. Dealers offer up to \$2 for the coin, but it usually brings about \$3.75 to \$4 at auction if in proof condition. Of the 1873 coin 600 were struck. Dealers list this at about \$1. All the pieces from 1863 to 1873 were favored with a limited coinage and for any of these dates, except the two rarer ones previously mentioned, from 55 to 75 cents each is offered for uncirculated or proof coins, especially the latter. About five times face value is paid for any of the other coins, provided they are uncirculated, and slightly more for those bearing dates of 1854 to 1858.

All of the 3-cent silver pieces are beginning to show a trend toward scarcity in the higher grades of preservation.

TWO-CENT BRONZE PIECES

The United States Government struck only ten issues of bronze two-cent pieces—from 1864 to 1873 inclusive. The fact that it takes only ten dates to complete the series causes them to be much favored by collectors, especially by beginners.

The rarest date is that of 1873, no coins having been struck for general circulation that year—merely proofs to fill the advance orders of collectors. This coin generally brings from \$4 to \$4.50 at coin auctions. Dealers offer \$2 for it in the finer states of preservation. Next in scarcity is the coin of 1872, for which a premium of ten to fifteen times face value is the ruling quotation, and the issues of 1870 and 1871 also are slightly scarce and secure a small advance over face value when

in fine condition. All other dates of the 2-cent piece are very numerous and the coins secure a small premium only when in uncirculated condition and a slightly larger one provided they are proof coins.

HOW COIN CONDITIONS GRADE

The most desirable condition in which a coin can be secured is as a brilliant proof. Proofs are coins specially struck on a hand press from sharp, new dies on a polished planchet. A slight additional charge over face value to cover the extra expense of coinage is made for these pieces, and they are struck only at the Philadelphia mint on advance orders received from collectors. Many proofs become badly tarnished through improper care and occasionally find their way into active circulation and sustain considerable wear. When such is the case they fall into the same classification set for other coins.

Next to the proof in value is the uncirculated coin. By an uncirculated coin is meant one that shows not the slightest evidence of wear—if it still retains the original mint luster, so much the better.

Extremely fine and very fine coins are those which show only the slightest traces of circulation. Nicks, scratches, abrasions or much wear on the higher parts of the coins debar them from these classifications.

Fine coins may show more evidence of wear, but they can have no bad nicks, dents or abrasions, and even the high parts and the finer lines or delicate tracery must show to a fairly satisfactory degree.

Very good coins may show considerable wear, but must have no bad nicks or scratches, and the abrasions must not be too deep; all parts of the coin must show distinctly.

Good coins may show still greater evidence of wear, but all lettering must be visible and the coin not too much worn. The last two classifications probably will be better understood when it is stated that most of the silver quarters or half dollars one finds in ac-

tive circulation today which were coined ten years or more ago are only in good or very good condition.

Very fair coins may be badly worn down, but dates must show and inscriptions be legible to a fairly satisfactory degree.

Fair coins may be still more worn, but dates must be legible and inscriptions decipherable.

Poor and very poor coins are those so badly worn that much of the lettering is indecipherable and probably parts of the date missing, but which may still be classified from the lettering, etc., remaining. Such coins have only a small value if the date or variety is extremely rare. In 99 per cent. of all cases their proper place is the junk box, for such coins would not be passable even if they were current issues.

CALIFORNIA \$50 GOLD PIECES

During California's pioneer days, when there was urgent need of money for the proper carrying on of business, many private issues of gold were struck, and among these none are more interesting than the large round and octagonal \$50 coins, or slugs, as they are more frequently called.

Of these \$50 coins there were several private issues and two United States Assay office pieces, all of which are now great rarities and eagerly sought by numismatists.



Rare Augustus Humbert \$50 California Gold Piece

First came the Augustus Humbert issues of 1851 and 1852, which are octagonal in form, there being several varieties of the 1851 coins as regards slight differences in the inscriptions. The Humbert pieces usually bring from \$125 to \$250 at auction, depend-

ing upon the variety and condition of the specimens. Dealers offer from \$110 to \$125 each for the coins in fine condition.



Extremely rare Templeton Reid \$25 California Gold Piece

Two United States Assay office \$50 pieces were struck in 1852, one being inscribed "887 thous., the other "900 thous." Both are octagonal in shape. The last sales records on these coins are \$175 and \$205 each. There is a standing offer of \$110 and \$120 each for the coins by dealers.

There also were issues of round \$50 pieces in 1854 and 1855 by Wass, Molitor & Co., which are rarer than any of the preceding issues. As high as \$250 each is offered for a specimen of the coins in fine condition.



Very rare Kellogg & Co. \$50 California Gold Piece

Rarest of all the \$50 pieces is the round coin struck in 1855 by Kellogg & Co. There are no late auction quotations on this issue, which is rarely offered. There is a standing bid of \$350 for a specimen in fine condition, however, by Eastern dealers.

NICKEL FIVE-CENT PIECES

Although the 5-cent nickel series is quite a favorite among young collectors because so many of the coins can still be picked up out of active circulation, there are few of the dates on which

dealers pay a premium unless the coins are in proof condition.

Rarest of the series is the coin of 1877, in which year none of the pieces were struck for active circulation—merely proofs for collectors. This piece generally sells at \$3 to \$3.50 at auction and dealers offer as high as \$2.50 for it. Second rarest is the coin of 1878, of which only 2,350 were struck for circulation and which usually brings from 75 cents to \$1 at sales. Dealers' quotations are about 35 cents each for proofs. Uncirculated and proof nickels of 1866 and 1871 also are scarce as are a number of proofs of other early dates. However, up to this date dealers' catalogues quote only the two rarest dates in their premium lists, except that a few offer 15 cents each for all those coined prior to 1883 and 10 cents each for all the later dates up to 1913, but they specify that only proof coins are desired. In most years the issue of nickels was large.

TRADE DOLLAR

Trade dollars were not struck for circulation in the United States, but

were designed as an aid to our merchants engaged in the oriental trade in meeting the competition of the Mexican dollar. The trade dollars are slightly heavier in silver content than our standard silver dollars. They were recalled in 1887 and a certain time set for their redemption. It is the only coin which has ever been demonetized by the United States Government. Coinage of the issue was continuous from 1873 to 1883 inclusive.

Trade dollars are now worth their silver content only, except that the issue from 1879 to 1883 was rather small and numismatists pay slightly over face value for those dates in proof condition.

There also were a few trade dollars struck in 1884 and 1885, but these were merely pattern pieces. They are great rarities and one of the latest buying lists offers \$100 for the 1884 date and \$250 for that of 1885. What numismatists would pay for either of the coins will have to remain a matter of conjecture until one or both find their way into a sale and undergo competitive bidding.



Confessions of a Borrower

By One Who Has Learned

I USED to hate banks. To me the cashier seemed a modern personification of Shylock, demanding his pound of flesh. I honestly thought the banker cared for nothing on earth but the counting of his interest, and trying to devise a way to get every cent a man had.

Of course my viewpoint was wrong. I owed them money, and could not judge the banker fairly. At one time I thought I was wrecked—that there was no possible way to work out. But I am thankful, desperate as the situation was, that I never thought of lighting out to get away from the burden, though I had some very favorable offers

from other towns. And the curious part of my obligations was that the banks which held my notes had no real security, except that one of the notes was endorsed by a man who later became an invalid.

A fellow never knows what is going to drive him into debt. Many fall into it through no fault of their own. I was working on a weekly newspaper for a level-headed publisher with plenty of enterprise and energy. He was rated as one of the best business men in town, and the most solid.

About a year before the war started a rival came into our town and started a daily newspaper. My boss said he

wouldn't let any outlander beat him in his own bailiwick, and asked what I thought about calling the invader's hand. Having had experience on small town dailies, I advised against it.

"Well, I've decided to put out a daily," said the publisher, "and I'm counting on you."

I was drawing a nominal salary as news editor and all-round man on the weekly, and making about \$150 a month with my work as correspondent for the big city papers. That was when a dollar was twice as big as it is now, and I thought I was doing fairly well. At least I had no debts to worry me. So we started our daily and my boss gave me \$12 a week. I was paying my stenographer \$17. The boss knew this and said when we got the daily to going all right he would remember me with stock or something to reimburse me for what I was going to lose at the start.

I put my stenographer exclusively on the daily, and had practically no time for outside work. My bank account and checks coming in from outside newspapers and magazines kept me going all right till January 1—four months after we started the daily. Then the outside revenue quit almost entirely. I had nothing but my \$12 a week. With a firm hope that things would work out some way I began borrowing money, first from one bank and then from another. The amounts were small at first, but they grew larger and larger. The boss was on my largest note. I don't know how I managed to get in debt so easily, with no certain surety in sight except my great expectations for our paper. It wasn't long before I owed all three banks more than I could hope to save out of two years' income, even if I had my outside business back.

In addition the butcher, baker and the candlestick-maker were coming at me with remorseless energy, I thought. On the first of the month a regular line of collectors stormed the office, more or less gently reminding me of broken promises to pay.

Duns came in from the banks, some-

times several in one day. Cashiers would stop me on the street, and speak of that "little" note, and the approaching visit of the bank examiner. I took to dodging the banks while making my rounds, like a man who is hunted, and I kept hammering away at my job, too busy to waste much time in thinking over financial matters. I was editorial writer, news and telegraph editor and later became ad solicitor. Sometimes I ran up telegraph bills for news which I was afraid the office wouldn't stand, and paid them out of my own pockets.

Borrowed money! That was all that kept me going, even when my boss finally raised me to \$15 a week on consideration of my taking over the advertising with the stipulation that I should add enough new advertising to more than pay my salary.

Finally my publisher became an invalid just about the time the rival daily went out of business. The day of "adjustment" I thought had come, but the boss sold his daily to a syndicate, and I was left out of the deal except for a job with the paper at my old salary, and a vague promise of a "remembrance" when one of the new owners was elected to congress.

I was editor and manager of the paper until my new chief was elected to Congress, then my job was given to another man. I was out! And with heavy debts at all the banks! My income from outside work was nothing, you might say, for I had had no time to develop my personal business. Every ounce of power I had had been sunk for five years in the paper I had hoped to control, and I was many times worse off financially than when we started.

Still the duns came in their neat envelopes. How I dreaded the sight of them. I got mad at the bankers for their persistence in demanding what was coming to them, and they got mad at me because I had dodged and evaded, and had not played square with them. It wasn't their concern if I had failed to show the proper spirit in dealing with others, and standing on my rights.

But in that period of gloom I thought all my troubles were due to unfriendly

and relentless banks. I called them all sorts of names mentally, and couldn't see why such concerns were licensed to harass people who were trying to do the best they could. The cashiers were "insolent" and "unfeeling." The banking system ought to be in the hands of men who had a mite of human sympathy, and who wouldn't hit a fellow when he was down.

That was my conviction about banks and bankers until a man wiser than I came to me one day and said:

"White, I've got a plan that will help you over the hills if you follow it."

I nodded.

"There's a ten-dollar-a-week job you can get here on a newspaper, where you'll have the office rent and light free, and time for your other work. In about a month or six weeks you'll have enough of your old business back to make little deposits in the bank. When you open your account tell the cashier you're going to let him take so much a month out of your deposit to apply on account. He'll like that. That will square you with one bank. Then go to the others and promise to handle your accounts with them the same way if they'll renew the notes for you. And in a couple of months you can begin paying them interest. I believe they'll take you up all right on that.

"Your trouble has been," he went on, "that you've not been candid with your bankers. You never gave them any tangible assurance of your purpose to pay them. Instead of meeting them in an open and frank manner you've tried to dodge them. That caused them

to lose confidence in you. Do you know that the banking, more than any other business, is based on confidence—in a belief that a man will keep his word? You talk with some successful man and you'll find the first principle he lays down is that one must make his word good. That is particularly important in a financial matter. Miscalculation and bad luck are no excuses. These things come to all. Despite all obstacles, you must convince the man with whom you do business that you are reliable!"

It was a bitter dose, but most wholesome. I took the job and worked for the lost business, in time gaining it all back and more. My income is not large, but it reaches the old-time level, and is steadily growing. All the bank accounts were settled in the way suggested, and I have found the cashiers most courteous and obliging in helping me to carry out the plan. In one of the banks I now have on time deposit a larger sum than I formerly owed it, and instead of my paying interest the bank is adding interest to my account.

I expect the five years of torment that I suffered were due me for my lax manner of doing business. What I have learned is indicated by the advice of my friend, quoted above. And one of the bankers added this:

"You would not trust this bank with your deposit unless you knew it exerted every possible effort to collect all of its accounts. Your deposit is made safe because of the very method of which you once complained."



Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable bank 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 person asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or 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: Recently a customer of this bank brought in a statement which showed an investment in a subsidiary company of approximately \$50,000, although the actual cost price to him of this stock was but \$35,000. The question then came up as to whether he should have carried this stock at the cost-price or at the present book value, \$50,000. Which way is correct? How do you determine book value?—F. D.

ANSWER: Investments in affiliated or subsidiary companies should always be carried at cost price, unless there has been a depreciation in value, in which event they should be carried at book value. It is not considered conservative accounting practice to show appreciation on an investment of this sort, even though the gain in value may be quite large. It is perfectly proper, however, to call attention to this fact in a footnote on the statement and in this way bring out the present existing values. In case the company in question completely owns the subsidiary, a consolidated balance sheet may be drawn up which will indicate clearly the exact condition of the combined organizations.

Book value of stock is represented by the difference between assets and liabilities, or in other words by the sum of capital and surplus. The value per share may be determined by dividing this amount by the number of shares outstanding. However, it must be remembered that this "book" value does not always represent "real" value, and it is the latter value which is generally desired in figuring the actual worth of stock. "Real" value consists of net tangible assets, that is, total assets, minus intangible assets (trade-marks, patents, good will, prepaid charges, etc.) less liabilities.

QUESTION: How large do you consider a mercantile house should be before it seriously contemplates putting

its commercial paper on the open market? Recently a good customer of our bank, the head of a successful local business house, asked us this question. The two banks here in town are small, having combined loaning facilities of only about \$20,000, and are unable to adequately take care of this customer's financial requirements. The statement of the concern in question shows net quick assets of \$200,000, a satisfactory current ratio, and a net worth of about \$250,000.—C. H.

ANSWER: This is a question which no credit man can answer positively, either in the affirmative or the negative. There is no set financial minimum at which we can say a trade house is of sufficient size to float its paper through a note broker, and each case must consequently be treated on its own merits.

In considering this question, the conservative business executive will think very carefully before making his decision; it is no time for hasty thought or action. The problem of entrusting the financing of one's business to the vagaries and fluctuations of the public money market is one which, in times of tight money, may be fraught with the most serious consequences. During the past two years particularly, when money has generally been at a premium and the commercial paper market has not met with a very ready demand, many companies which have hitherto relied largely upon their brokers for financing have been forced to turn to their banks, discovering much to their discomfort that their paper would not sell and that this hitherto liberal source for obtaining funds was no longer available. Concerns of small capital and of modest borrowing needs can generally be most safely financed by one or two carefully selected local banks, which understand thoroughly the nature of the company's business and can cooperate closely with the mercantile executive in solving his financial

problems. There is no reason why a small mercantile house in good standing should have to go outside its home market for funds. If it needs more accommodation than its own local bank can legally grant, it should be able to secure additional borrowing facilities from some bank of larger size in a nearby city. The seeking of further accommodation through the medium of the commercial paper market is liable to indicate that one's own local bankers do not have sufficient confidence to supply the necessary working capital.

The first factor to be considered in judging whether or not a concern should make use of the open market is that brought out in the case in question: Is the company too small to trust its financing to a note broker? Opinions on this vary. It is generally conceded by conservative authorities, however, that a mercantile house should be able to show, on an audited statement, net quick assets of from \$400,000 to \$500,000 and a current ratio of assets to liabilities in approximation of the usual "two for one" standard. At the present time there are notes being sold by brokers which do not measure up to this requirement. It is quite possible that where these notes are being handled by reputable houses the financing is not ill-advised, and in any event each case must be judged on its own merits. Nevertheless it is a fact that among the banks in the larger cities, where commercial paper is purchased in substantial amounts, names are not readily checked unless they show a substantial equity behind them in current assets.

Another very necessary point to be taken into consideration is that any mercantile house using the open market should have sufficient unused bank lines available to cover the total amount which it expects to borrow through the broker. Otherwise, when these notes come due, the concern may find itself in the embarrassing position of not being able to retire them, owing to some sudden turn in market conditions which it had not expected, such as a slow merchandise turnover or a run of poor collections.

In the case in question it would seem that the company had best not attempt to place its paper on the open market. Its net quick assets amount only to \$200,000 and from a conservative point of view these are not sufficient to justify the use of a note broker. As the company appears to be in good financial condition it should have no trouble in making a connection with some larger bank in a near-by city, where larger lines of accommodation than those offered locally are available. Undoubtedly one of the local banks could put the company in touch with the officers of its own correspondent banks, and an additional connection established through this medium. This new connection should not interfere with those already established locally. The officers of the larger out-of-town institution would

gladly cooperate with the officials of the local banks in taking care of the subject company's financial requirements.

In case it is decided to use the open market, it is very important that the company in question look carefully before determining upon the broker who will handle its paper. In buying commercial paper, banks very often place considerable stress upon the standing of the broker who is offering the note, and not infrequently large buyers have been known to refuse to purchase a name simply because they are not impressed by the brokerage house handling the paper. Hence it is obvious that a company seeking the open market for the first time should select the right house at the start. Changing brokers later on is always liable to be regarded unfavorably. The important factors to be taken into consideration are as follows: Is the brokerage house in question well known to bankers generally as being reputable and in good standing? Are its executives experienced men in their line, who understand thoroughly the various problems of open market finance and who can give sound financial advice to the executives of a mercantile house? Is the brokerage house strong and sound financially, so that it is able to purchase and carry for its own investment, if not disposed of quickly, substantial blocks of commercial paper? Is it well supplied with strong banking connections, which afford adequate lines of accommodation and which will assist in carrying some of the paper it offers? Does it have a good sales force, which understands thoroughly the marketing of paper and is of sufficient size and adequately equipped to push its sales in all the various paper buying communities? Is its credit department alive and on the job, both from the viewpoint of ability to collect sound credit information as well as to disseminate it properly among the various paper buying banks? Has it a reputation for handling only good names, so that the fact that it is offering such and such a note is in itself an endorsement of its worth? Has it generally a strong and influential following among banks throughout the country, which believe in the financial soundness of the notes which it offers and will consider one of its names more readily than those of most other brokerage houses?

QUESTION: Not long ago I noticed in the statement of a corporation an item "Notes Payable to Officers—\$20,000." These notes have been running for several years and apparently constitute a more or less permanent investment in the company's business. Should they be considered a quick or slow liability?—J. J. S.

ANSWER: Unless there is some special provision regarding these notes which pro-

fects the current creditors, they should be regarded as a quick liability. Even though they are in use at the present time as capital in the company's business, it is very probable that they would not remain as such should the company in question become involved in financial difficulty. In that event the officers of the company would probably protect themselves first, seeing to it that

their own notes are paid off before the current creditors are taken care of. Notes owing to officers indicate that the company's officials have enough confidence in their organization to loan it their own money, and for that reason the appearance of this item is sometimes considered a favorable sign. Nevertheless, such notes must be treated as essentially a quick debt.



Do You Always Agree With The Boss?

BE it said in the very beginning—that all of us have a Boss. With some it is an executive of the firm, with others the employer himself, and with still others the dear but exacting public.

So to begin with we all start out on the same ground. However, for the sake of vividness and clearness let us call the boss by the definite name of Burton.

This will require us to make a re-statement of our caption or title, and to make it read "DO YOU ALWAYS AGREE WITH BURTON?" And by the way, let me tell you an interesting story which strange to say is true, but you know truth is stranger than fiction.

In a certain town there is a business man who began in a very small way with a borrowed capital of a few hundred dollars. He has prospered amazingly, being the head now of an organization consisting of a dozen or more influential retail stores. Naturally his own time has to be used entirely in planning, buying, organizing, etc. Each store has its managers and assistants.

Our friend whom we will call Burton, has the reputation of being very irritable, even to the point of being cantankerous and unreasonable. He is quick, sarcastic, and sometimes gives the impression of being willing to brook no opposition.

It so happens, that recently he has had occasion to locate the best man he could find to handle a big, new proposi-

tion which he is launching at large expense. Burton knew that he could not afford to make a mistake. A mistake might even be fatal.

He went on the still hunt in his own way and finally narrowed down to between two men. Each one seemed to have equally strong claims for the position, and yet he could not bring himself to come to an actual decision between them.

Burton decided that they should cast the vote themselves, and determine the matter. He called Brown to him (Brown was one of the two men) and stated to him a business situation which had just arisen.

Brown listened sympathetically and said:

"Well, well, Mr. Burton, what are you going to do about it?"

Mr. Burton had baited his trap for this very query. So with much show of impatience he explained how he was going to get out of the emergency, and in no uncertain terms he blamed a local business man for being largely responsible for the unexpected turn of affairs.

Brown nodded his head gravely and said with a fine show of deference:

"You are right, Mr. Burton, absolutely right! A weaker man might handle this matter in a less firm manner, but you have the right idea of settling the affair once and for all."

Mr. Burton appeared much gratified at this concurrence of opinion, and

Brown went out well satisfied with himself.

In a short time the other man whose name is Hayes, was called in. Exactly the same statement was made and the trap baited for the same question.

Hayes listened intently and when the pause came where his question would fit in, he said tersely:

"Do you wish my opinion, Mr. Burton, or have you determined on your own course?"

The boss shrugged his shoulders.

"As I see it," he said, "this is about what I shall do"—and he went on and outlined the same method of procedure which he had described to Brown.

Hayes listened with evident concentration. When Mr. Burton finished he asked this question.

"Now what do you think of my plan?"

"I am sorry to have to disagree with you," replied Mr. Hayes courteously, "but it seems to me that such a course involves large risks. You have about an even chance of losing and winning, but as I see it in the last analysis, you will lose anyway because you will antagonize people whose good will it is important to preserve. The expense will be heavy, the burden of proof will be upon you, and the anxiety and publicity will be a heavy drain upon time and nervous vitality. I would counsel diplomacy, and if possible arbitrate the matter in a spirit of all fairness."

Mr. Burton flew right off the handle as it were. He was explosive in his denunciation of such advice, but Mr. Hayes was firm, saying deferentially:

"I may be wrong, Mr. Burton, but at least I am honest in telling you just how I see this. Here is a suggestion which I have to make, and I think you will agree that it is safe at least. Do not throw down the gauntlet at once. Go up and talk this whole matter over

frankly with Mr. West, president of the First National Bank. You do not even bank there, but he is a friend of yours, and so you can depend upon him to be disinterested and I believe honest. He is also a friend of this business man against whom you are about to proceed, and this business man does not bank with Mr. West either.

"Put the matter up to one who is credited with being a shrewd financier and possessed of excellent judgment, and see how it appeals to him. Even then I would say, act according to your own best light, for I do not believe in being swayed by everyone—but at least be as reasonably sure as is humanly possible before you go ahead, that you are not making a mistake."

Two days later Billie Hayes was called into Mr. Burton's office and offered the position which he did not know was being created, and he was offered it on the ground of honesty and courage in being able to differ from the boss when he felt that the wrong policy was being pursued.

There are people who differ with everybody on principle. They love to argue better than they do to eat, but the sort of arguing they do is unresultful and tends to prejudice. There are others who *agree* with everybody and everything. They call it tact. It is nothing of the kind. It is either mental laziness, banal toadying, or stupid and slavish desire to curry favor.

Everyone respects those who have honest opinions and who do thinking enough to have constructive suggestions to offer. Anybody can say, "That's so. You are right." Anybody can find fault and criticise, but *it takes people of real mental calibre to have opinions of their own which are worth while.* These are the ones who are bound to forge ahead if they keep their own heads and have a definite goal in sight.



Banking and Commercial Law

SPECIAL

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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

Money Stolen in 'Hold-Up' Not Covered by Insurance Policy

New Amsterdam Casualty Co. v. Iowa State Bank, U. S. Circuit Court of Appeals, 277 Fed. Rep. 718.

THE plaintiff bank insured itself with the defendant insurance company against loss through robbery, theft, etc. Among other things the policy insured the bank against "loss by robbery, commonly known as hold-up, of money and securities from within the banking inclosure reserved for the use of the officers or office employees of the assured, while at least one officer or office employee of the assured is present and regularly at work in the premises".

One morning, while the policy was in force and just before the regular time for opening the bank, robbers entered the bank under the pretense of wishing to make a deposit. Having gained entrance, they drew revolvers and forced the employees of the bank, then on duty, into a room, in which they locked them. They then stole money contained in a safe and money chest and made their escape. The safe and money chests were located in a vault, which opened into that part of the bank used by the officers and employees in their work. The vault, money chest and safe had just previously been opened by the assistant cashier in preparation for the day's work.

The bank claimed to be entitled to recover its loss from the insurance company under the clause quoted above. The court held, however, that the loss was not covered by this clause.

The reasoning of the court was that the vault from which the money was taken was not within the "banking inclosure" referred to in the clause.

This reasoning was based partly on the clause of the policy which followed the one quoted. This clause protected the bank from loss by hold-up from an

officer or employee while transferring funds between the banking inclosure and any safe or vault outside of the inclosure. Construing these two clauses together, in connection with other provisions of the policy describing the banking inclosure, premises, and vaults, the court determined that the vault in question could not be regarded as being located within the banking inclosure.

OPINION

In Error to the District Court of the United States for the Southern District of Iowa; Martin J. Wade, Judge.

Action by the Iowa State Bank against the New Amsterdam Casualty Company. Judgment for plaintiff, and defendant brings error. Reversed, and new trial ordered.

MUNGER, District Judge. Whether or not the facts admitted or shown in this case justified a directed verdict in favor of the plaintiff bank is the question presented. By means of a robbery, the bank lost a large amount of money and securities taken from the unlocked safe kept within an unlocked vault. This action was brought upon an insurance policy which had been issued to the bank by the plaintiff in error. The insurer agreed to indemnify the bank:

"A. For all loss of money and securities in consequence of the felonious abstraction of the same during the day or night from the safe or safes (or from the vault, if contents of same are specifically insured) after said safe or safes or vaults have been duly closed and locked, described in said schedule, while located in said banking room, also described in said schedule, hereinafter called the premises, by any person or persons after forcible entry into such safe or safes or vault, or by any accomplice of such person or persons. In the event that the said safe or safes or vault are not locked by time lock, the company shall not be liable for loss of said money and securities feloniously abstracted therefrom unless said forcible entry is made therein by the use of tools, explosives, chemicals, or electricity directly thereupon.

"B. For all loss by damage to said money and securities and to said safe or

safes or vault described in said schedule, or to the premises, or to the office furniture and fixtures therein, caused by such person or persons while making or attempting to make such entry into said premises, vault, safe, or safes.

"C. For all loss by robbery (commonly known as 'holdup') of money and securities: (1) From within the banking inclosure reserved for the use of the officers or office employees of the assured, while at least one officer or office employee of the assured is present and regularly at work in the premises: (2) From an officer or office employee of the assured while transferring the same during the assured's regular office hours, either way between the said banking inclosures and any safe or vault described in the schedule as located in the premises, outside of the said inclosures: (3) from within that part of the safe or safes or vault insured hereunder, caused by robbers during the day or night, by compelling under the threat of personal violence an officer or employee of the assured to unlock and open the safe or safes or vault."

The bank occupied a rectangular room fronting on Locust street in Des Moines, Iowa. A door opened into it from the street, and led into the portion of the room known as the lobby, or the portion of it commonly used by the public in transacting business with the officers and employees. The lobby was a little longer than half the length of the banking room. Opposite this lobby was: First, an office room containing several desks usually occupied by the chief officers of the bank, and separated from the lobby by a gate and a counter; and, second, three latticed wire inclosures, commonly called cages, in which the tellers and others worked. These cages faced the lobby and had the usual wicket gates in front, and they opened in the rear into a narrow passageway leading from the office in front, and passing in the rear of the cages to the rear portion of the banking room. In this rear portion was a counter and partition adjoining the last cage and which separated the lobby from the room. There was also a vault in which there was a safe and a money chest. Near the vault a small room was partitioned off and used as a lavatory. The vault had a door upon which there was a combination and a time lock, and the chest door had a combination lock. The robbers were admitted to the lobby on the statement

that they wished to deposit some money. It was a little before the regular time for opening the bank, but the assistant cashier and two other employees were already at work. The time lock on the safe had yielded and the cashier had worked the combination lock and opened the safe and had also opened the chest and had taken to the cages a portion of the money and securities to be kept there for ready use. The robbers suddenly confronted the employees, with drawn revolvers and forced them to march behind the cages into the rear room and vault and then into the lavatory, where they were locked in. The robbers took a large amount of money from the safe, some from the chest, and some from the trays in the cages, and escaped by way of the door into the street. Upon these facts, is the loss covered by the policy of insurance? No particular question is made as to the money taken from the cages, but the amount so taken is not shown. The question that is argued is the liability for the money taken from the safe or chest within the vault.

The language of clause C (1), which has been quoted, is relied upon by the insured as indemnifying it against this loss, as it interprets the word "inclosure" in the clause defining a robbery "from within the banking inclosure reserved for the use of the officers or office employees of the assured" to mean all that part of the banking room, except the lobby used by the bank's customers. In this view the vault is considered as a part of the inclosure. The first clause of paragraph C, if it stood alone, might be thus construed, but such a construction makes the following clause of this policy lead to an absurd result. The words "the premises" in that clause had already been defined in clause A as the banking room described in the schedule, and the schedule defined the location of the building at 603 Locust street in Des Moines, Iowa. Clause C (2) therefore has the same effect as if it read as follows:

"From an officer or office employee of the assured while transferring money or securities, during the assured's regular office hours,

either way between the portions of the banking room (including the vault) which were not occupied by the lobby and any safe or vault which is described in the schedule as located in the banking room at 603 Locust street, and is also located in the lobby."

There was no safe nor vault located in the lobby, and such a location for a bank's safe or vault is unusual and perhaps unknown, and would be exceedingly inconvenient as well as dangerous to the safety of its contents while being transferred to and from it. This construction also impairs the ordinary meaning and scope of the words used in clause C (3) because if clause C (1) insured against any robbery from within the vault, or the safe or chest within the vault provided one or more of the bank's officers or office employees was present and regularly at work, it was needless to add in clause C (3) a more particular description of one kind of such robbery—that is, a robbery by compelling an officer or employee, at some time when an officer or employee was present and regularly at work, to unlock and open the safe or safes or vault.

In construing a policy of insurance containing the same provisions which have been quoted, the Court of Appeals for the Fifth Circuit in the case of *Franklin State Bank v. Maryland Casualty Co.*, 256 Fed. 356, 359, 361, 167 C. C. A. 526, decided, upon full consideration, that the insurance covers losses from safes by robbery only when an officer or employee is forcibly compelled to unlock and open it. The same court in the case of *Mer Rouge State Bank v. Employers' Assur. Co.*, 270 Fed. 567, held that such insurance covered a robbery of securities from an unlocked safe provided the safe was within a locked vault, when the bank officer was forcibly compelled to unlock the vault. The decision of a Court of Appeals for another circuit upon the exact question is ordinarily followed, unless there are exceptional circumstances requiring a different conclusion. *Bright v. State of Arkansas*, 249 Fed. 950, 952, 162 C. C. A. 148; *United States v. F. A. Marsily & Co.*, 165 Fed. 186, 187, 91 C. C. A. 220; *Conant v.*

Kinney (C. C.) 162 Fed. 581; *Kinney v. Conant*, 166 Fed. 720, 721, 92 C. C. A. 410; *Erie R. Co. v. Russell*, 183 Fed. 722, 725, 106 C. C. A. 160. The difficulties arising from a contrary decision, which have been heretofore referred to, have led to concurrence with the conclusion announced in the case of *Franklin State Bank v. Maryland Casualty Co.*

The policy in suit, after stating the liability of the insurer, as has been stated, made the liability subject to certain special agreements, and then stated that "the insurance provided by this policy" attached specifically:

"(a) In amount of \$20,000 to money and securities in safe No. 1. * * *
(e) In amount of \$20,000 to loss by robbers (commonly known as 'hold-up')."

The insured claims that this was insurance against the loss of money and securities from the safe, whether locked or unlocked, but this ignores the fact that it was only the insurance provided by the policy, and which had been defined and limited as heretofore stated, which attached to the losses thus specially singled out. This specification was made in order to define and limit the amount insured as to each of these classes of hazards, but was not made to contradict or qualify the terms and limitations of the risks covered in prior portions of the policy.

The insured also claims that sections 3626 and 3628 of the Iowa Code of 1897, which state that a defendant's answer to a plaintiff's pleading averring the performance of all conditions precedent in a contract sued upon is not sufficient if it controverts such obligations by mere contradictions, but that the defendant must specifically state the facts relied upon, and that section 3621, which provides that, if a party claims a right founded on an exception of any kind, he shall state such exception particularly in his pleading, prevent the insurer from relying on any of the special agreements or conditions in this policy, because the answer was in effect a general denial. The answer did not rely upon the failure of the insured to per-

form any condition precedent, nor did it claim any right founded upon an exception, but claimed that the policy of insurance as pleaded by the insured did not cover a risk arising from the facts which have been stated, and a general denial properly controverted the insured's allegation, that it had sustained loss by robbery from within the banking inclosure.

The court should have directed a verdict in favor of the insurer as to the liability for money and securities taken from within the vault, safe and chest.

The judgment will be reversed, and a new trial ordered.



Contract Not to Engage in Banking Business

Farmers State Bank v. Petersburg State Bank, Supreme Court of Nebraska.
187 N. W. Rep. 117.

A contract, entered into by a banker, in which he agrees not to engage in the business of banking at a certain place, is valid and will be enforced in a court of equity by the issuance of an injunction. The defendants, being the president and cashier of a bank, sold the majority of the stock to the plaintiffs and as part of their agreement, contracted not to enter the banking business at the place where the bank was located. The defendants, however, subsequently organized a new bank, in which they were stockholders and officers.

It was held that the plaintiffs were entitled to an injunction restraining the defendants from operating the new bank, but that they were not entitled to an injunction restraining the defendants from owning stock in the new bank.

OPINION

Action by the Farmers' State Bank and another against the Petersburg State Bank of Petersburg, Neb., and others. Decree in favor of a part of the defendants, and plaintiffs appeal. Reversed and remanded, with directions to enter decree in accordance with opinion.

RAPER, District Judge. The plaintiffs in their amended petition allege that the Farmers' State Bank of Petersburg, Neb., is a corporation, and that, until shortly before, it was known as the Bank of Petersburg, but by a change in its articles of incorporation the name was changed to Farmers' State Bank of Petersburg, and that A. J. Miller, since December, 1919, has been a stockholder therein and president of the bank; that about December 10, 1919, the defendants Jouvenat and Scannell were the owners of a large amount of stock in the then Bank of Petersburg, and were the president and cashier, respectively, of said bank; that on or about December 10, 1919, A. J. Miller and one B. H. Tevis, for themselves and others, entered into an oral contract for the purchase of a majority of the stock in said bank—256 shares—from the defendants Jouvenat and A. B. Scannell at a price largely in excess of the book value and as a part of said contract the defendants Jouvenat and Scannell each agreed with plaintiff Miller and his associates that said defendants would refrain from entering into the banking business or operate or conduct a bank at Petersburg, Neb., in competition with the plaintiff bank; that said contract of sale was completed and Jouvenat resigned as president and Scannell resigned as cashier, and plaintiff A. J. Miller was elected president, and Miller and Tevis and their associates entered into possession and operation of said bank and have so continued ever since; that the defendants Jouvenat and Scannell had been such president and cashier of the Bank of Petersburg for a long time, and were well and personally acquainted with all the customers and depositors of the plaintiff bank, and with its entire line of business; that Petersburg is a village of about 600 inhabitants, and there was one other bank in said place at that time; that defendants, together with one Hall and one Hays, applied to the state banking department for a charter to conduct a banking business at Petersburg, and a charter was granted therefor on December 17, 1920, under the name of Petersburg State Bank, and

a room was secured and furniture and fixtures obtained to open such bank for business, and that said Jouvenat and Scannell are the president and cashier, respectively, of such newly incorporated bank. Plaintiffs pray an injunction to restrain the defendants and all of them and their agents, employees and assigns from engaging in the banking business or operating or conducting said Petersburg State Bank at Petersburg, Neb.

The defendants Jouvenat and Scannell in their answer deny the plaintiff's allegation that they agreed to refrain from entering into the banking business or operating or conducting a bank at Petersburg. They admit substantially the claims of plaintiffs as to the other matters alleged. The defendants further plead that the alleged agreement concerning the right of defendants, or either of them, from engaging in or operating a bank at Petersburg or serving as officers or agents of said bank is illegal, in restraint of trade, and interferes with the banking laws and regulations of the state, and obstructs and impedes governmental affairs in the discharge of its lawful functions, and is contrary to public policy and void.

Trial was had, and the court found:

"That defendants, at the time they sold their banking business in Petersburg to plaintiffs, and as part consideration therefor, promised not to enter into the banking business again in said town."

The court further found that banking is a quasi public business and subject to regulation and control by the state, and of a public nature; that the state is interested under our laws, and the public dealing with the bank is likewise interested; that the bank is interested because of its relation to the state and the public, and because whatever affects its officers must affect the bank, and also affects other banks. The trial judge in his opinion further says:

"Now several things may happen if this injunction is allowed. It will force a change in the officers of the bank. These defendants must retire as officers and new officers must be elected, also these defendants must surrender their

stock or they will still be in the banking business at Petersburg; hence, the bank must buy the stock or find purchasers therefor. This may be hard to do when money is scarce and may work a hardship on the bank. Again, these officers are men in whom the customers of the bank have confidence, for they have had experience at Petersburg in the banking business. If they are compelled to retire it may destroy confidence in the bank that is so necessary to the success of such an institution. If this happens it will or may cause a 'run' on the bank that may be disastrous. Indeed, the withdrawal of the financial or moral support of these defendants from this bank may work its utter ruin. Other banks may be thrown into confusion and the state itself seriously affected; and, if a national bank, the government itself disturbed and compelled to take a hand. All of which may cause litigation and breed a multiplicity of lawsuits."

And it is further stated in the opinion:

"The court is forced to the conclusion that an injunction against these defendants affects seriously the rights of the bank, and that whatever affects the bank affects the public interest. Hence, the court finds generally for defendants."

The injunction was refused and the action dismissed. The case was tried on the seventh day of January, 1921. The evidence discloses that the bank at the time of trial was doing business and receiving deposits.

The finding of the court that the agreement was made by the defendants is fully sustained by the evidence. The only question therefore is whether under the law such agreement is valid and should be enforced. Aside from the controverted question of fact, appellees urge as reasons for sustaining the judgment:

"The alleged contract is not enforceable, because it purports to bind the defendants not to engage in quasi public business, or in conducting one of the instrumentalities of the state," and "an injunction should not be granted when

the rights of third parties will be injuriously affected."

In support of these propositions it is urged that banks under our statutes are quasi public agents, because they are engaged in quasi public business, and that the state banking system is as much a part of the governmental machinery of the state as a township, school district or municipality, and appellees base their claim upon this proposition:

"Whether a contract, whereby one agrees that he will not participate in the organization or management of a governmental agency at a given place contravenes public policy."

A banking corporation is quasi public in character and as such is subject to statutory regulation for the protection of the public, but the same may be said of a private banker, in those states where private banks are permitted. The police power of a state may be exercised over many business transactions and acts of its citizens, yet it does not follow that all who have been placed under regularity restrictions are exercising governmental agencies. The law of the state does not require any one to organize a bank or to become one of its officers. Such acts are purely voluntary; the state does pass upon the application for a charter, and when the organization is completed the stockholders, and not the state, elect officers. The state has no voice in such selections, except that some of the officers shall have certain qualifications as to residence and amount of stock held, etc.

There is no restriction on the sale of stock. It is property that may be transferred without hindrance. The defendants had full right to sell their stock on such terms and for such consideration as they deemed satisfactory. When they sought to organize a new bank it was of their volition, and not because the law required such bank, nor were they elected officers in the bank because any public necessity required it.

So, if it be conceded that a bank is a quasi public institution, and that no injunction could be granted against the bank that might interfere with its operations, because of its being a governmen-

tal agency (which we do not, however, decide), that is not decisive of the question at issue. Shares of stock in a corporation constitute a species of property entirely distinct from the corporate property. In *McCullough v. Maryland*, 4 Wheat. (U. S.) 316, 4 L. Ed. 579, Chief Justice Marshall makes a clear distinction between the bank and its stockholders. The learned Chief Justice held that the state of Maryland could not tax the bank, but expressly held that the state could tax "the interest which the citizens of Maryland may hold in this institution." In this case no attempt is made to interfere with the operations of the bank, unless it can be said that to prevent the defendants from conducting the business of the bank interferes with its operations. Most of the cases cited by the appellees refer to actions against public service corporations. *Chicago Gaslight & Coke Co. v. People's Gaslight & Coke Co.*, 121 Ill. 530, 13 N. E. 169, 2 Am. St. Rep. 124, probably as clearly as any states the rule contended for by appellees:

"Though restraint of trade imposed by contract is but partial, it will not be enforced if it is unreasonably injurious and oppressive to the public."

How can it be said that enjoining defendants from active management or conduct of the bank can injuriously or oppressively affect the public? The bank's solvency rests upon the value of its assets, and not upon the persons who happen to be its officers. It is true that their business ability may have contributed to see that the assets are good, but that does not presuppose that others may not be just as astute business men. Perhaps the defendants, because of their long and favorable acquaintance with the people of the community, may have brought business in a larger volume to the new bank than any other officers could have done, but that is the particular reason that plaintiff Miller exacted the promise from them.

Appellees further claim that the new bank's stockholders were influenced in buying their stock by these same considerations, and their rights will be in-

juriously affected; furthermore, that it was chartered on the theory that defendants should participate in its management, and that is a part of its contract with the state. As to this last claim it is sufficient to say that the stockholders, and not the state, selected the defendants as officers, and the stockholders can change the officers whenever it is deemed by them to be expedient. It may be that with other officers the bank may not be able to control so large or lucrative a business, and the stock rendered of less value thereby, but that is problematic. An injunction, of course, should not issue where greater injury would be done by granting than refusing it. It cannot be said that greater injury will be done to the other stockholders in the new bank by granting the injunction than would be done to plaintiff Miller by refusing it.

The learned trial judge assumed that, if the injunction was granted, it would require not only a change in the offices of president and cashier, but also that the defendants must surrender their stock and the new bank must buy or find purchasers for the stock. If that assumption is correct his conclusion that it would work too great a hardship on the bank might be sound. This does not necessarily follow, but, under our view of the case, that feature need not be considered. A mere shareholder in a corporation cannot in all cases be said to be engaged in the corporate business. He puts his money in as an investment. The ownership of the stock does not place him in a managerial position. The owner of stock in a railroad or insurance company is not, merely because of such ownership, engaged in the railroad or insurance business. There is authority to the effect that it is a violation of such a covenant to become a stockholder in a corporation engaged in competing business within the prescribed limits. *Merica v. Burget*, 36 Ind. App. 453, 75 N. E. 1033. However, in that case the suit was for damages, and the defendant became stockholder and cashier in the newly organized bank. See, also, *Kramer v. Old*, 119 N. C. 1, 25 S. E. 813,

34 L. R. A. 389, 56 Am. St. Rep. 650. While the North Carolina court held it was a violation of the contract for the prohibited parties to take stock in the competing corporation, yet as a matter of fact no stock had been issued by the new concern. In construing and applying this class of contracts each case must be governed by its peculiar situation and surroundings, and its own particular facts. If the defendants had purchased some of the shares of the rival bank which was in existence when the transfer of the stock in controversy was made, would that fact alone have given plaintiff a right of action? We do not so view the contract. The evident purpose was to prohibit the defendants from going into a new bank to conduct and operate it, to prevent them from using their well-known names as officers, and to keep them from using their presence and talents and standing in meeting customers, and personally transacting business with or for them. And while it may be that in many cases the mere subscription to stock in a newly organized rival concern, under such agreement as defendants made, would be a violation of that agreement, we hold that, in this case, the acquisition of stock itself was not inhibited by their agreement.

The plaintiff A. J. Miller is entitled to a permanent injunction as prayed, restraining the defendants Jouvenat and Scannell from engaging in the business or operating or conducting the Petersburg State Bank; that the defendants be enjoined from holding any office or employment therein, or from participating in any manner in the conduct of the business, or any of its operations, for such time as plaintiff Miller owns stock in the Farmers' State Bank of Petersburg; but not, however, enjoining defendants from owning and holding shares of stock in the Petersburg State Bank.

The cause is reversed and remanded to the district court, with directions to enter decree in accordance with this opinion.

Reversed.

THE OLDEST SAFE INVESTMENT IN THE WORLD, 430 B. C.

"Thirty bushels of dates are due to Bel Nadin Shun, son of Marashu, by Bel Bullitsu and Sha Nabu Shu, sons of Kirebti, and their tenants. In the month of Tashri (month of harvest) of the 34th year of King Artaxerxes I, they shall pay the dates, thirty bushels, according to the measure of Bel Nadin Shun, in the town of Bit Balatsu. Their field, cultivated and uncultivated, their fief estate, is held as a pledge for the dates, namely, thirty bushels, by Bel Nadin Shun. Another creditor shall not have power over it."



The illustration above depicts one of the oldest existing mortgages, dated 430 B. C., more than 2300 years ago, and inscribed on a brick dug up in the ruins of the ancient city of Nippur, Babylon, by an archaeological expedition of the University of Pennsylvania. It was found in 1893, with seven hundred and thirty similar clay tablets, in a demolished room that had once been a business archive of the wealthy and influential firm of Marashu Sons of Nippur. This mortgage of remote times was found intact and in a fine state of preservation. Beside the picture is an accurate translation of it made by a noted Assyriologist of Chicago.

The mortgage is the most ancient form of investment, the first known mortgages having been used by the Babylonians about 2200 B. C., more than forty centuries ago. Though these mortgages were bricks made of clay, they possessed the essential security of a good mortgage of today. The translation on this page shows that the brick illustrated was a "first" mortgage—note the final sentence: "Another creditor shall not have power over it"—and that a definite time and a particular place for payment were specified, just as in our modern mortgages or mortgage bonds.

The mortgage as a form of investment has endured since the days of the ancients because of its strength and stability. To its lasting security have been added in modern times the convenience and additional safety of the First Mortgage Serial Coupon Bond—the twentieth century form of the real estate mortgage.

Courtesy S. W. Straus & Co., New York.

A National Bank Owned by a Labor Union

By Leroy Peterson

Mr. Peterson was formerly with the Brotherhood of Locomotive Engineers Co-operative National Bank. He is now connected with the Guaranty Trust Company of New York.—THE EDITOR.

ON November 1, 1920, there was opened in Cleveland, Ohio, the first national bank in the United States to be owned and operated by a labor organization, namely the Brotherhood of Locomotive Engineers Co-operative National Bank. Never before in the banking history of this country had any group of organized labor attempted the experiment of mobilizing its savings and dispensing the attendant credit through a bank until the Brotherhood of Locomotive Engineers under the guidance of their president, Warren S. Stone, decided to take the initial steps and establish their own banking institution.

For many years the officials of the brotherhood had felt the need of more direct control over their monies and their credit and had given considerable thought to the possibilities of establishing a bank of their own, with the funds of the brotherhood and the savings of its individual members. But it was not until 1920 that the way seemed clear for the brotherhood to go ahead with its plans. At the latter end of that year they assembled a staff of practical banking men and opened the doors of their bank with a capital stock of \$1,000,000, the stock being oversubscribed.

The Brotherhood of Locomotive Engineers is the senior member of the four main railway unions popularly known as the "Big Four" and includes practically all the engineers of steam and electrically propelled locomotives in the United States, Mexico and Canada. Its members are on the whole well paid and a large percentage had savings accounts in local banks throughout the country. These savings are now pouring in to swell the deposits of their own co-operative bank.

The particular form of organization for the projected bank was the subject of prolonged study, which led to the belief that incorporation under the Federal laws as a national bank was preferable to operation



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WARREN S. STONE

President Brotherhood of Locomotive Engineers
and president of the bank

under state supervision. The founders felt that a national bank operating under Federal supervision would make for greater security as well as greater freedom. This decision was strengthened when full fiduciary and trust powers were given to national banks.

It was decided to capitalize the bank for one million dollars and to issue the stock at \$110 per share, the additional \$100,000 to be used as an original surplus fund. The brotherhood itself, as

an organization, owns a majority of the stock, and the balance is distributed among its individual members. Approximately figured, stock in the bank is now in the hands of about 2200 engineers.

The general policy of the bank is conducted along moderately progressive lines. In the matter of loans it has chosen to follow the accepted practices and customs of progressive national banks throughout the country. A study of its latest statement printed elsewhere in the article will show more in detail the disposition it has made of its funds. In a few cases loans have been made to labor organizations, and to some of the banks of the wheat district of the Northwest.

It maintains a trust department which was organized primarily to give assistance and advise and act as trustee for the widows and the dependents of deceased engineers. It also has a modern safe deposit vault for the accommodation of its customers. The bank is not a member of the Cleveland Clearing House Association, but clears its local items through the Federal Reserve bank. The collection of its out-of-town items is handled through the Federal Reserve banks as well as through the various banks in the United States and Canada where it carries accounts.

The novel and outstanding features of this bank, however, are not its policy of management but rather its fundamental departure in the matter of ownership and distribution of earnings. These class themselves into three distinct features.

- (1) The limitation of stock ownership.
- (2) The limitation of dividends.
- (3) The sharing of earnings with savings depositors.

In order to limit the scope of ownership on the balance of stock, other than the majority held by the Brotherhood of Locomotive Engineers itself, each prospective purchaser agreed to the following stipulations among others in the application for the purchase stock.

I agree with the provision in the by-laws of the corporation that the maximum an-

nual dividends shall not exceed ten per cent. on the capital stock and that any surplus earnings may be distributed as the board of directors may decide in carrying out the cooperative purposes which underlie the organization of the bank.

I agree to the regulation that ownership of capital stock is to be confined to members in good standing in the Brotherhood of Locomotive Engineers and officers of the bank during their tenure of office, and further agree that should I desire to dispose of any stock allotted to me, I will first offer it to a purchasing committee hereafter created by the board of directors of the bank, at a price to be determined by the book value of such shares, ascertained from the capital, surplus and undivided profits of such corporation.

And on the face of the stock certificate were printed the following stipulations:

These shares are transferable only to members in good standing in the Brotherhood of Locomotive Engineers, and only on the books of the association in person or by attorney on the surrender of this certificate. The shareholder to whom this certificate is issued has bound himself in his original application for stock to limit his dividends to ten per cent. per annum, and has agreed to abide by the by-laws of the association.

Furthermore, he has agreed, in the event he chooses to sell his shares, to offer them for sale at book value to a purchasing committee composed of three directors of the association, the chairman of which shall be the president of the association. In the event of death or severance of connection with the Brotherhood of Locomotive Engineers, it is agreed that this certificate will be returned to the purchasing committee for liquidation at book value, the proceeds to be paid out as the member may provide. Any prospective purchaser of this certificate, not qualified as above, is hereby warned not to buy the same. If through process of law it shall come into the possession of a non-member of the Brotherhood of Locomotive Engineers, it must be forwarded for liquidation on the terms above set out.

The disposal of earnings in excess of ten per cent. per year was provided for in the by-laws as follows:

Section 22. The board of directors is authorized to use the net earnings of the bank as follows:

First: To create and maintain a proper surplus fund.

Second: To pay dividends on the capital stock, not to exceed, in the aggregate, ten per cent. per annum.

Third: To pay dividends to the depositors.

Fourth: To aid fraternal and other activities as, in the opinion of the board of directors will promote the best interests of the membership of the association.

The latest published statement as of May 5, 1922, shows surplus and undivided profits of \$471,145.18. Since the opening of the bank, the directors have declared one dividend of one per cent. payable to the depositors in their savings department only in addition to the regular yearly interest rate of four per cent. This dividend was not voted to those depositors maintaining checking accounts.

To the extent of the three features outlined above, namely the ownership of the stock among members of a labor organization, a maximum yearly dividend of ten per cent. to stockholders and the sharing of earnings with saving depositors, this bank makes a distinct departure from the accepted banking customs in this country.

But as developed in the Brotherhood Coöperative bank these features do not conform to the accepted modus operandi of coöperative organizations. In a strictly coöperative stock organization there is this important additional feature lacking in the Brotherhood bank: that each shareholder is permitted one vote regardless of the number of shares held. In the Brotherhood bank voting is by shares and as the Engineers organization controls a majority of the stock, the organization controls the operation of the bank.

The payment of the dividends to saving depositors is the nearest approach to a coöperative feature, but since the payment of these dividends is discretionary and not obligatory with the board of directors, it cannot be said that this is in accord with the generally accepted procedure of coöperative organizations. The Brotherhood of Locomotive Engineers National Bank sums itself up however as a novel and interesting experiment well worth watching. Since its inception in November, 1920, the growth of the bank has been phenomenal.

Its deposits have steadily increased

from \$800,000 in December, 1920, to \$11,900,000 in May, 1922. Although these deposits are mainly the savings of members of the engineers brotherhood and of other labor groups as well as the funds of the labor organization



Proposed building for the Brotherhood of Locomotive Engineers Cooperative National Bank, Cleveland

themselves, still it has many commercial accounts and conducts a regular commercial banking business.

A detailed summary of the increase of total resources follows:

November 1, 1920	\$ 650,971.77
December 1	1,410,014.96
January 1, 1921	2,243,118.39
February 1	4,916,957.91
April 1	6,006,348.00
June 16	8,137,104.52
August 1	9,356,343.28
November 21	10,234,005.29
March 10, 1922	14,012,662.85
May 5	14,706,109.49

The present disposition being made of these funds is shown in their latest published statement as of May 5, 1922:

RESOURCES

Cash on hand in banks.....	\$ 1,736,964.05
Loans on demand	1,368,256.18
Other loans and discounts.....	3,582,666.10
United States Government, State and Municipal Bonds	4,259,394.80
Other Bonds and Securities.....	2,209,300.11
United States and Municipal Bonds pledged	651,116.88
United States Bonds to secure circulation	585,000.00
Expense	284,771.42
Furniture and fixtures.....	51,890.45
Five per cent. Redemption fund with U. S. Treasurer....	26,750.00
	<hr/>
	\$14,706,109.49

LIABILITIES

Capital stock	\$ 1,000,000.00
Surplus and undivided profits	471,145.18
Notes in circulation	519,500.00
United States and Municipal Bonds borrowed	650,991.88
Reserve for interest, taxes, etc.	111,378.01
Deposits:	
Demand	\$2,209,214.39
Savings	9,743,880.53
	<hr/>
	11,953,094.92
	<hr/>
	\$14,706,109.49

Already the volume of business is such that plans are completed for the early erection of a handsome twenty-two story office building to house the bank which is now situated in the modest remodeled two-story structure at the corner of Ontario and West streets. Such a rapid growth is indeed phenomenal and were the period of its operation long enough for true and accurate proportions to be gained, the apparent success of the experiment would indeed be significant. The ultimate future of the brotherhood bank is unknown, but coupling its unusual features with its present careful management the bank as it stands today affords the student of banking interesting material for research in the nature of its ownership, which is a wide departure, in the limitation of dividends which is certainly unique, and in the sharing of profits with saving depositors which opens up a new vista for attracting customers.



Paying Employees by Bank Credits

FOR the following information concerning this subject, THE BANKERS MAGAZINE is indebted to J. W. Tyson, editor of *The Financial Post*, Toronto:

"In the MacLean Publishing Company we have for several years employed the idea of paying practically all important members of the organization staff through accounts which have been opened for them in the local bank branch not far from the office. Every two weeks an entry of salary appears in the account of each individual and they are, of course, at once at liberty to draw on this for any part or for the total. This obviates the necessity not only of handling money but of making

out checks as one check issued to the bank covers the total amount transferred.

"I might also add that while this makes some work for the bank it is no more than if individual checks were issued and were cashed by those in whose favor they were made out, while at the same time I understand from the manager that he has as the result of the idea secured a large number of very substantial savings accounts.

"I would not draw your attention to this idea but for the fact that I know that it has been thoroughly tested and is working very satisfactorily for all concerned."

International Banking and Finance

SPECIAL

**THE BANKERS
MAGAZINE**

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The Department of Commerce and the Banks*

By Dr. Julius Klein

Director Bureau of Foreign and Domestic Commerce

BECAUSE of the world-wide depression in the year just ended, the reduction in the value of American exports as compared with 1920, and the losses and disagreeable experiences incident to after-war readjustment, many of our exporters and some of our bankers have become disheartened with regard to the prospects of doing a large volume of business abroad on a sound and profitable basis. Banks have relaxed their interest in foreign trade and have curtailed their information services, which had been of great value in recent years in the promotion of our foreign trade. Foreign markets are, however, more important to our producers now than they have ever been in the recent history of the country. Our productive capacity has been expanded far beyond the ability of America to absorb the resulting output, both of manufactured and of partly prepared materials. Avenues of distribution abroad must, therefore, be kept open or industrial and agricultural America will have to face a serious situation. The competition of Europe is growing keener daily, and strenuous efforts on our part are needed to keep a foothold in the markets overseas. We have held our new markets abroad to a much greater extent than is generally believed, despite the handicaps imposed upon us by many new adverse factors, such as the appreciation of dollar exchange and the consequent advantage of continental exporters whose chief costs of production were defrayed in depreciated money. We have something still to hold and much to gain in foreign trade. Improved exchange and improving economic conditions indicate that a favorable reaction from last year's depression has already set in.

*Written expressly for The Bankers Magazine.



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DR. JULIUS KLEIN

Director Bureau of Foreign and Domestic Commerce

Most of our exporters, exporting manufacturers, and bankers who financed foreign trade during the war have learned a great deal about foreign markets and foreign trade methods which they did not know before. This practical experience had to be gained sooner or later. It is fortunate that profits were made during most of our period of apprenticeship, for experience usually costs something; in trade the cost is frequently represented by a loss. This experience should be capitalized in the maintenance and expansion of our overseas commerce.

George E. Roberts, at a meeting of

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bankers in 1915, said in reply to a statement by another prominent banker to the effect that England had lost forever its command of foreign markets, "Gentlemen, if England comes out of the war bankrupt, it will in five years regain its lost export trade, for experience is the fundamental factor, and England has the experience." America now has experience, too, and wisdom requires that we profit by it.

America has also what was one of England's greatest pre-war assets in developing British trade abroad, namely, a large investment fund. Trade *may* follow the flag; it certainly follows the investment. Countries and states in all parts of the world are asking for, and in many instances receiving, American capital. It is to be hoped that most of the proceeds of such loans will be invested in productive enterprises rather than in budgetary manipulations which would encourage further postponements of the return to stability in public finance. Furthermore, it is not only reasonable but desirable that American manufacturers should at least be given a fair opportunity to bid for any business that might develop in connection with such loans as are floated in the United States. The exclusion of our industries from this moral right, either by the use of such subterfuges as discriminatory specifications or by illicit awards of contracts resulting from loans, will certainly rouse the justifiable resentment of the industries involved, especially during such a depression as recently prevailed in domestic business. It is not at all unlikely that this matter

may become an issue between smaller banks and manufacturers in certain inland factory centers.

AID EXTENDED BY DEPARTMENT OF COMMERCE

It is gratifying to note that a wide market for substantial foreign securities has grown up in the United States in the past few years, and bankers are to be given great credit for its development. The education of the American investor in this field has been rapid, but there is still much to be done to broaden the knowledge of those already interested and to reach others who have not yet come to appreciate the significance of the foreign security markets. In this the Bureau of Foreign and Domestic Commerce can be most helpful to the banks. Its representatives overseas are carefully selected, experienced observers in strategic positions to get the essential facts regarding fundamental economic conditions and to determine their bearing upon finance, trade, exchange, etc. In addition, special divisions of the Bureau in Washington are constantly working over large accumulations of statistical and economic data from both governmental and non-official sources. To give the subject of investments and foreign banking conditions still more specialized consideration, the Bureau contemplates the establishment on July 1 of a division to deal especially with these subjects. By means of close coöperation with the American Bankers Association and other banking and credit organizations, the

Finance and Investment Division of the Bureau can supply to bankers and to their clients a great deal of valuable information that is not used at present. The range of this information extends from data on trade conditions in specific commodities to technical details on shipping rates, tariff schedules, bankruptcy laws, foreign statistics, etc.

The rapidly growing importance of foreign trade to American industries, primary or manufacturing, is becoming patent to everybody. In the case of a few representative manufactures and agricultural products (other than grain and cotton), the percentage of goods going abroad, in relation to the total production, in 1914 and 1919 was:

Articles	1914 Per cent.	1919 Per cent.
Shoes _____	3.5	6.6
Cotton manufactures _____	7.6	12.8
Leather _____	12.3	23.6
Electric lamps _____	2.2	8.4
Lard _____	40.0	59.0
Butter _____	4	3.3
Cheese _____	1.3	3.9
Cured pork _____	12.9	47.2
Condensed milk _____	3.3	41.5
Molasses _____	20.0	43.4

UNDERSTANDING OF FOREIGN CONDITIONS ESSENTIAL

Motor trucks from Wichita Falls, Tex., are used as autobuses in Antofagasta, Chile; automobiles from Detroit maintain a regular transportation service across the Gobi Desert in Mongolia; passenger cars of all American makes are considered a first necessity by the graziers of the vast expanses of inner Australia. The southernmost windmills of the world—those in Patagonia—bear the mark of a manufacturer in Freeport, Ill. Almost no hamlet in the United States is so small as to be unaffected by American export trade, Not only exporters but producers of all kinds, even on the smallest scale, must have a clearer understanding of conditions abroad and the close connection between domestic production and the foreign markets, for changes in conditions in one country react quickly upon those



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in others and affect prices to a degree necessitating shifting of capital, diversifying of crops, and other annual or more frequent alternations in American production. In every such case the local banker can serve as a valuable guide and counsellor to his manufacturing clients. Consequently, as time goes on and our foreign trade continues to increase, the coöperation between the Bureau of Foreign and Domestic Commerce and the banks of the country is bound to become closer. The interior banker will find it to his advantage to take a larger part in the financing of export orders. He must, therefore, be informed on foreign trade conditions in order to give his customer the best and most timely advice. This Bureau is his foreign department and wants to work with him in such matters as well as with the big bankers of the seaboard.

The Organization of the Foreign Branch of an English Bank

By L. Le M. Minty

THE organization of the foreign exchange branch of an English bank is by no means exactly uniform in every institution. I give the following outline of the English system which I have based on the working of the Overseas branch, 65 Old Broad Street, London, of the London Joint City and Midland Bank, partly because I am familiar with it but principally because as that bank is the largest financial institution in the world, its Overseas branch is one of the most important units of the London exchange market, and its organization may be taken as representative of English methods and a model which other banks might endeavor to follow.

FOREIGN DEPARTMENT INDEPENDENT

Unlike the American banks which frequently organize their foreign departments as part of their main offices, the foreign branch of an English bank is separate from the head office and independently managed. It handles nothing but what may be classed as foreign transactions. In charge of the branch is a manager who arranges the general policy of the bank towards its foreign correspondents subject to the approval of the bank's general management. Next to the manager are usually from four to six assistant managers who divide the executive work among themselves geographically. One usually takes the Latin countries, France, Belgium, Italy, Greece; another Germany, Scandinavia, Holland and the countries of central Europe; another Spain and the South American republics; another United States and the English colonies. One usually attends to domestic correspondence and queries with the domestic branches. The division here is one of language rather than functions. English banks send out a great deal of correspondence in the language of their correspondents. The assistant managers

who sign outgoing foreign correspondence are all fluent linguists in the language of the countries they handle. There is no hard and fast rule as to who shall sign letters or any idea of making the profits of one set of countries managed by one manager compete with the profits made by another. Usually a clerk is instructed to bring correspondence of a certain character to a certain one of the four managers and, if the manager is busy any of the others will usually sign it, unless it concerns something which the other manager has already taken up and is particularly interested in.

The discipline of the staff and the administration of the branch is usually looked after by two accountants. They correspond to the assistant cashiers in an American bank. In addition they have charge of the keys of the outer doors of the vaults, access to which cannot be obtained without their knowledge.

THE DEALING ROOM AND THE CABLE TRANSFER DEPARTMENT

The hub of the foreign exchange branch is of course the dealing room from which the rates are obtained for all transactions which the branch puts through.

The formation of the London Exchange market is very similar to that of the New York market. First there are the English Joint Stock banks, the big "five," that is to say the London Joint City and Midland, Lloyds, the London County and Westminster, the National Provincial and Union of London, Smiths, Barclays, Martins, and the Bank of Liverpool. Then there are a number of banking firms and exchange brokers such as George Clare and Co., Samuel Montagu, Quin Copés, Hambros and the Northern Bank of Commerce which do foreign exchange business of every description including the purchase of bullion for shipment,

counter exchange work in notes and coin, purchase of foreign coupons and drawn bonds, etc. These firms cover their trading with customers by purchase and sale of checks and cable transfers in the open market. No restriction is laid upon the opening of branches by foreign banks in London. A number of American banks and trust companies have branches including the Bankers Trust, the National City Bank, the Equitable Trust, the Guaranty Trust, and the Farmers Loan and Trust Co. French banks such as the Credit Lyonnais and the Comptoir National have large branches, and finally there are a large number of banks which do most of their business abroad but which are organized as English companies. At the outbreak of the war there were five German institutions in London. These were promptly closed and their affairs liquidated. The premises of the Deutsche Bank were bought by Barclays, and the London Joint City and Midland acquired the office of the Dresdner where its overseas branch is now located. There is very little probability that the German banks will be allowed to reopen in London. Exchange brokers such as Samuel Montagu trade in all kinds of currency. The branches of the foreign banks restrict themselves more to the currency of the country to which they belong. Indian exchanges are largely in the hands of the Indian exchange banks, such as the Chartered Bank of India, and the National Bank of India. Far Eastern exchanges are handled in large part by such banks as the Hong Kong and Shanghai Banking Corporation and the branch of the Yokohama Specie Bank. Several of these are members of the Chinese consortium and work very closely together in all that appertains to the silver market which is handled by half a dozen bullion brokers.

EXCHANGE DEALING

Exchange dealing, as in New York, is invariably effected through a broker. There are a large number of brokers in the market but a bank does not



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ordinarily use more than about ten. As in New York the broker charges a commission, so much per mille of the currency he sells. The bank keeps a running account with its brokers of the commissions that are due to them for sales they have effected on its behalf. The accounts are usually settled once a month.

It must be remembered that the market in London opens about five hours before New York, and London makes a rate before New York; New York is trading throughout the day against the London rates. London follows with a certain amount of interest what is happening in New York after the banks in London close at three o'clock but not much trading can be done because the payments cannot be cleared.

Because London has no foreign rates to trade against, there is sometimes a certain amount of difficulty in getting

the "ball rolling" as the traders say. Dealers will not quote a price until brokers make an offer and brokers will make no offer until they have some purchases to pair against sales.

THE TRADING ROOM

The trading room of an English bank is usually divided into two compartments which are managed by two pairs of traders. The senior pair trade through the brokers in the open market and make the rates. The second pair who take their rates from the senior pair, deal in smaller sums with the general public and answer calls for rates from the branches.

The methods by which the traders assess their rates are very similar to those employed by the traders in New York banks. Incidentally it may be mentioned here that many of the traders in New York banks have learned the business in London and brought English methods with them.

The traders first consult their position sheet which shows the state of the balances which are estimated are available in foreign banks abroad. If some are unduly low and others unduly high, the traders may redistribute them more evenly. This is done by putting through a few cable transfers asking foreign banks to pay over currency to other banks for account of the London bank.

The position sheet does not obtain such importance in an English bank as in an American bank, the reason being that most of the correspondents are nearer, and balances with them can be easily verified by cable or telephone.

Besides the straightforward purchase and sale of currency, the traders also make future contracts both for purchases and for sales. In the case of a future purchase by a customer the bank covers itself by purchasing outright in the market. It, so to speak, holds the currency for the customer as part of its general balance abroad until he calls for it, and the bank receives interest during that time on the addition to its account therefore it can afford to give the purchaser of a future contract a better rate than if he bought at the

present rate in the market. In the case of a future sale by a customer, the bank has to cover itself by a sale in the market and loses the interest on that sum until the customer makes delivery. The bank therefore buys his future at a lower rate than a straightforward sale. At one time certain institutions would quote options and "straddles" under the terms of which the purchaser was free to buy or sell a certain amount of currency at a certain rate over a fixed period, usually a month. There is no kind of cover which can be set up against this kind of transaction. It represents a bet between the dealer and the customer that rates will not fluctuate between certain limits during the coming month. It is a kind of contract that is discountenanced by reputable banks and dealers.

As a matter of fact there is less dealing in futures in London than in New York. If a customer wishes to take advantage of a present rate, he buys currency and has it put on a currency account as part of the bank's general balance with a bank abroad. The overseas branch keeps a separate set of ledgers for the customers' currency accounts of which there are a great number. When the customer buys the currency, the currency account of the bank from the balance of which it is taken off is credited, and cash debited with his check. When it is put on again as part of the general balance it is credited to an account in the customers' ledgers under the name of the customer, and debited to the bank's "Customers" A/C in whose balance it is included. The "bank's customers' account" is really a fictitious account kept to balance the customers' currency accounts. The balance of the bank's customers' account has to be added to the balance in the general currency ledger to make up the balance shown in the books of the foreign bank. For the sake of convenience in balancing, all the customer's currency accounts kept as part of the bank's general balance with a foreign bank are kept together. Thus all the accounts of customers kept as part of the general balance with the Credit Lyonnais should agree with the total

of the "Credit Lyonnais, Customers' A/C." The Dr. Balance of the Credit Lyonnais Customers' A/C together with the Dr. balance shown in the "our" account, allowing for items in transit and other adjustments, should agree with the balance as shown in the books of the Credit Lyonnais.

To explain the work in detail of each department it would be necessary to write a complete book on foreign exchange in all its complexities. Briefly the foreign branch of an English bank contains the following distinct departments:

1. *The Cable Transfers.*

This department effects the transactions which are contracted in the dealing room. The practice in London is the same as in New York that the buyer informs the seller where the currency has to be transferred. One half of the office is concerned with making payments for currency which has been bought and advising the foreign correspondent to receive it; the other half takes in checks and bankers' payments from those that have bought currency. They cable the foreign correspondent which keeps the "our" currency account to pay the currency sold over to the correspondent bank of the purchaser.

Until the trading room has put through some contracts to occupy themselves, the clerks in the cable transfers room which is adjacent to the dealing room, make up the traders' parity sheet from the last cable figures of the night before and what prices have already been reported from continental bourses.

The work of the department is usually divided into "boughts" and "solds". The "boughts" make sterling payments, the "solds" receive sterling payments. Whereas American banks use a manifold slip system by which checks, advices receipts and tickets are typed in one operation, English banks still use the bound book. The contract notes giving the rates and the names of the parties come out from the dealing room and are entered in the register. The currency conversions are worked with a Monroe comptometer and run off half a dozen



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at a time. The debit and credit tickets and checks are written by hand from the book. The work is usually subdivided among the clerks by giving each a group of countries. Clerks usually work in pairs. When one has entered about a page of work and has made out the tickets, he passes the book and vouchers over to his confrere who runs off the conversions by multiplying them back on the machine. He also checks the vouchers. As each book contains records of transactions in the same currency, and a number of purchases and sales are made at the same rate, conversions can be run off very quickly without resetting the machine. Where the work is organized by functions as is frequently the case in an American bank, one man checking all the tickets, another all the conversions, etc., some time is inevitably lost by having to reset

the machine since the different currencies come through in any order.

Rupees, Straits dollars, Argentine dollars, Chinese taels, and some other currencies are quoted in pence rates, e.g., ls. 3 d/8 per rupee. Pence conversions have to be worked differently from currency rates since the process is one of multiplying instead of dividing. There are not many transactions in these currencies and they can usually be perfectly well handled, both bought and sold, by one man.

2. *Commercial Credits Outwards.*

This is generally called the commercial credits imports department in an American bank. It opens credits with foreign banks on account of English importers in favor of foreign exporters under the terms of which the exporter gets payment against shipping documents by drawing on the foreign bank where the credit is opened or upon the Foreign Branch London of the English bank. Reimbursement of course depends upon the individual credit. Besides commercial credits, the "Commercial credits outwards" also handles mail transfers and letter payments which are by their provisions too complicated for the mail transfer department. There is the case of the man who has died and left a legacy to a beneficiary who lives in a sanatorium in Switzerland. The executors of the will require the beneficiary's receipt on official probate documents which have to be sent to a bank near where he lives with instructions to pay him the legacy and obtain his signature on the document which is inclosed. Then there is the case of the well-to-do manufacturer who has a ne'er-do-well son roaming about the neighborhood of Texas. The son writes home to the father to say he hasn't a pair of trousers to wear and unless the old man sends him a remittance promptly to buy himself a pair he'll come home. The father then instructs the bank to open a credit at a bank in Mexico where the son is supposed to be living and pay the son so many pounds to buy himself the much needed trousers. The cashier of the Mexican bank pays the son the money and sends a certificate that the trousers

were bought by the son and inspected by himself. The old man is assured that the trousers are good for hard wear and ought to last a considerable time. There is an endless variety of transactions which the "commercial credits outwards" may, at times, be asked to handle.

3. *Commercial Credits Inwards.*

This department is generally called the Commercial Credit Exports department in an American bank. It opens credits according to mail and cable instructions sent by foreign banks in favor of English exporters whose drafts are to be honored by acceptance or payment on delivery of the shipping documents which are afterwards shipped to the foreign bank. The method of payment and reimbursement again depends upon the terms of the individual credit. Whereas American banks frequently allow their customers to take possession of shipping documents upon their signing a trust receipt for the property in the imported goods, an English bank very seldom uses this type of instrument. The invariable practice is for the customer to take up the bill under rebate if he wants to get possession of the goods before the bills are due.

4. *The "Their" Sterling Accounts.*

These are the accounts kept in pounds sterling by foreign banks. To these accounts are credited the proceeds of bills, drawn bonds, coupons, and whatever else is collected for account of the foreign bank and credited to its account under its instructions. The accounts are kept in bound books. Each large bank has a separate book and the smaller customers are kept together in a set of books called the "dribs". The drib ledgers are divided geographically, one for each country. Customers are indexed alphabetically under the country in which they are domiciled. Interest and revaluation dates are worked on the decimal system.

5. *The Currency "Our" Accounts.*

These are the accounts of the bank kept in currency with foreign banks.

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Their balances are built up by the purchase of cable transfers, proceeds of bills, drawn bonds, coupons and other items sent abroad for collection and credit of the account under advice. The accounts are kept in ledgers, one for each bank. The account is ruled in two columns, currency and sterling, on either side and the balance of the sterling credit column, (i.e., the price in sterling which has been received for currency sold) over the debit column, (i.e., the price at which currency was bought) represents the trading profit on the account. From time to time the foreign banks send a statement of their record of the account which is compared with the account as it appears in the bank's ledger. The accounts are then marked up and any differences investigated by a staff of investigators who do nothing else but keep in agreement the set of ledgers under their charge.

6. Mail Transfers.

This department does precisely the same work that the similarly named de-

partment does in an American bank. The mail transfers is generally a corner of the foreign tellers department in an American bank. In an English bank it is a separate department. Not only does it handle payments to and from the "our" accounts which are effected by sending instruction by letter but it also sometimes handles instructions of customers who have private accounts with continental banks. For instance a customer may want to close a small private account with a bank abroad and have the currency put on a customers' account with the bank in London. The balance of the account is to be kept as part of the bank's general balance with the bank abroad. This means debiting the "our" account of the foreign bank with the currency taken over and crediting a customer's currency account.

7. Foreign Bills for Collection Abroad.

This department handles bills purchased by the bank and bills sent by customers for collection. Similarly the

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Societe Anonyme

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Cable Addresses:

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

Capital Subscribed 100,000,000 francs

Capital Paid Up 50,000,000 francs

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Chairman of the Board of Directors
M. Charles Petit

General Manager
M. Eugène Carpentier

United States Representative: Aimé Dumaine, 21 East 40th Street, New York

The bank was organized in 1919 to perform in France all operations connected with foreign trade; in foreign countries and in the French Colonies and Protectorates all usual banking transactions, especially those connected with Exports and Imports.

"Foreign Bills for collection inwards" collects bills received from foreign banks and credits the "their" accounts with the sterling proceeds.

8. Customers Securities.

This branch holds securities for customers mostly for banks domiciled abroad. Usually it is the case of the foreign bank buying securities in the London market which it instructs the English bank to hold for its account. It intends to sell the securities and does not have them shipped over to itself. Sometimes the department is instructed to take in the securities from a stock-broker at a certain price; sometimes it is asked to buy the securities and debit the sterling account of the foreign bank. The department effects all its purchases and sales through a broker. There is no "over the counter" business in England, although many orders could be paired and the brokerage saved. The bank halves the commission, one-eighth per cent., with the stock broker. Formerly banks did a certain amount of arbitrage work on security prices, but since the restrictions that have been put on carry over sales and cash payment and actual delivery are required, it is exceedingly hard to realize an arbitrage profit because delivery has to be made so promptly.

Securities are filed in dossiers under the name of the bank to which they belong. In the case of large banks, a separate safe is allocated to its shares. Securities are subject to the general lien of the bank, provided, that the bank is

not notified that they are held for account of a third party. A bank is frequently allowed to overdraw its account against the security of the bonds and shares to which the bank can attach its lien.

9. Sterling Cables.

These are the payments to and for the accounts of foreign banks which are made in accordance with their mail or telegraphic instructions. They mostly represent the trading transactions of the foreign bank in the foreign market. The cables are decoded in the cable department and sent down to the department which makes out checks if the beneficiary is an individual or private firm and bankers' payments if the sum is to be transferred to a bank. Under the provisions of the Stamp Act a payment given by one bank to another on account of a banking transaction is not liable to tax. A bankers' payment is nothing more than an unstamped credit voucher which the other bank can present for payment through the clearing house. It is not a negotiable instrument and there is little danger if one goes astray. Consequently a bank never gives or asks for a receipt in exchange for a bankers' payment. The extra copies of the cashier's check taken in the manifold system of an American bank as receipts for the use of the messenger would be obviously superfluous in an English bank. All payments are made before three o'clock when the banks officially close their doors. The box in which the bankers' payments are

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dropped by messengers who come into the bank during the day is then opened and the remaining payments taken out. As many as can be got through are sent to the clearing house the same day and the remainder are held over until the day following. Any difference in the value dates is adjusted in accordance with agreements made with the foreign banks as the differences occur.

10. *Foreign Currency.*

The bank does not do much cash counter work save for its regular customers. A customer going abroad can purchase foreign currency if the cashier happens to have it. Otherwise the bank buys it specially for him through a broker. All branches of the bank sell travelers' checks and letters of credit.

11. *Domestic Correspondence.*

Most of the correspondence is received addressed to the branch direct, by ordinary or registered post. A certain amount is received from the head office correspondence to which it is misdirected. The correspondence is opened and important letters and letters containing remittances are registered under a consecutive number. They are then sorted up to the departments to which they belong and taken round by a junior clerk, who gets the head of the department to initial for what he hands over to him. Each department has a rack in which it inserts letters going to foreign banks. These have to be written in a foreign language. The rack is divided into compartments, French, Belgian,

etc., corresponding to the divisions in the foreign correspondence departments. The clerks from the translation departments clear their respective pigeon holes several times a day and type out their translations which together with the explanatory letter relating to the transaction initialled by the head of the department from which it emanated, is read and signed by one of the assistant managers to whose section of countries it belongs. The letters then go upstairs to the correspondence outwards department where they are sorted into the pigeon holes of the banks to which they are addressed. All letters for the same foreign bank are checked and sent off in one envelope. Remittances are sent by separate registered letter. Letters for branches of the bank are sent across to head office and sorted by their correspondence department into the pigeon holes containing the mail which is sent every night to each branch.

12. *Cunard Office.*

This is the department which audits the records of the branches which the bank has aboard the *Aquitania*, the *Berengaria* and the *Mauretania*. The bank has a staff of men who undertake these voyages. There are usually three men to each boat who travel first class and run the branch which the bank has aboard. They usually get a fortnight or so at home and then take a trip, the voyage usually lasting about seven days out, three days in New York and seven days back. Not much business is done in mid-ocean but the three have a very

busy time during the last two days. Most of their work consists in exchanging currency notes over the counter. They receive their rates aboard the ship by wireless and trade with the passengers aboard like a miniature exchange market. From time to time they cover by sending advice by wireless to the office in London of the amount of their commitments. The bank aboard will deal in any currency, but mostly, of course, it sells dollars on the way out and sells sterling on the way back. The sterling it buys on the way out serves it as its stock of money with which to buy dollars on the way back. In this way the branch aboard ship can quote

as fine a rate as an exchange dealer in London. Many business men interested in exchange continue their trading aboard. Each voyage is treated as a separate venture and when the staff come ashore, the books are taken off and brought up to the bank for audit by the department.

It will be realized that the foreign branch of an English bank contains many more departments and undertakes many kinds of work other than those that have been shortly described above. It is however hoped that the more important distinctions in the methods of organization have been made clear.



Foreign Trade Convention Report

Report of General Committee is Unanimously Adopted as
Convention's Final Declaration

THE ninth national Foreign Trade Convention, which met in Philadelphia, May 10-12, gave careful consideration to the problems now confronting our international commerce, to the principles involved, and to special and technical means offering the best promise for helpfulness. At the closing session the general convention committee, which had been in touch with the work of all the sessions, and which was thoroughly representative of the convention, submitted its report embodying a statement of the present situation and some recommendations for the future. This report, which follows in part, was adopted unanimously by the convention as its *final declaration*:

The recovery of prosperity in the United States depends upon the ability of our people to sell at remunerative prices practically all they produce, running approximately full time and full-handed.

Our productive capacity is substantially greater than the normal requirements of the domestic market. It is evident, therefore, that sustained prosperity for this country depends upon sustained foreign trade; and because in so many lines of production profit

depends upon prices that are determined in international markets, our interest in foreign trade is far greater than the mere proportion which it bears to our total commerce.

Despite the improvement wrought in the last year in many markets, the world's purchasing power continues impaired, and exchanges remain unbalanced. Europe's lingering recovery retards the restoration of normal conditions elsewhere. It is now evident, however, that the competitive advantage derived from extreme inflation by some European countries, notably Germany, is rapidly lessening as their production costs rise through wage increases and through increased costs of imported raw materials.

MORE FOREIGN TRADE NEEDED

With extensive unemployment, this country never stood more in need of foreign trade. Unemployment will not be reduced to its minimum until our export trade absorbs the last ten or twenty per cent. of normal production. The country has passed from a debtor to a creditor position. The volume of American foreign trade today is less, however, than would have resulted from maintenance of the average rate of growth of the decade before the war. The value and distribution of our overseas commerce today is entirely inadequate for the service of foreign indebtedness to us and for the

employment of the American Merchant Marine.

It must be recognized that the payment of foreign balances due the United States can be accomplished only in the degree that we are willing to accept goods and services. This by no means implies that the liquidation must be in competitive merchandise—on the contrary, it may take the form of non-competitive imports, irrespective of their origin.

The absorption of imports to the full value of the balances annually due us is dependent upon a fuller operation of our industries, including agriculture, and this in turn depends in part upon greater export trade. The most notable development in our foreign trade during the last year has been the importation of securities representing either American investment abroad or the funding of the excess value of our exports.

The needs of other countries, especially in Europe, for long term credits afford opportunity for the employment of American investment funds in ways that will be beneficial to both borrowers and lenders.

HOW FOREIGN LOANS MAY HELP

The importation of sound securities serves either to liquidate outstanding foreign obligations or to furnish new occupation for American industry. It is of the utmost importance that our investment bankers when negotiating foreign loans should always have in mind so to handle them as to further American trade and they should, as far as practicable, provide for the expenditure of some portion of the proceeds in this country for exports.

Attention is called to the fact that the importation of foreign securities in the first four months of this year has greatly exceeded our excess of merchandise exports over imports. At this rate and with normal continuation of alien remittances, tourist expenditures and payment for shipping, insurance, banking, and other services, coupled with our private investment in foreign enterprise, our favorable trade balance will presently be wiped out unless due provision is made for the use of some portion of the proceeds of foreign loans in the purchase of American products.

The expanding market for foreign securities in the United States has already given practical proof of its usefulness in improving general conditions. It is important that this market should be further developed, especially through American investment in foreign railroad and industrial securities. Such investment often carries opportunity for participation in the management of the foreign industrial concern financed here with consequent steady purchase of American material.

FOREIGN TRADE ZONES

A type of commerce accorded too little attention at present is the trans-shipment



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trade. The United States cannot absorb in merchandise the full value of annual payments of interest on its foreign investments, public and private, but by the provision of facilities in American ports for the handling, grading, mixing and cleaning of foreign merchandise for re-export the way would be opened to employ a large part of our foreign credits in a manner that would not bring the resultant merchandise into our domestic market.

American ports are not adequately equipped for this trans-shipment trade, but it would be readily fostered by the creation of foreign trade zones such as have been developed successfully in Europe. A further advantage of such commerce would be additional return cargoes for American ships.

CREDITS TO OTHER NATIONS

The measure and means of financial assistance which America can or should extend to other nations is predicated, of course, upon the recognition by those nations of their obligations and responsibilities. Not a dollar of American capital or credit should be used for political propaganda or militaristic purposes. American dollars are now all peace dollars. If and when Euro-

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pean countries particularly shall establish political and social order, adopt a sound fiscal and financial program, reduce enormously inflated money issues and introduce a rigid system of taxation and economy to enable them to balance their domestic budgets, then the confidence of the American investor in their securities will be restored. Given these conditions, America must be prepared to cooperate liberally in the task of world restoration.

The final declaration of the National Foreign Trade Convention held in Cleveland a year ago said: "We urge the immediate creation of financial institutions under the Edge Law, whose machinery will facilitate extension of long term credits to promote free exchange of exports and imports. We commend efforts to acquaint our investing public with the necessity of purchasing debentures, issued by such institutions against approved foreign securities for this purpose, so that eventually every community will serve its own vital interests in furthering foreign commerce as a necessary component of prosperity."

EDGE ACT CORPORATION'S NEEDED

The experience of the past year has confirmed and emphasized the need for the establishment in this country of adequate facilities for the granting of long term credits, so urgently needed to restore sound conditions in Europe and reestablish a normal interchange of exports and imports. Authority for the creation of these facilities exists under the Edge Act. Thus far this authority has not been utilized because of the failure to organize a corporation with resources sufficiently large to insure success as a debenture issuing and marketing bank. If necessary, the Federal Reserve Law should be further amended so as to attract the capital required for the organization of one or more Edge Act corporations, with resources commensurate with the services required.

Potential contract between Edge Act banks of the debenture issuing type and the

long term credit needs and financing machinery of European countries already exists in the ter Meulen plan projected at the international financial conference at Brussels in 1920. The urgency of the international trade situation and of effective means for alleviating it, suggests the prompt investigation of the possibilities of active cooperation between the Edge corporations here urged and the ter Meulen plan.

It is quite within the range of probability that had there been in existence last fall a foreign trade financing corporation operating on the Edge plan, credits adequately secured, of not over one hundred million dollars, would have prevented the collapse of the wheat market and saved farmers of this country many millions of dollars.

The War Finance Corporation has rendered an incalculable service in recent months by the extension of nation-wide credits beyond the supply available through private channels. It has prevented the forced sale of many agricultural staples and by cooperation with the banks has averted a more disastrous liquidation. Sound economic policy, however, requires that such temporary expedients as involve governmental intervention shall be superseded as soon as possible by private initiative and credit. Under existing world disorder, however, some measure of collective, even governmental intervention, cannot be excluded from the domain of national business if the need clearly exist and private enterprise failed to meet that need. The immediate question is then, what can be done to attract capital into this Edge corporation field?

It will be recalled that the original capitalization of the Federal Reserve banks was provided through the compulsory subscription by all national banks of six per cent. of their capital. State banks and trust companies entering the system are likewise required to subscribe six per cent. of their capital. Only one-half, or three per cent. of this required subscription, has been called or is likely ever to be called. The Federal Reserve Act provided that the reserve banks

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Aabenraa, Aarhus, Esbjerg, Graasten, Haderslev,
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Sønderborg, Toftlund, Tønder, Viborg.

**Collections. Commercial Credits. Travellers Letters
of Credit. Danish Securities bought and sold, etc.**

may pay to member banks, dividends not to exceed six per cent. upon their capital subscriptions. Profits in excess of six per cent. go one-half to surplus and one-half to the Government for the reduction of outstanding national indebtedness. When the surplus of any reserve bank has reached one hundred per cent. of its subscribed capital, only ten per cent. of its profits in excess of six per cent. may be added to surplus, the remainder going to the Government.

AMENDMENT OF FEDERAL RESERVE LAW SUGGESTED

As a result of the heavy resort of member banks to the re-discounting facilities of the reserve banks during the war and the subsequent period of inflation, all of the Federal Reserve banks except one have accumulated the full statutory surplus of one hundred per cent. and are, therefore, limited to the ten per cent. annual addition to surplus.

In view of this situation, it is suggested that, under the direction of the Federal Reserve Board, the member banks shall be authorized to withdraw the three per cent. of capital paid in without relinquishment of their existing rights and privileges as member banks, upon the condition that such withdrawals be invested in the stock of a corporation, or corporations, under the Edge Act, and that a member bank thus shifting

its investment shall be released from the obligation now resting upon it to pay in an additional three per cent. of its capital to its regional bank on the call of the Federal Reserve Board.

This procedure would not alter the status of the member bank nor limit the capacity of the reserve banks to meet the legitimate re-discount requirements of their members. On the other hand, it would afford member banks opportunity to withdraw capital from an investment no longer necessary to domestic banking and limited to earnings of six per cent. and to put that capital into an investment not so limited as to profits, and essential in the floating of Edge corporations, the importance of which is paramount in the interest of foreign and domestic business alike.

NATIONAL TAXATION

It is obvious that until we have discharged many of the obligations laid upon us by the war, the people of the United States will have to bear a heavy burden of taxation. It is of the greatest importance, therefore, that such taxation shall be scientifically applied, so as to work the minimum of hardship and interference with the profitable flow of commerce. The present excessively high income surtax rates drive into tax free, but unproductive, investment many

millions of capital which, under wise taxation would find employment in productive enterprise, that would not only furnish a return to the investors, but also provide a sure source of income for the government. We heartily endorse the statement of this matter in the last annual report of the Secretary of the Treasury and commend it to the serious attention of Congress.

MERCHANT MARINE

In the Merchant Marine Act of 1920 the American people have declared their purpose to do everything needful to insure the maintenance of a merchant fleet under our flag. The chief requisite for a successful American merchant marine is support by the American people. The greatest obstacle in its way is the lack of loyal preferment by our shippers and travellers, service, rates and accommodations being approximately equal. By selling C.I.F. and buying F.A.S., they may control routing by American steamers.

The measures proposed in Congress to enable our merchant marine to operate profitably, though concrete and definite, are so comprehensive as to require careful analysis and full consideration. They originate in recognition of the fact that the existing handicaps are largely government imposed and require some compensatory legislation. In the pending national discussion of the practical solution of our merchant marine problems, due consideration should be given to the relief from inhibitions and restrictions, which are largely responsible for present high costs of operations so that any burden assumed by the government may be minimized, foreign reprisals averted, and cumbersome machinery of profit accounting avoided.

The principle of private ownership and operation has been recognized by Congress as fundamental. Overseas shipping is an international business, peculiarly sensitive to interference by government, and until the American merchant fleet is relieved from unreasonable regulation, particularly in respect to rates, routes and services, it cannot be expected to compete successfully with foreign fleets free from such restrictions.

One special handicap now borne by American ships, is the greater capital cost of vessels built prior to the recent reductions. This is due to the tax policy of our government which has not allowed depreciation corresponding to the fall in values since the war. Our chief competitors, however, have been permitted to write down the value of existing ships to an average materially below ours, with consequent substantial reduction in capital charges.

So far as further sales of government owned tonnage are concerned, this factor must be reckoned with in the determination of prices. So far as privately owned ships are concerned, there should be prompt rec-

ognition of it by the internal revenue bureau, and an amendment of the law if necessary.

MARINE INSURANCE

The development of adequate American facilities for marine insurance is a vital step in assuring a permanent merchant fleet under our flag. We commend the enactment by Congress of the model Marine Insurance Law, for the District of Columbia, designed to put our underwriters on a plane of equality with foreign competitors and urge upon the various states the prompt adoption of measures in conformity with it.

SIMPLIFIED PROCEDURE

We commend the efforts being made under various auspices to improve and simplify the procedure of international trade practice through the adoption of standard definitions of shipping terms and credit instruments, and the effort to improve and standardize ocean bills of lading. The lack of adequate international machinery for the enforcement of awards of commercial arbitration is seriously felt, and it is hoped that this deficiency may promptly be met.

A further field for effort by the National Foreign Trade Council in the endeavor to secure simplicity, clarity and uniformity is that of the terminology employed in banking practice and especially in foreign exchange. The convention recommends the appointment of a committee by the Council to study this matter with a view to initiating efforts to bring about this greatly needed improvement.

CHINA TRADE ACT

We note with satisfaction the enactment by Congress of the China Trade Act intended to promote trade with China. The recognition in this act of the principle of relieving Americans abroad from taxation upon income derived from sources within the country of residence is a first step towards its general application. Such taxation is uneconomic and restrictive, rather than productive of revenue. The United States is the only great commercial nation which pursues this policy of taxation, and Congress should promptly abandon it.

BARGAINING TARIFF

The vast market which the United States affords to other nations on a basis of equality and the supplies of American raw materials and manufactured merchandise exported without taxation or discrimination, entitles American trade, American traders and American enterprise in foreign countries to entire equality of treatment,

To insure such equality of treatment the American tariff, whatever its underlying principle, should provide for additional duties on imports from nations discriminating, by tariffs or administrative practices,

The Corn Exchange National Bank

OF CHICAGO

Capital \$5,000,000
 Surplus and Profits.....\$12,000,000

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Charles H. Wacker	



Foreign Exchange

Letters of Credit

Cable Transfers

against the trade or shipping of the United States.

EDUCATION IN RESPECT TO FOREIGN TRADE

The interest of educational institutions in practical training for foreign trade service has developed a steady increase in facilities and students, and in the exchange of scholarships with foreign institutions.

We endorse the efforts of the National Foreign Trade Council to enlist the attention and coöperation of all our people in the teaching in our schools and colleges of the basic principles of foreign trade, and in the wide dissemination of information on the relationship of our foreign commerce to the welfare of every American.

TRANSPORTATION

We urge the necessity of bringing about an adjustment between the costs of railroad transportation and other expenses of production. The processes of our economic life cannot proceed in orderly fashion when wages of labor and prices of commodities are seriously out of alignment, and the interests of labor are not less than those of the producer and manufacturer.

Inland navigable waterways are reducing transportation costs. Such projects as have been approved as part of a comprehensive

system of inland navigation should be completed without further unnecessary delay. The government's demonstration of the feasible economy of inland waterway transportation through the Mississippi Warrior Barge line should be completed, and then turned over to business enterprise.

AGRICULTURE

Agriculture is the chief of the key industries of the United States. It is fundamental that there can be no general prosperity for the country unless there is agricultural prosperity. But prosperity for agriculture depends upon the sale of its surplus products at prices determined by international market conditions. Our farmers are entitled to every facility of transportation, finance and credit that will enable them successfully to meet the competition of other agricultural nations in world markets. The concern of agriculture in foreign trade is vital and we note with satisfaction the evidences of aroused interest on the part of our farmers in everything that refers to the maintenance and development of our overseas commerce.

TIME FOR COURAGE AND TENACITY

The conditions confronting our foreign trade today demand increased effort to expand our commerce against increasing com-

petition. This is no time to relax effort just when foreign markets are recovering their ability to consume and our foreign competitors are increasing their ability to produce and their selling activity in all fields. Our foreign trade has suffered in the past through lack of persistent effort to hold

and develop fields in which a footing has been gained. This is the time above all for activity, courage and persistence. It is peculiarly essential to remember that it will cost much more to regain in the future a business lost now through lack of courage and tenacity.

New Acceptance Ruling Finds Favor

THE new regulation of the Federal Reserve Board with regard to the eligibility of bankers' acceptances in import and export transactions has been very favorably greeted. The ruling places it within the discretion of Federal Reserve Banks to rediscount acceptances under certain conditions. It reads:

A Federal Reserve bank may rediscount any such bill bearing the indorsement of a member bank and having a maturity at time of discount of not more than three months, exclusive of days of grace, which has been drawn under a credit opened for the purpose of conducting or settling accounts resulting from a transaction or transactions involving any one of the following:

1. The shipment of goods between the United States and any foreign country, or between the United States and any of its dependencies or insular possessions, or between foreign countries.

A letter sent by the board to Federal Reserve banks says:

It is believed that the general advancement of foreign trade, with the resulting benefit to agriculture and commercial interests which are largely dependent upon foreign markets, can be furthered most effectively at the present time by the substitution of this simpler regulation applicable to acceptances in export and import transactions.

Paul A. Warburg, chairman of the board of the International Acceptance Bank, believes that the new regulation will be very material aid to the American banker as a means of facilitating the financing of our foreign trade. Mr. Warburg is quoted as saying that:

The Federal Reserve Board in rewriting its acceptance regulation has boldly taken the bull by the horns for acceptances involving imports and exports. It has reduced its regulations to the simplest possible form and has placed upon the Federal Reserve banks the duty and responsibility of

supervising this branch of the acceptance business in the same manner the Bank of England does.

In adopting this new policy the board makes it clear that it does not go back on the principles it has been instrumental in establishing during these eight years. On the contrary, the board believes that these principles and the ethics of sound acceptance banking are now so fully understood by the Federal Reserve banks and the accepting banks that the experiment may safely be made of letting them operate without specific regulations covering the most intricate details.

In the future, the final test of the standing of an acceptance with us will be, as it is in England, the fact whether or not the central bank will buy or refuse to buy the paper. No acceptor can risk wilfully to expose himself to a discrimination against his acceptance on the part of the Federal Reserve banks.

The Federal Reserve banks retain, therefore, the fullest control over the practices of American acceptors, but the great advantage gained will be that cumbersome regulations need not be sent any more to foreign customers and banks and that Federal Reserve banks are able from now on to deal with individual abuses without the necessity of restricting business wholesale.

The *Index* of the New York Trust Company notes the advantages accruing to foreign trade transactions through this revision as follows:

The new regulation eliminates the necessity of shipping documents being attached at the time of presentation of the draft for acceptance or the alternative requirements that the drawer later furnish such documents to the accepting bank. Certain provisions with respect to maturity formerly appearing in the regulations have now been definitely restricted to domestic bills. The regulation in effect grants to member banks greater latitude in determining whether acceptances under credits established for their customers can be considered as arising out of transactions of an export or import nature.

It should now be possible for member

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Rotterdam

Amsterdam

The Hague

Capital *fl* 75,000,000
Reserve *fl* 36,000,000

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Representative for the United States

J. G. van Breda Kolff, 14 Wall Street, New York

banks to accept drafts drawn by manufacturers covering funds required to finance the production and shipment of goods ordered for export, the member banks having satisfied itself that such movement of the goods will actually occur.

Such advances might also be made to cover a number of transactions of the same general character, i.e., export or import transactions covering varying periods and different commodities or products and arising out of more than one order or contract.

It may also be found possible for corporations having an established export business to arrange lines of acceptance credits with their banks under which acceptances may be drawn at any time as orders are received or goods shipped for export, and such acceptances should, under the ruling, be eligible for rediscount by Federal Reserve banks.

In taking action which greatly simplifies the conduct of acceptance business and makes it possible to extend the usefulness of such operations, the Federal Reserve Board has again exemplified its purpose to do whatever may safely and properly be done to encourage business in general and foreign trade transactions in particular. Its action in this respect is farsighted and in accordance with the needs of business as well

as with sound banking principles, as long established in Great Britain where the use of acceptances has reached its highest development.

The bulletin of the foreign trade department of the National Park Bank, New York, makes this comment on the regulation:

This new ruling makes possible a broadening of the market for acceptances and will enable our banks and acceptance companies to compete more effectively with foreign institutions. These changes will greatly facilitate acceptance banking in this country and make acceptances more popular and easier to hold. The situation has been materially helped by this change and unless all signs fail there will be a broader acceptance market in the United States within the next few months. In revising its acceptance regulations, the Federal Reserve Board has simplified the acceptance and made it easier for the banks to handle such business. In the last analysis the ultimate test of an acceptance here and in Europe will be whether the great state banks or our Federal Reserve banks will purchase the paper, or reject it.

For European Reconstruction

AT an address delivered before the United States Chamber of Commerce, at its recent meeting in Washington, Herbert Hoover, Secretary of Commerce, named the following fundamentals of European reconstruction:

First—Such political relations between the States in Europe themselves as will produce an atmosphere of peace and destroy the atmosphere of war.

Second—The reduction of armament, not only to lessen Government expenditure, but to give confidence of peace.

Third—The intergovernmental debts, including German reparations, to be fixed upon such a definite basis of payment of interest and principal as will create reasonable confidence that payments will be met.

Fourth—The balancing of budgets more through the reduction of expenditure than the increase in taxation, and a cessation of the consequent inflation in currency and short-time bills.

Fifth—The ultimate establishment of the gold standard with the assistance of either credits or gold loans, and where necessary, the acceptance of diminished gold content in many old units of currency.

uer. His addresses on reparations, inter-allied debts and other great international financial questions have attracted world wide attention.

In line with this plan of giving a world character to discussions before the convention, it was also announced that Thomas W. Lamont, member of the firm of J. P. Morgan & Co., will likewise speak, delivering a keynote address on financial conditions. Mr. Lamont for years has taken a leading part in American financial affairs in China and Mexico, and recently has been particularly active in studying this country's relations with Europe, having just returned from a financial conference in Paris.

Another speaker before the convention will be Dr. George E. Vincent, president of the Rockefeller Foundation, formerly president of the University of Minnesota, and an authority on education.

Great Britain

GENERAL CONDITIONS

Business is straining at a leash while fundamental problems await the verdict of experts and of conferences, says a cablegram to the Department of Commerce at Washington. As a whole, business men have become skeptical of the practical value of these gatherings. A month of committee meetings has not brought the lockout to an end. The commercial significance of the Genoa Conference is unpredictable, even though some leading business men accompanied the Premier to Italy. Elaborate treatises by experts, in the *Manchester Guardian* Reconstruction Supplements, have reviewed the relationship between purchasing power and exchange, but furnish no means of ascertaining when the decline may touch bottom. Until such a stable basis has been reached, definite scales of wages and manufacturing costs can not be set. Until action succeeds deliberation business can not expect the signal to go ahead, with a clear track.

McKenna a Speaker at October Meeting

INDICATIONS that Europe's financial situation will have a first-hand hearing by American bankers are seen in the selection of the Rt. Hon. Reginald McKenna, former Chancellor of the British Exchequer and an outstanding figure in European finance, as one of the chief speakers at the annual convention of the American Bankers Association to be held in New York, October 2 to 6. It was announced recently that he had accepted the invitation.

Mr. McKenna, who is now chairman of the London Joint City and Midland Bank, has had a distinguished career in English public affairs. He entered public life from the practice of law as a member of parliament in 1895. He subsequently occupied the posts of Financial Secretary of the Treasury, president of the Board of Education, First Lord of the Admiralty, Home Secretary, and Chancellor of the Excheq-

And yet, in spite of this generally pessimistic background, there are many bright aspects of the situation. Workers are returning to the shipyards. In March the level of prices took an upward turn for the first time in two years. Production is now at about sixty per cent. of capacity, an improvement of ten per cent. over January, in coal, particularly production is high. Export demand in general is good, and closer relations have been formed with Poland and Czechoslovakia, in anticipation of a revival of trade.

NEW BUDGET CALLS FOR REDUCTIONS

The new budget, as outlined by the Chancellor of the Exchequer before Parliament, on May 1, will be the subject of a detailed study in a later issue of commerce reports. The estimated revenue, at £910,770,000, is more than a half-billion pounds sterling below the actual receipts for 1920-21, and over £200,000,000 below the receipts for the fiscal year just closed. Expenditures, at £910,069,000, show economies of £285,000,000 on 1920-21 and of £189,000,000 on the year ending April 1. The estimated surplus is thus seen to be only £6000. The reduction of one shilling in six in the income tax and the reduction in beverage taxes will make some inroads on receipts. The reduction of the bank rate to four per cent., on April 13, has done some good to business.

The lockout in the engineering trades gives promise of lasting several weeks longer, as the grievances are too fundamental to be lightly solved.

One of the measures to relieve unemployment, the Trade Facilities act of 1921, has been drawn upon to the extent of about £15,000,000 in guarantees toward capital undertakings. The largest sums are to be expended in electrification of suburban lines of the South-eastern and Chatham Railway Company, £6,500,000, in enlargement of the City and South London Railway tunnel, improvement of stations and extension of the London Electric Railway, £5,000,000, and in ship repairing

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works, widening of docks and new wharf construction at Swansea, at Glasgow and on the Thames, £2,000,000. This last scheme is expected to give employment to 20,000 men. The trade opportunities involved are naturally conditioned upon the inability to obtain the material at home, as the idea of employment reaches down through British industries to the procuring of the raw material from British forests and mines.

Coal mining shows continued high production. The average for fifteen weeks of 1922, about 4770 thousand tons, includes holiday periods and bad weather. The total for the year should well exceed 250,000,000 tons. Export demand has been heavy, an important item, as outgoing cargoes of coal assure low freights on imported goods. Domestic demand by public utilities remains firm, but the iron and steel industries, which took 31,000,000 tons in

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

1918, are now taking coal at the rate of about 14,000,000 tons.

Predictions had been made that wholesale prices would reach stability at about fifty per cent. over 1918, the level at which prices had shown a tendency to become stable in the United States. In February the *Times* index, based on sixty commodities, reached 155.9. The following month brought the first halt in the decline that had continued uninterruptedly for two years, from the maximum of 353 in April, 1920. A hardening of prices at this time should be followed by a change in the hand to mouth buying that reflected a feeling that prices must go lower. The halt in the decline, accompanied by decreasing unemployment and by good reports from the textile industry, affords to optimists their basis for hope that the slump is practically at an end.

France

SURPLUS OF EXPORTS

The official figures of French foreign trade during the first quarter of 1922 show an increase over the same period last year of 501,995,000 francs in manufactured goods and of 84,565,000 in raw materials, while export of foodstuffs decreased 145,445,000 and of manufactured goods 61,220,000. As a result of the various changes, the three months showed a surplus of exports in the first quarter of 1922, as against a surplus of imports in the corresponding period in 1921. The results for the

first quarter in the past three years compare as follows; figures are in thousands of francs:

	1922	1921	1920
Imports—			
Foodstuffs	1,198,358	1,241,127	2,063,852
Raw materials.....	3,030,571	3,115,186	3,801,384
Manuf. goods.....	1,037,714	1,539,709	1,901,714
Totals	5,266,648	5,895,972	7,766,950
Exports—			
Foodstuffs	406,018	551,458	348,844
Raw materials.....	1,363,845	1,360,839	884,627
Manuf. goods.....	3,291,071	3,352,291	2,016,461
Postal parcels	2,307,792	309,097	183,954
Totals	5,368,721	5,573,685	3,383,886
Excess of exports	102,077		
Excess of imports		822,287	4,383,064

Surplus of imports over exports in the first three months of 1919 was 5,161,821,000 francs.

The real significance of the present year's export balance is greatly disputed in France because, as reported by the French correspondent of one London newspaper, "the imports for the current year are no longer estimated according to the permanent valuation commission of the customs department, but according to the declarations made by the importers themselves, whereas valuation of exports continues to be based on the official formula fixed for 1919. But on the other hand, attention is called to the fact that imports in both years include German goods delivered for reparations payments in kind, thereby enhancing the true excess of exports so far as regards the actual trade balance of France.

Measured in tonnage, the export and



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import movement for the three months was as follows, compared with the similar period in 1921:

	1922 Tons	1921 Tons	
Imports—			
Foodstuffs	1,027,472	791,998	+ 235,479
Raw materials	10,486,393	8,712,764	+ 1,773,629
Manufactured goods	442,352	409,672	— 32,680
Total	11,956,217	9,914,429	+ 2,041,788
Exports—			
Foodstuffs	200,854	342,403	— 141,549
Raw materials	3,984,395	3,080,266	+ 904,129
Manufactured goods	452,762	553,756	— 100,994
Postal parcels	6,145	6,224	— 79
Total	4,644,156	3,982,649	+ 661,507

Italy

THE COAL SITUATION

It is not expected that Italian consumption of imported coal will reach the pre-war maximum for a considerable period, says a report to the Depart-

ment of Commerce at Washington. The increasing use of lignite of which Italy produces 2,000,000 tons a year, will undoubtedly continue, while the development of electric power will make possible the substitution of coal for railways, industrial purposes, and to a certain extent in place of gas for private use. In this connection it must be remembered that the work of electrifying 4000 kilometers of the Italian railways is being pushed, and that steady progress will be made in this direction. However, the quantity of coal imported in 1921—7,653,000 tons—is not sufficient to meet Italy's requirements under normal conditions, and a gradual increase in the consumption to about 9,000,000 tons per year may be expected when business conditions improve. At present Italian industries are suffering severely, and the metal-working industry, which is the largest consumer of coal, has been most affected. Furthermore, railway traffic is light and economies are being enforced wherever possible. It is calculated that over 6,000,000 tons of

coal were utilized for industrial purposes before the war, whereas at the present time this quantity has been reduced to not much more than one-half.

Germany

FINANCIAL CONDITIONS

Reviewing the fiscal year ending March 31, the German Treasury Department states that expenditure amounted to 155,105,800,000 marks for general administration, 20,399,200,000 for service of the public debt and 12,787,100,000 for subsidies. The total was 188,291,600,000.

This expenditure was covered to the extent of 126,300,000 marks by funded borrowings, 82,559,600,000 by taxation and 105,605,900,000 by increase in floating debt. This floating debt is mostly held by the Reichsbank and is offset by increase of paper money issues.

The statement of the Imperial Bank

of Germany, as of May 31, shows the following changes, in marks:

Total coin and bul'n decreased	350,000
Gold	unchanged
Treasury and loan as- sociation notes	increased 1,066,642,000
Notes of other banks decreased	3,846,000
Bills of exchange and cheques	increased 487,887,000
Discount and Treas. bills	increased 11,323,541,000
Advances	increased 12,959,000
Investments	decreased 26,380,000
Other assets	decreased 457,997,000
Notes in circulation	increased 7,810,853,000
Deposits	increased 3,820,773,000
Other liabilities	increased 764,979,000

Total gold holdings, as of May 31, were 1,002,864,000 marks, compared with 1,091,574,000 in the corresponding week of 1921 and 1,091,640,000 in 1920.

The following table gives the total of German note circulation over a period of weeks, figures in thousands of marks:

	1922	1921	1920
May 31.....	151,949,179	71,938,836	49,127,520
May 23.....	144,188,826	69,724,403	49,127,540
May 15.....	142,908,593	70,834,149	48,947,580
May 6.....	142,463,621	71,114,511	48,372,880
Apr. 29.....	140,420,057	70,889,965	47,939,700
Apr. 22.....	132,627,759	68,379,122	46,228,100
Apr. 15.....	134,063,613	68,736,122	45,760,160
Apr. 7.....	131,887,249	69,235,173	45,617,060
Mar. 31.....	130,671,352	69,417,200	45,169,980
Mar. 23.....	122,903,538	67,847,892	43,347,120
Mar. 15.....	122,120,371	67,134,755	42,504,640
Mar. 7.....	121,930,166	67,907,824	41,648,360
Feb. 27.....	120,580,143	67,426,955	42,504,640
Jan. 21.....	115,889,522	66,560,796	37,443,880
	1921	1920	1919
Dec. 31.....	113,458,889	68,805,008	35,693,359
Nov. 30.....	100,763,507	62,592,800	31,905,820
	1918	1917	1916
Nov. 6.....	16,959,260	10,103,740	7,246,260
	1914	1913	1912
July 25.....	1,890,693	1,826,820	1,044,200

Holland

BANK REPORT FORESEES IMPROVEMENT

The report of the Rotterdamse Bankvereening, says special correspondence to the *Journal of Commerce*, gives expression to hopeful views con-



Essen (Ruhr) office of the Disconto-Gesellschaft

DISCONTO - GESELLSCHAFT

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Capital and Reserves, M 130,000,000

BRASILIANISCHE BANK FÜR DEUTSCHLAND

Hamburg — Rio de Janeiro — Sao Paulo — Santos — Porto Alegre — Bahia

BANK FÜR CHILE UND DEUTSCHLAND

Hamburg — Valparaiso — Santiago — Concepcion — Temuco — Valdivia

Representative for the United States—A. KOEHN, 25 Broad St., New York

cerning the economic outlook. It cannot be pretended, the report states, that the general economic depression is already over, but its waves are beginning to abate. This optimistic view is of special importance in view of the fact that the report of the Rotterdamsche Bankvereeniging for 1920 distinguished itself by a very pessimistic tone. It is further admitted that the difficulties and the decreased prosperity of the bank's customers have had a considerable reaction on the operations and this is fully borne out by the figures of the balance-sheet and the results. The report emphasizes the adverse effects of the deflation and of the collapse of the currencies of different countries. Regarding the considerable decrease in the deposits it is stated that it was but natural that creditors should withdraw their balances wholly or partly in order to invest them again in their business.

The net profits of the bank were 15,000,000 guilders in round figures, say twenty per cent. on the outstanding capital, against 20,000,000 guilders last

year. After an extra-depreciation of 2,500,000 guilders on investments, a donation of 1,000,000 guilders to the statutory reserve fund and of 3,170,000 guilders to the extra reserve fund, which is again replenished up to 1,000,000 guilders, a dividend of eight per cent. is distributed, against ten per cent. over 1920. The statutory reserve fund and the extra reserve fund together now amount to 40,000,000 guilders on a capital of 75,000,000 guilders.

Nearly all the items of the balance-sheet of the Rotterdamsche Bankvereeniging show heavy decreases compared with those of a year ago, as had been forecasted by the board of managers in its previous report. It is evident that the deposits were bound to diminish as the large balances of shipping and culture enterprises had to be used either for paying for ships which a year ago were still under construction, or for the payment of the heavy dividends for 1920, the funds for which at the end of that year were still deposited in the banks. We see therefore deposits

of only 33,000,000 guilders against 41,000,000 at June 30, 1921, and 69,000,000 at the end of 1920. The decrease in the deposits and in the current accounts, which receded from 237,000,000 to 151,000,000 guilders, was further accelerated by the issue during the past year of important amounts of Treasury bills by the Government yielding five per cent., which is considerably more than the banks could allow. Since the beginning of the current year the issue of Treasury bills has been suspended. On the other hand the advances to clients in the interior have decreased from 193,000,000 to 152,000,000 guilders.

Roumania

THE EXCHANGE PROBLEM

Maurice Blank, general director of the Banca Marmorosch, Blank & Co., Bucharest, Roumania, gave out upon request by the *Manchester Guardian Commercial*, an article, which was published in the April issue of that magazine.

A summary of Mr. Blank's extensive exposition of the subject, by Arthur Zentler, the New York executive of this Roumanian bank, follows:

Main cause for decline of the Roumanian exchange is due to five succeeding poor harvests. To this, must be added errors of commission and omission on the part of various Governments since 1916.

Errors of commission may be stated as well-meant but undesirable repeated legislation since 1917 and an attempt at regulation in the dealing in foreign bills, culminating in the order of February, 1922, creating an exchange committee for control of all transactions in foreign exchange. Banca Marmorosch, Blank & Co. advised against this measure and the continuous decline in the leu proves that it did not fulfill expectations.

Another error was the restricting and regulating exports without doing what was more essential—prohibiting imports. This should have been done early and almost entirely. The main condition to keep up the exchange of a country is to balance exports and imports. As it is, however, impossible for our war-torn country to have any appreciable exports, the only way to come close to balancing these is to reduce imports to the absolute essentials. Instead, large amounts of goods were allowed to enter the country, imported not only by private con-

cerns, but even by the Government. Everyone in Roumania, refusing to believe that the leu would not enhance in value, did not content themselves with accumulating large stores of goods on cash basis, but also accepted two and three years credit, hoping to be in a position to easily discharge obligations when leu exchange would have gone in their favor. The inevitable contrary has happened, and now when settling day approaches, the Roumanian trader finds himself in the position either of having to ask for time, or of paying the amounts received at five or six times the then-prevailing rate, unless he is willing to declare himself unable to pay anything at all.

Another error was the delay in withdrawal from circulation at an early date—immediately after the joining to the mother country of Bessarabia and Transylvania—of the Russian ruble and Austro-Hungarian crown. Even if at that early moment this withdrawal would have meant paying one leu for the ruble and one leu for the crown, instead of the smaller proportion which was paid later, the Government would have saved about 5,500,000,000 lei, the difference between 1,300,000,000 rubles and 8,700,000,000 crowns, which had to be withdrawn from circulation at the later period against only 800,000,000 rubles and 2,000,000,000 crowns which were in circulation at the earlier period.

The prospects of recovery may be based on our mineral wealth, our forests, our petroleum resources, our water-falls, and marsh gas; our extremely favorable geographic situation, enabling us to use the Danube and the Black Sea for easy and inexpensive transportation.

One year's good harvest amounting to 5,005,000,000 tons or 1,500,000,000 French gold francs, should be sufficient, if distributed over ten or fifteen years, to pay our entire foreign floating debt, which, once consolidated, does not exceed 1,250,000,000 gold francs.

Roumania, because of its natural resources, may safely count on soon balancing its budget, redeeming its internal debt, and finally, taking care of its foreign debt.

Russia

FOREIGN INVESTMENTS

A summary of foreign investments in Russia is contained in *The Index* of the New York Trust Co., showing that France is by far the greatest sufferer from the confiscation of property by the Soviet Government. The article follows:

Compensation for private property formerly owned by foreign investors in Russia but seized and in many cases "national-

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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 Rela-
tions with the Argentine and Contiguous Countries

CORRESPONDENCE IN ALL LANGUAGES INVITED

ized" by the Soviet Government is one of the principal controversies that has arisen at the Genoa Conference.

A search for information as to the amount and kind of such foreign investments in Russia developed the fact that our Department of State has only a few figures representing the losses claimed by Americans who made private investments in Russia. Unofficially, however, the department officials are inclined to accept an estimate of \$700,000,000 to \$1,000,000,000 recently credited to New York financial interests, as being a fairly accurate approximation of the amount of American private capital invested in Russia.

Great Britain, France and Belgium are, among the European nations, Russia's largest creditors in the matter of private investments. France is the largest creditor of all, the total of French private investments representing, probably, a greater sum than the amount thus privately invested by all of Russia's other creditors combined.

These investments in detail are given officially as follows:

	(million francs)
State loans	6,480
Railway loans	212
Railway bonds	42
Public railway bonds	1,677
Banque de Credit provincial bonds.....	452
Credit Foncier mutuel bonds	83
Bonds not quoted in France	750
Share holdings	1,675
Property in Russia belonging to French citizens	7,000

The above figures are the most complete and accurate of those available for any of Russia's creditors.

Belgium has been relatively a heavy subscriber of private capital to Russian enterprises. Her investments were chiefly made in traction, metallurgical, gas, electric, oil and coal mining undertakings.

Statistics of the United States Department of Commerce indicate that Belgian investors participated in the capitalization of some two score Russian companies whose combined nominal capital is more than 500 million francs. These enterprises are as follows:

	Nominal capital
	Francs
Traction and lighting companies	144,292,000
Metallurgical companies	70,333,000
Coal mines	24,158,000
Gas and electric companies	58,273,000
Oil companies	56,000,000
Miscellaneous companies	52,992,000
Foreign companies	74,000,000
	Rubles
Oil companies	5,812,000
Coal mines	4,500,000
Traction and lighting companies.....	10,440,000
	£
Foreign companies	2,500,000
	Crowns
Foreign companies	5,150,000

The amount actually paid in and the percentage of Belgian subscription compared to the total sum realized are not indicated by the department's figures. However, a British estimate of Belgium's total private

BANKING BUSINESS WITH BELGIUM

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BRUSSELS — OSTEND
CORRESPONDENTS
AT ALL BANKING POINTS

investment in Russian undertakings gives the amount as approximately £95,000,000.

A British estimate of Germany's private interest in Russian industrial enterprise estimates the sum at £17,000,000.

The amount of Great Britain's private participation in Russian development projects is, like that of the United States, still officially undetermined.

Japan

FOREIGN TRADE STATISTICS

The United States Tariff Commission has issued a comprehensive study of the statistics of the foreign trade of Japan, according to a recent press notice sent out by the commission. The commission published a somewhat similar survey in 1918, but much of the material in the earlier report is now out of date. The present survey brings all statistical material up to date, contains much new information, and traces both war and post-war commercial movements.

The press notice comments on the report as follows:

The report consists of four principal sections. The first part deals with Japan's commercial growth from 1856 to 1913. Particular attention is paid to trade conditions in 1913, the last pre-war normal year. This section is followed by a general review of the trade during the war and the years following. Attention is here paid to the outstanding features of the trade, such as the movements of the principal commodities and the commerce with the more important countries. The third section discusses the trade more in detail following the grouping used by the Japanese in their official statistics. The survey closes with a comprehensive study of the trade between Japan and the United States.

The growth of Japan as a commercial nation has been little short of phenomenal. In 1890 Japan's total foreign trade was valued at about \$69,000,000. In 1900 this had grown to \$245,000,000, and in 1920 amounted to approximately \$2,130,000,000. The growth during the war was enormous, and in 1920 both imports and exports had more than trebled as compared with those of 1913. This development made Japan about the fifth commercial nation of the world. The increase in the Japanese commerce, however, as well as in that of certain other countries, was due in large measure to the greatly enhanced unit prices and only in part to an increase in the volume of commodities exchanged. In the world-wide depression which followed the post-war commercial activity, Japan has had its share. During the twelve months ending June, 1921, the value of her trade was but fifty-eight per cent. of that of the preceding twelve months.

Normally, Japan imports more than she exports and in only two years between 1895 and 1913 did she have a "favorable" balance of trade. In the years 1915-1918 the reverse was true; in 1917 the exports exceeded the imports by over \$230,000,000. After the close of the war the former status prevailed; in 1920 Japan again had an "unfavorable" balance of trade amounting to \$190,000,000 and in the first six months of 1921 the imports exceeded the exports by more than \$110,000,000.

Raw silk is the largest export of Japan. This one article makes up from thirty-five to forty-five per cent. of the exports from the Empire, while textiles taken as a group constitute over sixty per cent. of the total. Raw cotton usually amounts to over one-third of the total imports, while iron and steel and their products account for an additional twenty per cent.

Prior to the war about one-fifth of the total Japanese trade was carried on with the United States. Since the beginning of the war this ratio has constantly increased and in June, 1921, about thirty-five per cent. of Japan's total trade was with this country, though only about seven per cent.

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed  .. Yen 100,000,000
 Capital paid up  .. Yen 100,000,000
 Reserve Fund  .. Yen 57,000,000

(\$0.50=1 Yen)

Branches and Agencies

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

Agencies in United States

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of the total American trade was conducted with Japan. In 1918 Japan secured about one-sixth of her imports from this country; this share has now grown to thirty-six per cent. The export trade to this country has increased but little proportionately during the same period and Japan regularly markets about one-third of her total exports in the United States. About one-sixth of Japan's total trade is with China and this proportion has remained remarkably steady, having been but little influenced by the war, while the trade with Europe has shown a constant tendency to decrease during the past twenty years and now makes up only about ten per cent. of the total.

Greece

REPORT OF NATIONAL BANK OF GREECE

The ordinary general meeting of the shareholders of the National Bank of Greece was held on March 25, 1922, at the head office of the bank, Athens, Greece.

The governor, D. Maximos, read, on behalf of the general council of the

bank, the report for 1921. The report reads in part as follows:

The productive business of the bank at the end of the year 1921 showed an important increase in all branches, compared with the results of the previous year.

The average capital, engaged in the year 1921 in these branches, also shows a general increase compared with the previous year, as will be seen from the following table:

(In thousands of drachmæ)

	1921	1920	Increase per cent.
Discounts	67,909	56,057	21.1
Advances to cultivators and proprietors	69,182	54,296	27.4
Loans and open accounts secured by pledge of securities....	61,323	46,858	30.8
Loans and open accounts on mortgage....	101,400	82,043	23.5
Loans on pledge of merchandise	142,747	139,834	2

FOOD SUPPLIES OF THE COUNTRY

Our bank continued during the year 1921 to accord its services with respect to the feeding of the country.

The balance of the food supplies account as on December 31 (o. s.), 1920, amounted to dr.157,692,464.27.

In 1921 dr. 500,143,650 were paid for the

supply of 365,813 tons of wheat and 29,555 tons of flour.

After the collection of the value of the quantities disposed of during the year, there remained a balance as on December 31, 1921, of dr.137,184,314.59, representing the stocks in warehouse and cargoes on the way.

The increase in the deposits with the bank during the past year is worthy of special remark.

The total deposits at sight, at fixed terms, and savings bank deposits amounted:

	Dr.
On December 31 (o. a.), 1921, to.....	1,696,312,000
and on December 31, 1920, to.....	1,191,258,000
Increase for 1921.....	505,054,000

The average for the year was:

	Dr.
In 1920	948,435,000
In 1921	1,517,750,000

On the other hand, the total of deposits in general within the year, together with interest, amounted to dr.8,466,372,793.93, whereas in the previous year they only reached dr.6,522,364,604.42, or, in other words, the increase during the year 1921 amounted to dr.1,944,008,189.51, or 29.8 per cent.

Another point worth noting is the movement of deposits and withdrawals of profits, which reached a total of:

	Dr.
16,295,157,616.66 in 1921, against	
12,506,962,534.40 in 1920, or an increase of	
3,788,195,082.26	

A clear proof of the vitality and economic robustness of the country, as well as of the great confidence enjoyed by our bank, is afforded by the uninterrupted increase in deposits as shown by the figures for the past ten years:

(In thousands of drachmæ)	
1912	217,554
1913	216,800
1914	296,154
1915	346,553
1916	397,121
1917	483,447
1918	602,852
1919	727,767
1920	1,191,258
1921	1,696,312

The sum allowed as interest in deposits amounted:

	Dr.
In 1921 to	42,081,000
In 1920 to	26,501,000

Or an increase in 1921 of 15,580,000

Deposits with the other Greek banks amounted to a total of dr.1,099,153,000 in 1920, and of dr.1,415,695,000 in 1921, or an increase of dr.316,542,000 in the latter year.

BRANCHES OF THE NATIONAL BANK

The local inspections of the bank's branches showed a remarkable increase in frequency. The reports of these inspections contain, not only observations upon the control exercised, but a more general examina-

tion into the administration of the business, and they deal with the factors which compose the economic forces of the district, and give an accurate picture of its economic structure together with conclusions as to the directions in which it is recommended that business shall be done. In this way it is intended that the bank shall, through the branches, systematically accord its warm assistance to the wealth-producing factors of the country, for the good of the national economy.

STAFF OF THE BANK

During the year under review we adopted several measures respecting the bank's staff. We endeavored to secure for our collaborators the means with which to meet the necessities of life which has of recent years become so hard. It must be admitted that the bank's staff fully responded to expectations, and displayed zeal and devotion in the discharge of their duties. We are glad to say that the gratifying results of the year's business rendered it possible for the members of the staff to obtain a most satisfactory participation in the profits, which, we have no doubt, was equally pleasing to the shareholders.

The statistics of the movement of the staff, which have been laid before you, show that on December 31, 1921, it numbered 1664 persons, as against 1669 at the close of the previous year. In other words, the staff was increased by 295 employees in the course of the year 1921. This addition was necessitated by the large amount of new business, and the consequent need of strengthening the staff of many departments, as well as to the fact that a number of the members of the bank's staff are serving with the colors.

LARGE PROFITS REALIZED

The profits of the bank during the year 1921 were exceptionally satisfactory. The administration feels obliged, nevertheless, to draw attention to the fact that these results must be considered as abnormal, as they arise from extraordinary business on the one hand, and on the other from latent profits deriving from previous years, which had to be shown after the signature of the convention providing for the participation of the State to a considerable extent in the profits from January 1-14, 1923.

We distributed out of these profits dividends of dr.250 for the first half-year, and dr.300 for the second half, while transferring to reserves during the whole year the important sum of dr.85,000,000.

We believe that no objection will be raised to this measure, proposed by the administration to the general council of the bank, as the importance of strengthening our bank by generous transfers from profits to reserves must be clear to all, seeing that the period through which we are passing is a critical one, and it is necessary that the

The Bank of the Philippine Islands

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

Capital fully paid-up . . .

Reserve Funds . . .



(\$0.50 = 1 Peso)

(Pesos) 6,750,000.00

“ 5,972,500.00

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F. Borromeo.....*Vice-President*
P. J. Campos.....*Mgr. Iloilo Branch*
J. M. Browne.....*Mgr. Zamboanga*

B. Moreno.....*Secretary*
D. Garcia.....*Cashier*
E. Hyron Ford.....*Chief For. Dept.*
S. Freixas.....*Accountant*

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Hongkong: Netherland India Com'l Bank
San Francisco: Wells Fargo Nevada Nat'l Bank
New York: National City Bank, The Equitable Trust Co. and Irving National Bank

Paris: Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

guarantees afforded by the National Bank shall correspond with circumstances and the scale of the business of the bank.

ECONOMIC STRENGTH OF THE COUNTRY

In concluding this report, we cannot refrain from once more extolling the endurance which the country has displayed in the critical period through which we are passing. Although the Government has had to cope with the most difficult period of the economic life of the kingdom, on account of the great war which we are carrying on, the financial machinery has nevertheless worked smoothly. We are consequently justified in regarding the future with complete confidence.

The National Bank, faithful to its traditions, and without departing from the conservative principle necessary for the chief credit institution of the nation, has placed the whole of its financial forces and credit at the disposal of the Government, in the service of the country and of the State. We are of the opinion that we may be proud of the services which this powerful institution has rendered to the fatherland.

Australia

COMMONWEALTH BANK*

With a history extending over barely a decade, the Commonwealth Bank of

Australia is an institution unique in many respects. It is the first, and, so far, the only State bank of the Empire. By the Act of Parliament under which it is constituted, the Commonwealth Government is responsible for all moneys due by the bank, thus giving ample guarantee for the safety of the funds entrusted to its care. It has the whole of Australia at its back. Another singular feature is that it has no capital, nor has it required any, as the people themselves and their country provide its security. Any profit earned really goes back to the people. Of the net profits one-half is credited to the bank's reserve fund and the other half to a redemption fund. The latter may be used in paying off Commonwealth debts or State debts taken over by the Commonwealth. It is conceivable, therefore, that the accumulated profits of the bank may in time be large enough to wipe out the public debt of Australia.

It is worthy of special note that the

*Reprinted from the Sidney Daily Telegraph of February 20, 1922.



Banking room at the head office of the Commonwealth Bank of Australia

bank is empowered to transact both general and savings bank business under one management. When the bank was established that was a new departure in Australia, as up to that time the functions of general banking and savings banking had been kept quite distinct and carried out by separate institutions.

GROWTH WITHOUT PARALLEL

The growth of the bank since its inception is without parallel in the annals of banking history. Established in 1912, with assets of only £10,000 in the form of a loan from the Commonwealth Treasury, the institution today boasts assets of over £140,573,000, while depositors to the number of over 843,000 have balances at their credit exceeding £36,700,000. The profits for the half-year ended June 30 last amounted to £403,041. There are now sixty branches located throughout Australia and in London, Rabaul, and Kaewieng, and to each branch is attached a savings bank department. In addition to branches there are 3200 saving bank agencies, mostly at post-offices, in Australia, the territories of

Papua and New Guinea, Solomon Islands Protectorate, and other parts of the Pacific. The total staff numbers 1936, comprising both male and female employees. When the bank commenced business in 1912 the staff numbered forty-nine.

The doors of the institution were opened for savings bank business in Victoria in July, 1912, and two years later savings bank operations had extended to all other States.

TRADING COMMUNITY BENEFITS

The opening of the branch for general banking and trading business took place throughout Australia, and in London on January 20, 1918. About this time the money market was "tight," and the ordinary trading banks were increasing their rates for overdrafts. The advent of a new and powerful competitor, with a maximum rate of six per cent. on overdrafts, therefore, had a salutary effect in keeping interest rates at a reasonable level. The commercial and manufacturing community throughout Australia has, more or less unconsciously, received a large measure of benefit from the bank's entrance into



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the trading sphere. The bank has also taken a prominent part in financing Australian wheat pools and the marketing of other primary produce.

Owing to the rapid growth of the bank's business, early amendments of the Commonwealth Bank act were found necessary. Under the original act it was doubtful whether the bank had power to absorb other banks, and one of the chief provisions of an Amending act in 1914 was to give the bank the necessary authority to enter into such arrangement should a suitable opportunity arise. At the same time provision was made for the bank to issue capital stock up to £10,000,000 instead of the previously authorized limit of £1,000,000, for, though the bank has up to the present conducted its business without any subscribed capital, it was apparent that, in the event of absorbing other institutions, the necessity for capital would probably arise.

PUBLIC SUPPORT

Once established, the accounts of the Commonwealth Government were immediately transferred to the bank. Business from all quarters quickly flowed in. The support given by the general public from the outset was particularly gratifying to those in charge. The bank's operations, of course, embrace all classes of banking business, including current or cheque accounts, fixed deposits, drafts, bills, foreign and travellers' credits, savings, notes, war loan and safe deposit. The savings bank department allows interest at the rate of three and one-half per cent. on balances up to £1000, and three per cent. on any additional sum up to £300, making a total of £1800 on which interest can be obtained. Fixed deposits are accepted for six, twelve, or twenty-four months, and interest allowed at current rates.

Manufacturers and traders should note that advances may be arranged

against approved security, interest being charged on daily balances of the overdraft at the rate of six per cent. In arranging advances against security over city, suburban or country holdings, and collateral, the customers of the bank are saved legal expenses, the only fees charged being out-of-pocket expenses such as cost of registering and search fees. Advances are also made to approved customers against wool, metals, and other primary produce.

WIDESPREAD OPERATIONS

The widespread character of the bank's operations is almost a surprising feature, but few things in the history of modern finance are more striking than the success which attended its flotation of all the war and peace loans in Australia. Seven war loans were floated from July, 1915, to August, 1918. They totalled £188,447,570, while two peace loans and a diggers' loan, floated from September, 1919, to September, 1921, totalled £61,724,440, making a grand total for the ten issues of £250,172,440. It is a notable fact that this great sum was raised locally, and loans were always over-subscribed. Furthermore, war savings certificates issued amounted to £7,454,718. In short, the bank has not only acted for the Commonwealth Government in raising the loans, but has managed them throughout, establishing registries for inscribed stock at all its capital branches, and using its network of branches throughout Australia, Papua, New Guinea, and at London, for the successful flotation and management of the issue.

"THE NATION'S BANK"

The bank also manages loans raised in London to a total of £71,000,000, of which £46,000,000 has been actually floated by the bank itself. This money has been raised on behalf of the Commonwealth Government, the State Governments of South Australia and Tasmania, and various semi-governmental bodies. In addition, the bank has raised loans totalling \$22,000,000 in America on behalf of the State Government of Queensland.

The functions and usefulness of the bank are now so widespread that the institution is fast being recognized as "the nation's bank" within Australia. It is the "people's bank" on its savings side and the "traders' bank" on its general side. It has proved its usefulness in every emergency, and was a tower of strength to Australia during the war; while since the war it has taken an active part in making banking facilities available for the repatriation and settlement of returned soldiers. There can be no doubt that its freedom from political control has been an important factor in its success. The act under which it is established wisely vests complete control in the governor of the bank.

THE GOVERNOR

The phenomenal success of the bank is substantially attributed to the governor, Sir Denison S. K. Miller, whose initiative and organizing capacity have been untiringly exercised since his appointment under commission in 1912. He was made K.C.M.G. in June, 1920, in recognition of meritorious services to Empire finance during the war. Throughout, Sir Denison Miller has been ably seconded by James Kell, deputy governor, who was also appointed under commission in 1912, and has upon occasions of the governor's absence from Australia had control of the institution. No inconsiderable part of the bank's progress has been due to the operations of the London office, which, from the first, has been in charge of C. A. B. Champion.

The head office in Sydney, is housed in a handsome structure of ten stories, the contract price for which was £164,457. Besides accommodating the bank's own staff, the Commonwealth Government occupies four floors, and two other floors are used by Commonwealth departments. The latest labor-saving appliances for conducting a large bank have been adopted. The tenth floor is set apart for luncheon service, and the food is prepared in an electrically-fitted kitchen, and supplied to the staff at cost.

Members of the staff are encouraged

London and River Plate Bank, Limited.

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 Lisbon Branch: 32 Rua Aurea (\$5=£1.)

CAPITAL (Authorized)	- - - - -	\$20,000,000
SUBSCRIBED CAPITAL	- - - - -	15,000,000
PAID-UP CAPITAL	- - - - -	10,200,000
RESERVE FUND	- - - - -	10,500,000

DIRECTORS

E. ROSS DUFFIELD, Esq. J. W. BEAUMONT PEASE, Esq.
 RICHARD FOSTER, Esq. HERMAN B. SIM, Esq.
 FOLLETT HOLT, Esq., M. Inst. C. E. Sir RICHARD V. VASSAR-SMITH, Bart., D. L.
 KENNETH MATHIESON, Esq. ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.; LONDON COUNTY WESTMINSTER AND PARRS BANK, LTD.

BRANCHES IN SOUTH AMERICA

BRAZIL:—Para. Macelo, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus.
URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu, Salto and Rivera.
ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. **CHILE:**—Valparaiso, Santiago, Antofagasta. **UNITED STATES OF COLOMBIA:**—Bogota, Medellin. **PARAGUAY:**—Asuncion.

Correspondents in all other places of importance in these South American Countries
 Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, Agent

to join the Sydney University Extension Classes, and lecturers attend the bank in the afternoons and give instruction. The ground floor is occupied solely by counters and the staff attending to the public. The bookkeeping is done on the floor above, connection being made with hidden pneumatic tubes and the teleautograph. In the basement are located complete strongrooms and the safe-deposit.

ADDITIONAL ITEMS OF INTEREST

Other welfare measures are the provision of a well-equipped first-aid surgery, presided over by a trained nurse, an extensive library of books and magazines available to the staff at purely nominal annual subscription, smoke and rest lounges, and last, but not least, a fine system of locker and dressing rooms.

In addition, the bank provided some years ago for the formation of a staff club, the members of the council of which are elected by the officers themselves. The council arranges and con-

trols all social functions and sporting fixtures, and all matters which make for the welfare of the staff generally.

NOTES ISSUE

Ever since the establishment of the Commonwealth Bank, in 1911, it had been contended that the Australian note issue was really a department of the national finance, and as such should be under the direction of the bank. It was not considered advisable to make any change during the war period, but under the Commonwealth Bank act, 1920, which repealed the Australian notes act, the management of the Australian notes issue passed to the Commonwealth Bank of Australia on December 14, 1920.

Under the new regime, the whole of the business of the distribution of Australian notes, the examination and sorting for cancellation of mutilated and soiled notes, etc., is cared for by a special new section of the bank, called the note issue department, operating under the direction of a board of control of

which the governor of the bank is chairman and H. T. Armitage, secretary. The other three directors are J. J. Garvin, Esq., of Sydney, the Hon. George Swinburne, of Melbourne, and the Secretary of the Commonwealth Treasury, J. J. Collins, C.M.G. At the date of the inauguration of this new department, December 14, 1920, the total of notes outstanding was £55,012,564, including the holdings of all the banks. The gold reserve was £28,809,622, representing 42.37 per cent. of all notes outstanding.

Argentina

GENERAL CONDITIONS

The current letter of Ernest Tornquist and Company, Buenos Aires, comments on the general situation as follows:

The harvest has given a fair yield of wheat while linseed and oats yields are below those of a normal year. The quality of the grain is good. Wheat exportation has been active. In the wool market relative firmness prevails, due to the large demand from abroad. Fluctuations in the exchanges have been slight, except in the case of the mark. Stock exchange business has been relatively important, particularly in public bonds and "cedulas", which close at firmer prices. Petroleum exploitation is becoming ever more active and the satisfactory results obtained confirm anticipation of the transcendental value of this new mineral wealth. Labor conditions have been very satisfactory; labor is abundantly available—indeed a certain degree of unemployment is now manifest.

On the other hand, the livestock industry is in a state of acute crisis, and meat exports are gradually declining, consequently, prices of meat have fallen heavily. Failures continue to be at a high level, the figures for March marking a very considerable increase. Banking business is still not very brisk. The recent loan of twenty-seven million U. S. dollars has not improved our exchange on New York. Maritime freights have dropped greatly. The sugar market is very weak.

Mexico

BUSINESS CONDITIONS

"Conditions in Mexico are excellent now and in my opinion, more stable at present than at any time in my

memory," says John B. Glenn, who recently arrived from Mexico, where he served as American consul from 1910 to 1917. He is now manager of the Mexico City office of the Equitable Trust Company, New York. Mr. Glenn stated that he has of late received many inquiries from American bankers and business men regarding financial and commercial conditions in Mexico, due to the fact that many people are anxious to open negotiations with Mexican interests.

Business is improving daily and Mexico at present affords an unusual field for firms desiring to obtain export orders. In the automobile industry alone Mexico is purchasing about 600 machines monthly, a volume of consumption probably larger than that of any other foreign country at this time. Goods may be sold at all times, under conditions entirely satisfactory to American manufacturers. Mexico is a natural outlet for American business. Railway service, both passenger and traffic, has been much improved and freight can now be handled expeditiously over all routes.

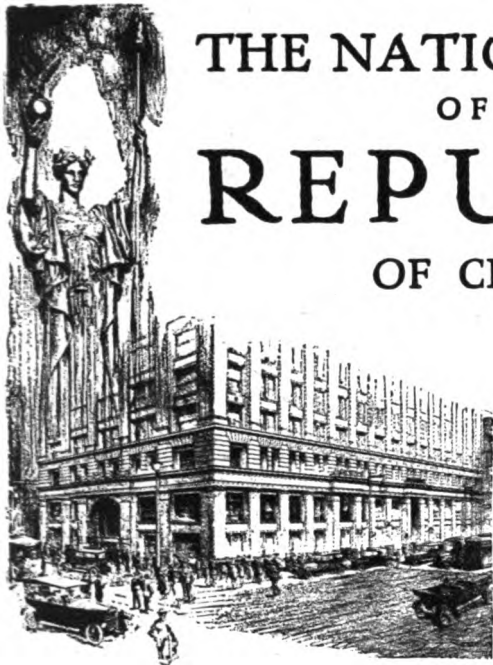
Mexico is eager to disentangle its affairs and is anxious to meet all outstanding obligations. Mr. de la Huerta, Mexican Minister of Finance, is now in New York for a series of conferences, with the leading bankers of this country and Europe. At these meetings it is hoped a final agreement will be reached with respect to the external debt of Mexico, and I feel sure that a satisfactory arrangement will be made.

Mr. Glenn is an authority on Mexican affairs having resided in various parts of Mexico for the major part of the past sixteen years.

International Banking Notes

The balance sheet of the Polish State Loan Bank for 1921 shows considerable improvement in all lines of the bank's activities and the gold reserve has been doubled, according to reports received from the Polish Bureau of Information. These figures are pointed to as an indication of prosperity for the country, as the bank has been working in harmony with the Ministry of Finance in all the steps taken toward Poland's financial and economic restoration.

The bank's gold reserve increased 100 per cent. during the year, the amount on hand at the end of 1921 being the equivalent of 24,920,974 gold marks as compared with 12,-



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

**Is prepared to render
exceptional service
in exceptional times**

**CAPITAL AND
SURPLUS
\$3,000,000**

418,829 at the end of 1920. The silver holdings increased by 17 per cent., the amount at the end of the year being 42,620,514 marks as compared with 36,441,829 at the beginning of the year. The reserves are calculated at par of the gold mark.

Foreign securities to the value of 94,503,866 marks were to the bank's credit on Dec. 31, 1921. Abroad the bank had funds available to the extent of 970,165,972 marks. Both these sums were calculated at the par value of the gold mark.

The bank's assistance to Polish industry is shown in the growth of the loans on raw material and in the increase of bills discounted. During 1921 the loans allowed on merchandise totaled 144,253,000,000 marks, as compared with 1,893,000,000 in 1920. The amount of bills discounted grew to 15,324,000,000 marks for the year as compared with 610,000,000 marks in 1920. The total of loans on bonds and merchandise for the year was 22,715,000,000 marks. The total of bills and notes discounted was 31,000,000,000. The nominal value of Polish bank notes in circulation at the end of 1921 was 229,537,560,446 marks, large amounts of these notes having been issued for the purpose of aiding industry, and for the purpose of buying gold and silver, as well as foreign exchange and securities.

The bank's loans to the Polish Govern-

ment amounted to 221,000,000,000 marks. The profits for 1921, amounting to 2,964,332,142 marks, have been turned over to the bank's reserve fund, which including a 6,000,000,000 mark extraordinary reserve, now amounts to nearly nine billion marks.

The bank has forty-one branch offices throughout Poland, with a central bank in Warsaw. During the year the total clearings of the main and branch banks were 2,787,504,000,000 marks. The Clearing House banks of Warsaw, Lwow and Poznan cleared a total of 187,210,000,000 marks.

Since the first of the present year an increasing proportion of the banknotes issued by the State Loan Bank has been used in assisting industrial establishments.

©

The New York office of the Standard Bank of South Africa, Ltd., has received the following cable message from its London office:

Subject to order the directors have resolved to recommend to the shareholders at a general meeting to be held on July 26 a dividend for the half year ended March 31 last at the rate of fourteen per cent. per year, together with a bonus of 2s and 6d per share, both subject to income tax, making a total distribution for the year of sixteen and



one-half per cent.; to appropriate £50,000 for writing down bank premises; to add £100,000 to the officers' pension fund; carrying forward a balance of about £191,000; all other usual and necessary provisions have been made.

⊙

After having been in actual operation for more than a year, the latest addition to the American Express system's chain of globe-encircling offices, located in Constantinople, is now in a position to handle all classes of the company's activities, including financial, shipping, and travel, according to a recent announcement sent out by the company.

The new office, which is in direct charge of R. E. Bergeron, general manager of the company's Near East division, is located at 15 Rue Voivoda, in Galata, the commercial, business and banking section of the city. General Manager Bergeron is a veteran in the company's service, having been originally in charge of Russian and Oriental shipments from New York, and later serving terms as manager of the Yokohama and Hongkong offices. Assistant Manager J. Wiley Brown has been identified with American interests in Constantinople for many years, and was a resident of the city before the war.

⊙

Lehman & Enrich, 42 Broadway, New York, have been appointed American representatives of the following institutions:

Hardy & Co., G. M. B. H., Berlin; Oesterreichische Credit Anstalt Fur Handel Und Gewerbe, Vienna, and the Barmer Bank-Verein, Barmen, with their branches in Rhineland and Westphalia.

⊙

Cable advices from Italy announce the foundation of the Banca Nazionale Di Credito with a capital of lire 250,000,000—of which three-tenths has been subscribed and paid up by the three banks of issue, viz. Banca d'Italia, Banco di Napoli and Banco di Sicilia.

The new bank will act as liquidator of the business of the Banca Italiana di Sconto the creditors of which are fully represented on the board, which will occupy, when completed, the elaborate bank building which was being built for the Banca Italiana di Sconto. It is a noteworthy fact that by special dispensation of the government, the new institution is freed from all transfer and other taxes in this connection. The board of directors, among whom are some of the most able and prominent financiers in the country, is headed by Comm. Domenico Gidoni, chairman of the board, formerly delegate of the Italian National Institute of Exchange and representative of the Banca d'Italia in New York, and by Dr. Comm. Guido Pedrazzini, managing director, who is well known to New York bankers as managing director of the agency of the Banca Commerciale Italiana in that city.





The Yokohama Specie Bank, Limited, Yokohama, Japan

The Yokohama Specie Bank, Ltd.

THE Yokohama Specie Bank, Limited, head office at Yokohama, Japan, was opened for business on February 28, 1880. The bank transacts every description of business at home and abroad. But its special object is acting as an organ of the country's foreign trade, paying particular attention to foreign exchange and endeavoring thereby to secure the financial adjustment of that trade. It manages, under official orders, the foreign financial operations of the Imperial Government. The bank originally started with a capital of 3,000,000 yen. On March 30, 1887, the capital was doubled. Other increases have been made at various times until the capital now amounts to 100,000,000 yen.

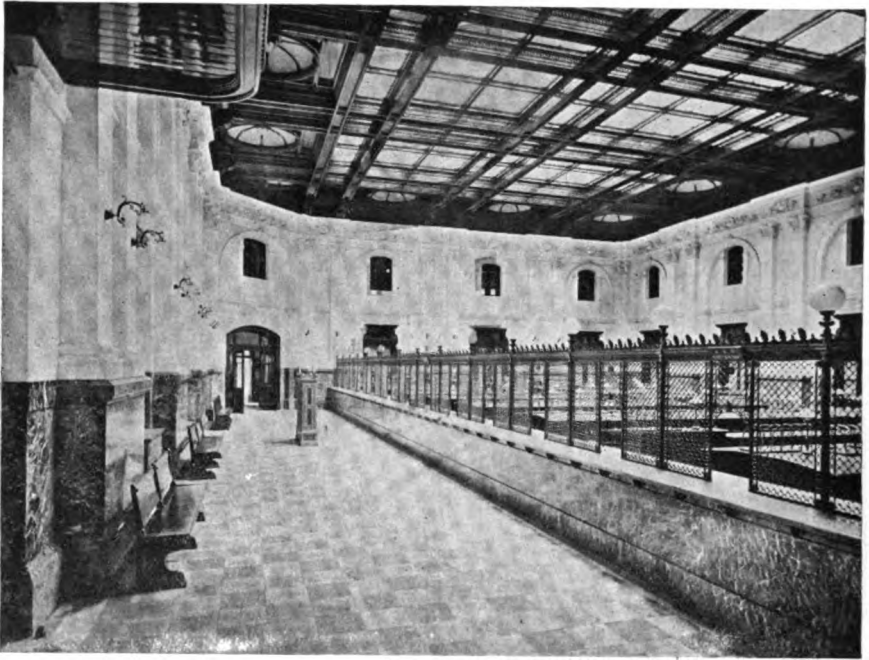
The head office building at Yokohama is built to withstand earthquake and fire. It is four stories high consisting of a basement, ground floor, first and second floors, but covers a large space of ground, as the two banking rooms and many of the other departments and

private offices are on the ground floor. The second floor has writing rooms, reading rooms, directors' rooms, dining room, waiting rooms, a meeting room for stockholders, seating 300; and private offices including the president's.

The main banking room on the ground floor is divided into three sections for the accommodation of the respective divisions of the business department of the bank. Each division is provided with a number of counter windows for the convenience of the public. The second banking room is devoted to the handling of cash.

A reading room is provided on the first floor for the special use of clients from abroad, and for their convenience there are guide books, railway time tables, steamship schedules, newspapers, etc. A ladies' room and letter writing room are connected with the reading room.

The second floor is given over to offices and store room space. In the basement are the vaults and private rooms.



General banking room of the head office



Meeting room for stockholders at the head office



KENJI KODAMA
President and director



REITARO ICHINOMIYA
Vice-president and director

The vaults are modern in every respect.

There are branches and agencies of the bank in the following cities: Tokyo, Kobe, Shimonoseki, London, Hamburg, Rio de Janeiro, San Francisco, Seattle, Bombay, Rangoon, Sourabaya, Manila, Saigon, Hongkong, Hankow, Tsinan, Peking, Dairen, Kai-Yuan, Harbin, Nagoya, Osaka, Nagasaki, Lyons, Buenos Aires, New York, Los Angeles, Honolulu, Calcutta, Sydney, Batavia, Singapore, Shanghai, Tsingtau, Tientsin, Newchwang, Fengtien, Changchun, Vladivostock.

The directors of the bank are: Kenji Kodama, president; Nakaji Kajiwara, Nagatane Soma, Masnoske Odagiri, Konojo Tatsumi, Iwao Matsukata, Reitaro Ichinomiya, vice-president, Kimpei Takeuchi, Shimakichi Suzuki, Yuki Yamakawa, Baron Koyata Iwasaki, Fukusaburo Watanabe, Baron Kaisaku Morimura, Taro Hodsumi, Hirozo Mori, Kunizo Moganii.

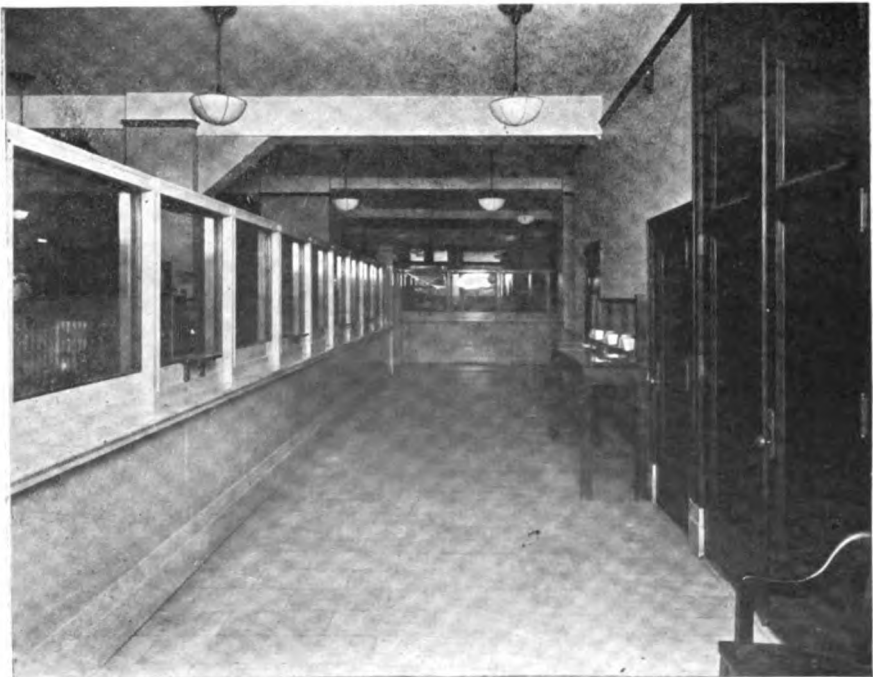
The statement of condition of the bank at December 31, 1921, is as follows:



HIDESHIGE KASHIWAGI
New York agent



Reading room for clients at the head office



One of the main corridors in the lobby of the New York agency



Private office of the New York agent

ASSETS		Y	Y
Cash account:—			
In hand.....	37,995,734.97		
At bankers	63,855,126.03	101,850,861.00	
Investments in public securities and debentures.....		159,316,037.69	
Bills discounted, loans, advances, etc.		256,512,171.91	
Bills receivable and other sums due to the bank.....	462,200,784.52		
Bullion and foreign money.....	7,478,116.69		
Bank's premises, properties, furniture, etc.		8,812,875.38	
		Yen	<u>996,170,847.19</u>

LIABILITIES		Y
Capital	100,000,000.00	
Reserve fund	57,000,000.00	
Reserve for doubtful debts.....	6,153,636.60	
Notes in circulation	8,278,431.66	
Deposits (current, fixed, etc.)	508,441,693.34	
Bills payable, bills re-discounted, acceptances and other sums due by the bank	301,424,846.82	
Dividends unclaimed	25,095.37	
Balance of profit and loss brought forward from last account	4,754,936.69	
Net profit for the past half-year	10,092,206.71	
	Yen	<u>996,170,847.19</u>

The New York office was opened in 1880 at 97 Warren street, in 1895 it was moved to 60 Wall street, in 1898 to 63 Wall street, 1908 to 55 Wall street, and in 1918 to 120 Broadway. The original staff numbering four has been increased to 123 members. The first few years business consisted chiefly in handling Government finances in connection with diplomatic service and tuition expenses for students sent to the United States by the Japanese Government. The first commerce consisted chiefly in the export of raw silk to the United States. At that time the yearly turnover was less than \$2,000,000, and during the late war the daily turnover exceeded \$200,000,000, the highest being in November, 1918, amounting to \$234,000,000.

Reitaro Ichinomiya, vice-president and director, was for sixteen years in charge of the New York office and during his administration the business of the bank grew in volume and broadened in scope. He came to New York after six years



Import, export and accounting department of the New York agency



Coupon department

in the London office. He was made director in 1920 and elected vice-president in 1922. He returned to Japan in 1921.

Kenji Kodama, president and director, was for twelve years in the Bombay office and for eight years manager of Shanghai. He was elected director in

1922. He is recognized as an expert on the silver situation.

Hideshige Kashiwagi, the New York agent, has been at Tokio and Darien as sub-manager, Hankow, China, as manager and came to New York in November, 1920.



The Tricolor and the Stars and Stripes

ON May 30, at Washington, Ambassador Jules J. Jusserand of France, presented to President Harding the American Flag which flew over the Eiffel Tower in Paris alongside the French Tricolor the day the news of the entrance of the United States into the World War on the side of the Allies reached the French Capital. In presenting the flag to President Harding, Ambassador Jusserand said:

Nearly a century and a half ago, at Quiberon, in Brittany, a small ship not bigger than the submarine chasers of the late war passed before the French fleet and saluted. The French returned the salute, welcoming in our waters a flag unknown till then in Europe, the flag of liberty, the stars and stripes of the thirteen new-born United States.

The American ship was the "Ranger" of John Paul Jones; the one which returned the salute, the first salute ever given in European waters to a vessel from the States, bore the auspicious name of "Independence", and was under the command of Admiral de La Motte Piquet, famous afterwards in the annals of our navy.

The unknown flag is now respected all over the world. By us it is both respected and loved.

Five years ago, when the fight was again for liberty and acute was the peril of France, of her allies and of the great cause, the forty-eight United States decided to throw their mighty sword on the scale. A thrill of enthusiasm and gratitude went through the heart of every Frenchman and Frenchwoman from the furthest trenches to the remotest mountain-hamlet. Richer in stars than that of Paul Jones, but representing the same impulse, the flag of America was hoisted, when the news came, at the top of the Eiffel Tower, side by side with the tricolor of France, devised for us by Lafayette during our own Revolution, and was saluted with one hundred and one guns.

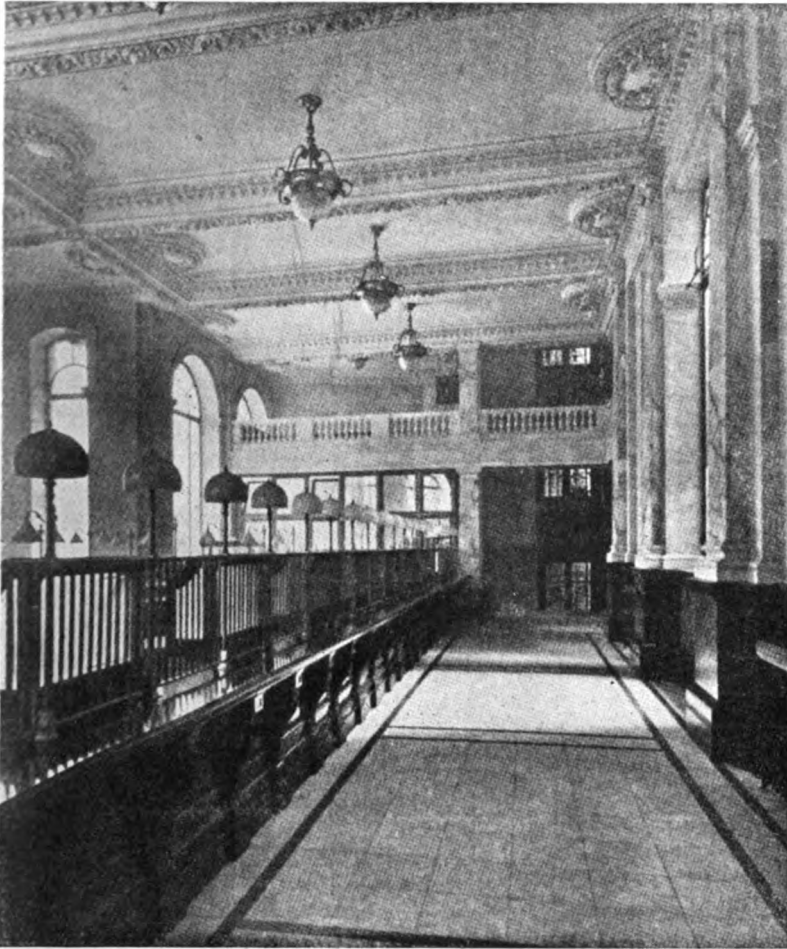


Jusserand

This same flag displayed also on other great occasions relating to the common effort and the common victory, was brought to this country by Marshal Foch with the papers testifying to its authenticity. I count it as one of the greatest honors and most congenial that could befall me, to have the privilege of presenting it to the justly admired Chief of the nation who, at a most perilous hour, came to the rescue, and to do so on this day of commemoration.



Head office in London of the Chartered Bank of India, Australia and China



Banking hall at the head office

The Chartered Bank of India, Australia and China

SINCE its establishment by Royal Charter in 1853, the Chartered Bank of India, Australia and China has continued to play an increasingly important part in Far Eastern banking and trade. The declared object of the bank at the time of its foundation was to extend the legitimate facilities of banking to the vast and rapidly expanding trade between the United Kingdom and several of the Eastern countries—an object which has met with a large degree of success. Although founded in 1853, the bank did not begin operations until 1857.

The following year branches were established in Singapore and Hongkong, while in 1862 an office was established in Rangoon, in 1868 in Batavia, in 1872 in Manila, in 1875 in Penang, in 1880 in Yokahama, and in 1893 in Bangkok. Thus India, the Straits, the Dutch East Indies and Japan all come within the sphere of the bank's operations, and each step in this direction has led to a considerable growth in business. Some idea of the importance of this business can be obtained from the illustration showing the exterior of the chief office in Calcutta. The third



Calcutta office



Yokohama office

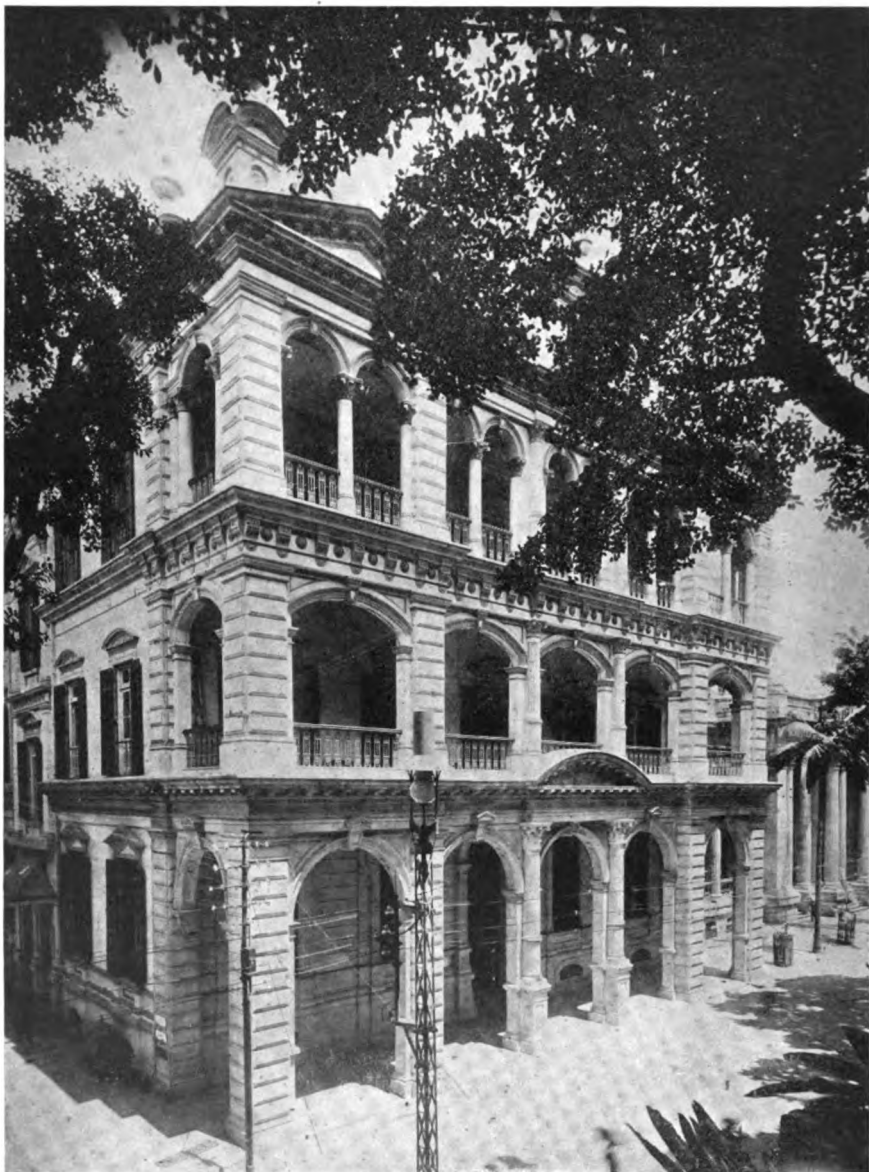


Singapore office

building which the bank has tenanted in that city forms certainly the most imposing bank building in the East. Situated in Clive street, opposite the Royal Exchange, it dominates the business quarter, and its commercial importance can be ascertained from the great assembly of brokers gharries which can be seen in the illustration as being congregated round its walls.

As has been said, the first year of the bank's operations were signalized by great prosperity in India, and the divi-

dends, which commenced with five per cent. in 1858, rose to twelve and one-half per cent. for the years 1868-4, while a reserve of £105,000 was accumulated. Then came the troubles of 1865-6, and for 1870 and 1871 the dividend disappeared, while the whole of the reserve was swept away, so that in 1870 the bank found itself in the position of having a paid-up capital of £800,000, paying no dividend and having no reserve. About that time John Howard Gwyther was appointed man-



Hongkong office

ager, and a great change came over the conduct of its affairs. Dividends were resumed in 1872, but were kept upon a moderate scale for a long time, and steadily the bank grew in size, importance and strength. The early balance-sheets were very meager, and as time went on the items were split up to a much larger extent.

A great factor in the return to prosperity of this institution was the manner in which the reserve was built up. Unlike so many institutions that rely largely upon premiums on new issues, this bank built up a huge reserve entirely out of profits, until in 1906 it had a fund considerably in excess of its paid-up capital. Then the enlarged



Bombay office

business of the bank required more capital, and an issue of £400,000 in new shares was made, which yielded £400,000 in premiums, and even then gave a substantial bonus to the stockholders who subscribed for them.

Until the reserve had reached half the paid-up capital the dividends were restricted to eight per cent. and the distribution was not raised above ten per cent. until the capital was equalled by the reserve.

The continued strengthening of the position of the Chartered Bank is all the more remarkable in that it was carried on through a period of severe difficulties. The crisis of 1865-6, the depreciation in silver which commenced shortly before 1870, the effects of the famine in India, of wars in the Far East, had to be faced in addition to the ordinary risks that are a part of the average banker's life.

All the time these great changes were being experienced this institution had to provide credits and grant advances to

merchants trading in India and the Far East, and the full amount of ordinary mercantile risk had to be faced. Yet so surely and strongly were the foundations laid that it has come out triumphant through the ordeal and has never stood so high in reputation in the city as it does at the present time.

Mr. Gwyther played a great part in building up the bank to its present position, and he was ably supported by the staff at home and abroad, and those who have followed him have continued his policy. Sir Montagu Turner, the present chairman, as befits his position, spent the greater part of his life in the East. Serving his apprenticeship to business in the City, he commenced his career in 1873 in the office of Messrs. Gellatley, Hankey, Sewell & Co., and at the end of 1877 proceeded to Calcutta as an assistant in the firm of Messrs. Mackinnon, Mackenzie & Co. Eventually he became a partner in the firm, returning to England in 1903. During his stay in India he served on the



Partial view of the lobby and public space in the main banking room, New York agency



Private office of the New York agent, William Baxter



General offices, New York agency

Bengal Council of the Viceroy's Council as representative of the Bengal Chamber of Commerce, of which latter body he was president for three years. He also served at various time in the Bombay Port Trust and the Calcutta Municipality. After his return to England he became a director of the Chartered Bank in 1904 and of the London and Westminster Bank in 1907, and when Mr. Gwyther, now deceased, retired from the chairmanship in 1904 he was made chairman of the bank. Sir Montagu Turner, through his connection with the important Indian firm, has a great insight into the Eastern shipping business, and in consequence of this he was some years ago appointed a member of the London Port Authority.

HEAD OFFICE IN LONDON

The head office in London was erected on the site of Crosby Hall, at a spot which is surrounded by many fine banking buildings. The architects were

Messrs. Gordon and Gunton, and Trollope and Colls, Ltd., were the builders. The style chosen may be described as Italian Renaissance, the Corinthian pilasters above the first floor forming a feature in the scheme of architecture. The entire front of the building is of Portland stone, with a base of Aberdeen granite. Great attention has been paid to the banking hall, which is unusually lofty, the height being no less than twenty-three feet, while the windows are of exceptional size, and being filled in with bronze frames ensure a maximum of light. The walls of this great hall, which measure fifty-six feet by sixty-eight feet, are of white marble while the dado is composed of Vertantico marble, with a black marble plinth. To ensure stability the columns are threaded with steel, and the floors are formed under the Kleine patent fire-resisting system. The ceiling is particularly graceful, having been modelled by the Broomsgrove Art Guild. Perhaps the most prominent feature to any-



Correspondence and accounting department, New York agency

one entering the bank is the mezzanine at the far end of the hall, which is rendered conspicuous by a beautiful balustrade in white marble. On this mezzanine, and the floor above, are placed those members of the head office staff of the bank whom it was found impossible to accommodate in the banking hall.

The woodwork throughout the building is mahogany and the full effect of this is best seen in the board room, which exhibits the exceptional care of the architect. An interesting feature of the arrangements on the first floor is that, by a series of sliding partitions, the board room and two other rooms can be converted into one big hall suitable for the holding of meetings of shareholders. A granite marble staircase connects the different floors, and the building is fitted with elevators where required. The oxidized brass work, which is employed so generally was designed specially by the architect. Beneath the ground floor are a basement

and a sub-basement, the latter being largely occupied by the strong room, while the rest of the space is devoted to storage purposes.

In the lower basement has been constructed perhaps the most up-to-date and complete strong room of its size in London. This work was carried out by the well-known Chatwood's Patent Safe and Lock Company, of Bolton, and is a wonderful combination of strength and skill. The plan of the strong room is an isolated chamber measuring forty-six feet by fifty-six feet, within which is an inner treasury measuring thirty-one feet by twenty-four feet, occupying the center of the large chamber. The outer chamber is built with walls two and one-half feet thick of the hardest brick and concrete, and is merely designed as protection against fire and its after-effects. In considering this point, present-day safe builders have to pay more attention to the evils that might arise from the collapse of a structure

after a fire than the actual destruction caused by the flames.

But while fire and shock proof, the outer chamber is not considered burglar-proof, and it is only intended to be used for books and documents of importance but no intrinsic value. For valuable articles, the inner treasury has been constructed, and this is claimed to be proof against any efforts of the modern-day burglar in the space of time that he could allot to his purpose. The walls, roof and floor are composed of an outer and inner plate of steel, the space in between being filled up with the hardest concrete. A specialty of the construction is that a series of hard steel rails are riveted to the inner plate, forming, with a series of double-headed rails interlocked with them, a most effective resistance to any attempt to break through. Exceptional attention has been devoted to the floors leading into the inner treasury. They are constructed of intersected steel, and every effort has been put forth to render them impregnable against attack. The outer

skin is composed of soft steel, and behind this skin is a mixture of very hard and tough steel, the surface of which is covered with conical projections imbedded in the outer skin. Steel thus intersected is claimed to be practically unassailable by the most powerful drill. Should drilling be attempted, it would be found that no bit would negotiate the cones of hard steel that would have to be faced when the soft steel was pierced. Consideration has also been given to the assistance now afforded to the bank burglar in the shape of the oxy-acetylene plant, and tests made by the British Oxygen Company and other experts have shown that "intersected" steel is also secure against this formidable apparatus. The locks fastening the doors are changeable key locks, and control a series of claw bolts which effectually fasten the door until the appointed time of opening. Even the keyholes are protected by double cone blocks of hard metal, which, revolved after the keys are withdrawn, leave the doors practically without even a key-



Mailing department, New York agency

hole for the enterprising burglar to experiment on.

DIRECTORS OF THE BANK

The directors of the Chartered Bank of India are: Sir Montague Cornish Turner, chairman; Sir Duncan Carmichael, Thomas Cuthbertson, Esq.; Sir Alfred Dent, K.C.M.G.; Sir William Henry Neville Goschen, K.B.E.; Rt. Hon. Lord George Hamilton, G.C.S.I.; Rt. Hon. Sir John Newell Jordan, G.C.I.E., K.C.B., K.C.M.G.; William Foot Mitchell, Esq.; James Maxwell Grant Proffit, Esq.; Lewis Alexander Wallace, Esq. W. E. Preston is chief manager, and J. S. Bruce and G. Miller managers.

The branches and agencies are as follows: Burma: Rangoon, Tavoy; Ceylon: Colombo; China: Canton, Hankow, Hongkong, Peking, Shanghai, Tientsin; French Indo China: Haiphong, Saigon; India: Amritsar, Bombay, Calcutta, Cawnpore, Delhi, Karachi, Madras; Japan: Kobe, Yokohama; Java: Batavia, Sourabaya; Siam: Bangkok, Puket; Sumatra: Medan; Philippines: Cebu, Iliolo, Manila; Malay States: Alor Star, Ipoh, Klang, Kutaia Lumpur, Penang, Seremban, Singapore, Taiping.

The statement of the bank as of December 31, 1921 follows.

The New York agency was established in 1902 at 16 Exchange Place. From 1906 to 1921 it was located at 88 Wall street, and in May, 1921, was removed to its present location, 44 Beaver street. William Baxter is the New York agent of the bank.

ASSETS

Cash in hand and at bankers	\$ 88,258,834.54
Bullion on hand and in transit	2,432,665.79
Government and other securities	47,163,982.16
Security lodged against note issue and Gov't. deposits	7,800,000.00
Bills of exchange including treasury bills	82,114,769.20
Bills discounted and loans	112,184,259.29
Liability of customers for acceptances per contra	15,221,951.43
Due by agents and correspondents	597,289.52
Sundry assets including exchange adjustments	4,584,190.31
Bank premises and furniture at the head office and branches	8,580,962.89
	<hr/>
	\$308,838,904.63

LIABILITIES

Capital, 600,000 shares of £5 each	\$ 15,000,000.00
Reserve fund	18,000,000.00
Notes in circulation	9,634,613.79
Current and other accounts, including provision for bad and doubtful debts and contingencies	131,506,023.04
Fixed deposits	83,240,775.98
Bills payable:	
Drafts on demand and at short sight on head office and branches	15,478,307.95
Drafts on London and foreign bankers against security, per contra	828,289.34
Acceptances on accounts of customers	15,221,951.43
Loans payable, against security, per contra	4,930,000.00
Due to agents and correspondents	10,356.83
Sundry liabilities, including rebates	11,050,237.97
Profit and loss	3,938,348.85
	<hr/>
	\$308,838,904.63



A Banker's Appraisal of Advertising*

By John G. Lonsdale

President National Bank of Commerce in St. Louis

THERE has been some good sensible comment lately on advertising as a loanable asset. Has it such a value? It surely has a great value. Then why don't banks loan more money for advertising campaigns? When you ask that question you are too inclusive, dealing in futures and including every possibility from Dan to Beersheba. Until a firm has demonstrated by its own business acumen the value of its product and a clear, safe understanding of the relative values of advertising, a loan for promotional purposes is an extremely hazardous move. Presenting plans for a spread campaign without other backing as a loan consideration would be as logical as a firm coming to a bank and saying, "I've hired the highest-priced sales expert obtainable, loan me \$150,000".

Such proven business leaders are surely an aid to confidence, and so is a sane advertising program, but are inadequate as tangible, definite assets for loanable collateral. Between the loan made on the basis of a proposed campaign and its maturity are all the elements of gamble in the world. A dozen vital conditions beside the mere buying of advertising enter into a successful campaign. Advertising, with all the glamour and halos that are sometimes cast about it, cannot substitute for sound management or real liquid assets.

Yet, advertising has a most estimable place in the mind of the average banker, and this regard is growing daily. In suggesting how to improve this bankers' conception, such criticism as I must necessarily indulge in will be to your advantage.

I believe in advertising with my whole heart and soul. In St. Louis we've built up one of the nation's largest banks, and advertising, backed by the goods, as it always must be, has been an important factor. Yet, I cannot argue for any and all kinds of advertising any more



JOHN G. LONSDALE

President National Bank of Commerce in St. Louis

than I can approve of all methods of banking.

TOO MUCH LOOSE TALK

There's too much loose talk connected with advertising. A large manufacturing concern in the Middle West was considering a campaign some time ago and two or three agencies were hot on the trail. One zealous young salesman was exceedingly aggressive. On his third visit the general manager called in the credit man.

This firm, while the largest of its kind in the country, produces a very high-priced product that had only 1000 possible customers in the United States. This young agency man proceeded to lay

*Extract from a speech recently delivered before the American Association of Advertising Agencies, Hotel Pennsylvania, New York.

out a \$250,000 campaign, spent mainly in a magazine of large circulation and of high rate, a valuable medium indeed, but shooting two million shots at a cost of \$250,000 to hit 1000 targets.

"Young man," said the credit man, "do you make \$15,000 a year?"

"No," said the youngster, unabashed.

"Do you make \$10,000 a year, or even \$8000?"

"No, what's that got to do with it?"

"Everything," replied the credit man. "Here you stand trying to give us expert advice on spending \$250,000 a year, when you have no conception of such money values. You rush us, theoretically, into a magazine of great circulation, not because it especially fits our needs, or particularly reaches our markets, but because it is the quickest way to use up the \$250,000 with the least effort on behalf of the agency for its copy-writing commission."

Now, bankers do not usually handle loosely money considerations of such proportions. Many heads and advisers would counsel on an expenditure of this size. Conservative, yes, that's the appellation, but I look back over 1921 with its quota of wrecks and failures and give thanks that the purse strings of the nation are in sanely conservative hands.

REDUCE THE WASTAGE

In the council chambers of various boards I've heard criticisms of the salesmen or the agency that induced large concerns during 1920 to advertise extensively, when the greatest possible benefit that could be derived was the pointing out of the president by his fellow-townsmen as he sat on the country club porch, as "the head of a great and growing concern—a big advertiser"—big modifying money and not advertising.

Some have suggested that this sudden awakening to the values of advertising by those long dormant to its influences had something to do with the tax question. I do not presume to know. I do know that every piece of advertising, great or small, placed with any other motive in view than the studied and careful enlargement of markets and the legitimate development of business is a

reflection on all men connected with this vital and powerful element of business promotion. One such case can do more to destroy the confidence of the public than fifty successful examples, because the world so easily assimilates derogatory gossip.

A SACRED RELATIONSHIP

The advertising counselor's or agency's relation to business is as sacred as that of the banker to his customer. His advice is as important to the client as the brief of a lawyer, as pertinent as the prescription of a doctor—I speak of medicine, of course. I am glad that the major purpose of the American Association of Advertising Agencies is the encouragement of this attitude of responsibility. You could not be engaged in a greater work for yourselves, for advertising or for business in general.

Now as to its credit standing: I wish it were possible for me to take you into the credit department of a large bank, or before a session of the discount committee. You would find there that next to actual liquid assets—and many times not even this exception is made—good will or the reputation of a prospective borrower is the acid test of credit, the gauge that determines a firm's borrowing power, for advertising or any other purpose.

Constructive, result-producing advertising is the greatest builder of good will. It adds to the stability and reduces the doubt and moral hazard involved in financing.

CREDIT VALUE OF GOOD WILL

In this respect, every American banker is giving advertising a greater amount of consideration and credit than is generally realized. This seems to be overshadowed by the bankers' failure to regard advertising plans as a substitute for gilt-edged assets. Knowledge of the results of advertising is the real borrowable collateral, not the expectancy.

A banker keeps one eye on assets, two eyes on liabilities and his mind on maturity. As a credit-seeking factor, the modern bank man, I am sure, would much rather view the eventuality of

realizing on a business backed by advertising than one without. As a matter of fact, when all other assets of a once progressive firm are jeopardized or lost, the remaining attribute of value is the reputation or good will gained through advertising.

One fisheries concern I have in mind was virtually stripped of every asset except its good will and nationally-known brands created through its newspaper and magazine messages. Today, through careful management, it is again well back to its former high standing. That's entirely an advertising victory.

I expect many an advertising appropriation has been detrimentally affected by some banker's advice; either cut down or cut out; but that is more the fault of advertising itself than is usually admitted. If advertising is mighty enough to sell everything from soup to phonographs—and it is—apply some of that ingenuity along the lines I have suggested. Avoid all detrimental sharp practices, thereby increasing the bed-rock regard for advertising, and sell advertising by advertising methods to bankers.

Unfortunately, perhaps, a banker always looks at liabilities first. However, the assets of advertising are greatly in excess of its shortcomings. Its record of things done is so bright that to those other than you who seek to analyze and thus to improve it would be unfair to enumerate its faults. It is well to remember though, that there are some things advertising cannot do. The year 1921 is scattered with some advertising wrecks of firms who tried to force markets. Everything has its limitations. Keep advertising within the bounds of reasonable conception. Do not advance its claims as good for everything from the saving of civilization to dethroning kings, as well as the ointment for economic disabilities, and your record of hits will show a cleaner score. It is quite natural to turn to advertising in every dilemma because it does usually

deliver in such a wonderful fashion. Its limitations seem few, yet only one power is omnipotent.

ADVERTISING THE BUILDER

Advertising has been the greatest single factor in creating the supports of modern day business, efficiency and standardization.

As we look onward to advertising's future, consider this pertinent fact: that where quality and production were once paramount as a basis for a well-conceived selling and advertising campaign, the growing factor is ample and quick distribution to the largest possible market.

Pretty much of every condition can be artificially created, but distribution is a matter of geography. Location at the edge of your market, on the rim, is a distinct disadvantage over being in the heart, the center of your greatest possible market. That's why St. Louis has for three years spent \$50,000 yearly in advertising nationally its central location as the advantageous distribution point of the United States.

Does the Middle West believe in advertising? Ten years ago, according to figures given out by a certain publisher, St. Louis was in thirty-second place as the home of national advertisers. Today it is eighth. Besides, St. Louis was the first city, and so far as I know, is still the only city, to appropriate from its tax money \$25,000 a year for advertising purposes.

I call attention to my home city with pardonable pride, but principally to demonstrate the latest and perhaps the largest field for advertising—constructive community building.

It is a difficult thing, as one writer has said, to look into the seeds of time and say which grain will grow and which will not. Surely, however, advertising with all its marvelous record of accomplishment is but in the infancy of its possibilities.





Just What Is Advertising?

MANY people when they think of advertising have in mind a neat rectangle of type in a newspaper or magazine. It would be as logical when you think of a bank to have in mind a nest of safe deposit boxes. The advertisement in the newspaper is merely one of the visible manifestations of an underlying plan.

A specialist may well be chosen to lay out the plan; to determine first exactly what must be accomplished, and second, by what means. The complete advertising plan leads naturally into the preparation of copy along clearly defined lines. Each piece and each medium, whether the newspaper, direct mail, signboards, car cards, folders or miscellaneous items has its predetermined place and function.

It is imperative in bank advertising to plan ahead, consider the methods by which to appeal, the means that are usable, and

so center upon the kind of approach and style of appeal which experience has shown will influence the public to the action desired, and influence them in sufficient numbers to make the project profitable.

Upon a correctly devised publicity plan and efficient execution of its details, the banker depends for success in building his business. We are treating his problems in a series of folders, part one of which is now ready. We shall be glad to send Folder No. 1 upon request and put your name on our mailing list to receive the others in the series.

The Collins Service
The Recognized Standard of Financial Advertising
Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

JULY 1922

"What is a New Savings Account Worth?"

By G. Prather Knapp

Vice-president The Bankers Service Corporation, New York

WHAT IS a new savings account, initial balance \$20 to \$30, worth to the bank? How much is the bank justified in spending to obtain it?

As an answer, let us consider in the first place whether such an account is worth anything.

Obviously, the bank wants volume of deposits rather than multitude of customers. Obviously again, the bank cannot expect all of its deposits to be given it by one customer, nor can it do business if it has a customer for every dollar.

Somewhere between these two extremes lies the mean of possibility for the average new account. And the only way to determine what this is, is to examine the records of long established savings institutions.

Let us take for example the experience of an institution I know of that opened its savings department in 1891.

It has on its books today about 25,000 open accounts with a total deposit of \$5,000,000. This gives an average balance per account of \$200, but to reason from this mathematical average that it should cater only to the \$200 customers is to misuse statistics.

Analysis shows that the bank has 25,000 customers; 100 having a balance of \$5000 each, \$500,000; 1000 having a balance of \$1000 each, \$1,000,000; 2000 having a balance of \$500 each, \$1,000,000; 21,900 having a balance of less than \$115 each, \$2,500,000.

Suppose this bank to have \$5,000,000 on deposit and 25,000 depositors, is it fair to say that the average depositor has \$200,

when 21,900 of the depositors have only a little over \$100, and only 3,100 of them have a balance of over \$200?

Would it be advisable for that bank to refuse courtesy and attention to anyone who brought in less than \$200, thereby offending six out of seven of its customers? What would be the effect on the bank's standing in the community, where would be its opportunities for future growth, if it took that attitude?

These figures are not extreme. They eliminate consideration of very large accounts, and yet nearly every bank has a few very large accounts in its savings department. They are, in

my opinion, a clear refutation of the statement that the average savings depositor carries a \$200 balance.

However, the argument from average balances is a poor one at best, because what we are discussing is initial balances, and it can be shown by an examination of any savings ledger that the small account has a tendency to grow, while the large one has a tendency to diminish.

A man opening a checking account is likely to make his initial balance impressive, feeling that he wants to establish himself in a strong position with his bank, and that future decreases in his balance will not be criticized, so long as it is of good size at opening.

The savings depositor has no such feeling. He opens his ac-

(Continued on page 119)



The radiophone in this display window of the Cleveland Trust Company receives daily concerts broadcasted from various main stations. This is one of the first windows of its kind to be installed in a bank. On one of the large placards the caption reads "Snatching Music Out of the Air." An accompanying placard reads, "You Can't Snatch the Cost of This Set Out of the Air, but a savings account at one of the 48 Cleveland Trust banks will soon enable you to buy one."

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JULY 1922

A Cleveland bank has capitalized popular interest in the radio through the installation of a very ingenious window display reproduced elsewhere in this department. A radio phone is placed in the window with the operator seated at it.

A card included in the display invites radio fans to ask questions of the operator, writing them on a small card, and including their names and addresses.

These cards are collected and the names and addresses on them checked against the bank's combination file. Following this appropriate advertising literature is mailed to these addresses making clear the bank's pleasure in aiding those interested in radio.



A PROMINENT California bank which advertises extensively, as may be gathered from the fact that its 1922 appropriation calls for the use of more than a hundred and fifty different publications, has branches all over the state covering twenty-nine important cities.

This bank has been using a series of fifteen advertisements playing up different points in or near some California city served by one of

its branches. These advertisements appeared by regular schedule in seventy California newspapers. One of them is reproduced elsewhere in this department.

Woven into each piece of copy in a natural and unobtrusive manner is mention of the accessibility of one of the bank's branches to the locality featured in the particular advertisement.

It is safe to say that the advertising policy followed by this bank has played no small part in its phenomenal development.

Deposits in the bank increased 985 per cent. between 1914 and 1921. The bank has present resources of more than \$194,000,000—quite a jump from a mere \$285,000 in 1904.



AN INDIANA bank has inaugurated a new savings plan called "The Account of Tomorrow" which is rather unique in conception and which has been put into operation with marked success.

This plan is so devised and carried out that it combines all the advantages of a savings account and a life insurance policy. It is designed to protect against contingencies which would prevent the saving of a determined amount, and neither death nor total disability can prevent its fulfillment.

"The Account of Tomorrow" is issued in multiples of \$1000 to \$25,000. Pay-

ment is made under a weekly deposit plan. Insurance against death or total disability is provided for through an arrangement by the bank with a leading life insurance company. Interest on the account is compounded semi-annually at the rate of four per cent. by the savings department of the bank. Under the operation of the plan the amount determined on is saved in ten years.

To illustrate more concretely the way in which this plan works out the following case taken from a circular sent out by the bank, is given:

Let us suppose a young man thirty years of age desires to save \$10,000 within ten years. In order to do this under this plan he must deposit \$21.00 weekly in his savings account. At the end of ten years, providing he lives and fulfils his agreement, he may receive a total of \$10,236.70 plus the cash value and dividends on his policy, or he may draw his savings and dividends and continue the policy if he prefers.

If he were to become totally disabled during this time, all further deposits would be waived, he could withdraw the money on deposit in his savings account and he would receive \$100 per month for the remainder of his life and upon his death his beneficiary would receive \$10,000.

If this young man were to die at the end of the eighth year for example, in addition to the face value of the policy (\$10,000), his beneficiary would receive the total amount on deposit in his account which would be \$7,882.60 or a total of \$17,882.60. If he were to die by accident the beneficiary would receive \$27,882.60.

"What is a New Savings Account Worth?"

(Continued from page 117)

count with whatever sum he feels able to spare on a given day and this sum seldom or never is very large. He decides to save a certain sum a week or a given per cent. of his salary, and with the ordinary savings depositor this means that a single deposit will seldom or never be as high as \$50. He builds up his account a little at a time, until he reaches \$500, \$600 or \$1000 and then he begins to realize that he can get more than four per cent. on his money and still have it as safe as if it were in the bank. He withdraws all or part of his fund, buys a home, or a bond, or a business and starts building up again by small regular deposits.

This is the function of the savings bank, the reason for its existence, the service to humanity by which it justifies its profits.

So much for the desirability of the account whose initial balance is \$20 to \$30.

Now let us consider the expediency and advisability of paying for such an account and try to approximate the sum which it is expedient and advisable to pay.

It may be taken as a fact, that, under modern competitive conditions, the bank which does not ask for accounts will not get them in any quantity or volume.

Asking for a savings account costs money, however you do it. Asking for it and not getting it, costs more money ultimately than asking for it and getting it.

Asking for savings accounts, economically, means getting savings accounts, not at a low cost per person solicited, but at a low cost per account secured.

And it can be safely shown that very few asking for savings accounts secure them on a guaranteed basis at a cost any lower than \$5.00.

Who's Who in Bank Advertising



L. E. TOWNSEND

Assistant cashier in charge of publicity and new business
First National Bank of San Francisco

MR. TOWNSEND gained his first banking experience with the Wells Fargo Nevada National Bank after graduating from the University of Iowa in 1905. He joined the personnel of the First National in 1909 since which time he has worked successively in each of its departments.

For five years he has directed the publicity work and been in charge of building the bank's new business. Mr. Townsend feels that the spirit "behind the wicket" is what counts with the public. "Bank advertising must not be spasmodic, the First National aims at a constant upward curve of progress

*"For the purpose of accommodating
the citizens of the State"*

From the Charter of The Farmers'
Loan and Trust Company, etc.

AMONG all human relationships there is perhaps none which entails greater need for sympathetic appreciation of the position of another, than that of an executor to the legatees of an estate. The importance of the spirit of accommodation can hardly be exaggerated.

THE FARMERS' LOAN AND TRUST COMPANY

16-22 WILLIAM STREET
FIFTH AVE. OFFICE, 475 FIFTH AVE., AT 48th ST.

President JAMES H. PERKINS

First-Deputies: SAMUEL ELGAN • AUGUSTUS V. HENLEY • WILLIAM S. CARROLL
Directors: H. A. NEWBY • WILLIAM A. DUNHAM • HERBERT F. HOWLAND • HERBERT KING SMITH

The recent adaptation by this bank of modern and up-to-date form of advertising presents quite a contrast with its former policy

Ordinary newspaper, billboard and street car advertising in a competitive field will show a cost of \$6.00 to \$8.00 per account secured.

Direct by mail advertising within the bank's own neighborhood will show a lower cost per account as long as the neighborhood is very much restricted, and when it is first worked, but as soon as the bank's immediate neighbors are secured for customers, direct by mail solicitation becomes more expensive in the gross and far more expensive on the per account basis.

It rose as high, in one campaign of my experience, as \$55 per account secured.

Word of mouth solicitation by a salaried employee will cost in the neighborhood of \$5 per account, provided the employee is a cracker-jack, gives his whole time to the solicitation and is permitted to take initial deposits outside the bank.

This can be easily figured out,

because a cracker-jack solicitor will not work for less than \$200 per month, and it takes a cracker-jack to bring in 480 accounts in 300 working days.

Employees' contests sometimes show a very low cost per account, but this is because the bank's employees (with their energies fired by hope of pro-

motion and salary increase) will break their necks to show results in spare time and will work a good deal harder than any actual rewards that come to them would seem to justify.

But here again we soon reach the law of diminishing returns. In the first contest, employees see and exhaust their personal friends. A few of them win recognition, but the others feel that they have put forth a good deal of effort for a rather small result.

The employees' contest must of necessity be more or less of a flash in the pan, because a steady string of employee contests become less and less profitable and have an increasingly doubtful effect on employee morale.

Data covering more than a hundred banks over a period of nearly fifteen years show that personal solicitation through a specialized agency secures savings accounts at a cost to the bank of less than \$4.00 each. They are secured in large numbers, quickly. They average \$20 or \$30 at the start. Their subsequent rate of increase and length of life are seen to be more favorable to the bank than growth and mortality of accounts secured in other ways.

There is only one system which secures gross increases in savings deposits at lower cost

Executor

Trustee

Chartered 1822

The Farmers' Loan and Trust Company

Nos. 16, 18, 20 & 22 William Street

Branch Office, 475 Fifth Avenue

At Forty-first Street

New York

London

Paris

Foreign Exchange

Administrator

Guardian

Member Federal Reserve System and New York Clearing House

In years past this bank has followed this old and conventional form in its advertising



In this display the "Silver Pathway" sprinkled with nickels and dimes leads up the hill to the crest on which is the model of a beautiful and picturesque home. A placard accompanying this display reads: "You Too Can Build With Nickels and Dimes." In front of the display at the foot of the window are a number of the little coin-banks designed for the use of the bank's depositors

and that is a system of customer cultivation by periodic mailings.

But this is an argument in favor of the direct solicitation,

because unless the customers are first put on the books, it will be impossible to cultivate them into steady savers and good boosters for the bank.

employers in our vicinity, our publicity was distributed in their pay-rolls, and posted on their bulletin boards. But Mr. Prospect kept walking by our doors and seldom came in. Why had we failed to attract him?

We set about to find out. Employers permitted us to talk individually with their employees, our prospects. "Save money, you don't know what you are talking about, with the wages and cost of living, how can anyone save? The idea is ridiculous; even if I could save, I haven't the time nor the energy after working all day, and anyway the little I could save wouldn't amount to much."

To do something which meant sacrifice of present pleasure or comfort for some future intangible joy was not alluring, the struggle was too great. It was necessary therefore to extend our bank service to giving counsel and advice, to pointing the

The Silver Pathway to Successful Saving

Following the Retailer's Method, this Bank Sells Service Through the Window Instead of Merchandise

By Anne H. Houghton

Manager Money Reserve Department National American Bank of New York

IN OPENING the Money Reserve Department of the National American Bank in June last, our first problem was to reach our prospect, the general public, but more particularly the special public in our neighborhood. Everyone has money to save for an education, to start in business, for a home, for a vacation, for Christmas, to pay

insurance, and what not. And what had we to offer? Bank service, a bank conveniently located where Mr. Prospect could come before or after work, or during his lunch hour, open an account and deposit money, or withdraw it—"in a few minutes—we wouldn't keep him long" and we would pay him interest.

Through the cooperation of



"—around the state-wide circle with the Bank of Italy."

California's most convenient bank

The Lark Observatory on Mt. Hamilton, near San Jose, where the Bank of Italy operates a thriving branch.

Capital and Surplus \$12,500,000.00
33 Banking offices in 29 California Cities
Member Federal Reserve System.

Ask or write for our interesting booklet on "Banking by Mail"

For Sale Investments Consult Our Bond Department

CONVENIENT is defined by Webster as "handy" or "affording accommodation."

The Bank of Italy covers California. It provides 280,000 depositors with convenient, handy, accommodating facilities—not merely in San Francisco or Los Angeles, but all over the state—a service covering 29 important cities.

If you demand maximum convenience, extraordinary financial strength and the ability to provide everything in advanced banking, trust and investment service—the logical institution for you is the Bank of Italy

Resources over \$185,000,000.00

Bank of Italy
Savings—Commercial—Trust
Head Office—San Francisco

Capitalizing convenience of location. This advertisement is one of a series run by the Bank of Italy featuring various points of interest in California and weaving into the copy in every case mention of the convenient proximity of one of the bank's branches

way to overcome this viewpoint, to make saving attractive and fashionable, the avoidance of waste, the education in wise spending. By these personal individual talks, we succeed to a marked degree; many persons came in to us, opened bank accounts and have become systematic depositors.

It was good to see these accounts coming in to us, these familiar faces from the stores and offices, and bringing their friends. So much for the prospects we could reach in the shops and offices. But hundreds of prospects still continued to walk past our doors each day and never came in. We came to the second phase of our problem. If we could only go out and bring these prospects in from the street, the time and the place and the man, the woman, the boy, the girl, the child.

Why was not our problem

that of the retailer? Why not use his proven successful method of window display?

To do this, we had to take two things into consideration, one the artistic appeal to the public, and the other the appeal to the people in general, the something that would suggest to them that small amounts could be saved, and what the accumulation of these would mean in the future.

In the display, we show a country house, snugly situated on a plateau, with just enough trees to partly hide the house from view, thereby changing the appearance from different angles, and breaking up the monotony of sameness which is found in houses that are entirely exposed at the first glance.

The steep grade or climb to the house, the Silver Pathway, sprinkled with nickels and dimes, was purposely made to

suggest that a certain amount of energy would be needed to reach the top and so with the saving public; the first little bank full is but the first step up the Silver Pathway.

None could own such a beautiful home, so ideally located without a certain amount of energy and ambition, and we felt that the majority of the people who look into our window have a secret desire to own just such a home as this.

The little metal banks at the foot of the Silver Pathway with the nickels and dimes strewn about carelessly tied up with the window posters show the simple additional tools for the fulfillment of the desire.

The display had just been installed in our window; I went outside to get the general effect; the crowd had already gathered; a woman by my side turned to me and said: "I'd like to open an account if I could put away small amounts, if I was not obliged to put away a definite amount?" I told her if she would come into the bank I would be glad to talk it over. In answer to my query as to what had caused her to make the statement, she told me she



For him!

HE is only a little thing, but his mother and father are looking forward to the time when he will be a man.

There is no need to wonder, but each week the parents are being asked a few dollars for his education, and when he is through High School they will have enough to send him through a good college or business school.

Regular savings of 4% returned interest enables the father to give \$100.00 annually to the Union Trust Company of 4% interest, compounded semi-annually, to be \$127.00 in ten years, and only \$1.00 saved weekly, or \$12.77 per year, to be \$136.00 enough to send the little boy to college and land in a good university or college.

The time to begin planning for the education of your son or your daughter is now. FIDELITY makes there is time enough for the regular saving of small sums with compound interest to make a man.

The Union Trust Company
Cleveland


CAPITAL PAID UP \$10,000,000.00 RESERVE FUND \$10,000,000.00 TOTAL ASSETS \$20,000,000.00	THE UNION TRUST COMPANY 100 Broadway New York City, N. Y.	THE UNION TRUST COMPANY 100 Broadway New York City, N. Y.
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The human-interest appeal in t46 advertisement is hard to resist

was out of work on account of neuritis, that for twenty years she had been a seamstress in a factory. She didn't know when she would be able to work again, and therefore couldn't promise to put away any definite amount at present, just small sums. She told me that when she looked at the window it made her think of all the dimes and nickels she had wasted whereas had she saved she could have had a home instead of a "furnished" apartment. And just as she was thinking about it she heard a woman whisper to her husband: "See what you could buy if you had not wasted your nickels and dimes. She opened an account, took her little metal bank and




This window display, supported by newspaper advertising following the same theme, was prepared by the First National Bank in Detroit, in conjunction with a recent educational drive on wildcat securities, conducted by the Detroit Better Business Bureau. A collection of phoney stocks and bonds, sold to the unwary and loaned for the purpose by the prosecuting attorney formed the basis of the display. Completing the display are two ferocious looking wildcats, recruited from a local taxidermist's shop, and placards of warning against salesmen of wildcat stocks with the invitation that investors consult with officials of the bank regarding financial affairs



Wildcats

(1) During the past year \$750,000,000 was taken from the people of the Great Lakes Region for Wildcat Securities, according to the Chicago Office of the United States Treasury.
 (2) Most of these securities are certificates representing unsecured loans.
 (3) Dishonest men are being paid-in few cases over \$100,000 and the balance cannot get back even a small part of the money they had paid in.
 (4) Bank salesmen with soft voices, pleasant manners and cunning wags, who have misled the community, have lured men and women to every walk of life to part with this man's money.
 (5) Usually these men have not knowingly mis-represented. They have simply done as have the public—regretted it afterwards.
 (6) The United States Government has urged, "Consult your banker before you invest." It believes that most of these Wildcats would not have been sold if this had been done.
 (7) The Better Business Bureau of Detroit has and is doing much to help you to know the facts. It has an exhibit at the Board of Commerce this week that you should not fail to see.
 (8) If you ask an officer of your bank how much he is willing to lend with so many shares of any stock as security, you will get a pretty good idea of the standing of the stock.
 (9) The officers of these Banks, the managers of any Central Savings Bank, or the executives of the First National Company of Detroit, will be glad to advise with you regarding business at any time.
 (10) That is one reason why so many are bringing their checking accounts and their savings accounts to the corner of Woodward Avenue and Cadillac Square.

FIRST NATIONAL BANK
Central Savings Bank Co. First National Co. of Detroit



This advertisement appeared in Detroit newspapers in support of the window display reproduced on this page. The illustration and copy follow the theme of the display

said: "When I want something I don't need, I'm just going to put money in here."

Scarcely a moment passes in the day when there are not several people looking in our window; during the lunch hours from 11 to 2, there are a great many. We have opened many new accounts from persons in various walks in life.

"I just had to open an account for my grandchild; I couldn't resist it although I have accounts in several other banks."

"I've taken up a collection of dimes and nickels from all our office force. I want to open an account for our office manager's baby son, born yesterday."

"We came in to save our dimes and nickels."

"I used to save in one of these metal banks when I first came to this country from Poland seven years ago. I want to open an account."

"That Hill of Money just took me. I'm going to open an account for my wife."

How Banks Are Advertising

THE DEVELOPMENT of the service department in modern banks is an interesting thing to watch. As a good example of the variety of ways in which customers may be aided take the following incidents from the experience of the service department of the Bank of America, New York:

A large insurance company, a customer of the bank, desired to

expand its business and locate many new agents in all parts of the country. The service department enlisted the aid of many banks throughout the country and with one or two exceptions all cooperated. The result has been a list of responsible men of the finest type eligible for serving the insurance company as agents.

Several farmer customers of correspondent banks in the south found themselves with stocks of products which they could not dispose of through their ordinary selling channels. One had sweet potatoes, another had an oversupply of cane syrup and a third



This series on various important steps in the economic development of the country has attracted much favorable attention

had a surplus crop of pears. The service department through its connections in New York helped dispose of this surplus.

A correspondent bank in the west, desiring to inaugurate a trust department drew up comprehensive plans of organization and sent a complete set of all the necessary forms and suggestions based upon its own experience.

Among the services which have become increasingly popular during the past year among the bank's own customers are those connected with travel. The bank, of course, supplies foreign exchange, but it also aids in procuring the necessary passports and other documents. The growing volume of travel to Europe has brought the service department many calls for assistance in arranging details.

THE STERLING Bank of Canada has a house organ, the "Teller", which does our neighbor across the border credit. The cover design, with embossed red lettering on a white background, is very attractive, and the body of the publication is well printed on glossy finish paper.

THE BANKOPITT Monthly, spring number, house organ of

the Bank of Pittsburgh, is at hand. Also several back numbers. We are sorry that it has not been our good fortune to know this little magazine until quite recently. It is very, very good, and it has a touch of real distinction. The cover design is a work of art.

This publication states on the title page that it is "a magazine devoted to the interests of the 'Happy Family' of the Bank of Pittsburgh", the "Happy Family" being the bank's employees. From the fine spirit reflected in this house organ we are led to the conclusion that this name is a most apt one.

As an illustration of this spirit the following, entitled "The Joy of Efficient Service", and contributed by the bank's ever popular vice-president and cashier, Alexander Dunbar, is taken from a back number of the "Bankofpitt Monthly":

Oh! What happiness and joy

there is in one's daily work, and how perfectly delightful it is to be "among those present" in the "Happy Family" of the "Bank of," under the leadership of our beloved "Daddy" Nesbit.

The members of our Happy Family have proven to a certainty that it pays them as well as the bank to put sunshine into their daily activities. Whole-hearted work is found quite easy of accomplishment when performed with a whole-hearted smile.

Not infrequently have I been asked by officials of other banks about the different "advantages" which have been developed so successfully within our organization. When one stops to take "inventory" of the privileges enjoyed by all of us at the "Bank of" it is quite astonishing to note how numerous they have become, really so numerous that in these busy times it is easy to overlook some of the advantages, and I am therefore going to enumerate them, "Lest We Forget," as follows:

1. A blanket policy of life insurance, covering all employees, is carried at the expense of the bank. Each employee names a beneficiary and, at his or her death such beneficiary is immediately paid \$150 in cash to cover funeral expenses, and the employee's salary up to \$2400 a year is continued, month by month, for a period of one year.
2. A bonus is paid each thirty



Three of this group of trust advertisements illustrate well the effective use to which the narrative form of copy can be put

days, in stipulated sums, as a reward for punctuality, efficiency, attendance, and no errors.

3. An extra month's salary is allowed twice a year,—in June and December (for vacation expenses and Christmas shopping).

4. Two weeks' vacation with salary to those who have been in service at least six months.

5. An extra week's vacation is permitted to those who have not missed a day during the year.

6. To those who do not have umbrellas at the bank on days when the weather has turned unexpectedly bad, umbrellas are furnished, free of cost. These umbrellas are "checked out and in" systematically. The bank also provides raincoats and overshoes for its messengers.

7. A hospital room has been established, provided with a nurse, and with first aid accessories for the wants of all emergency cases. The bank has employed Dr. Margaret A. Gould for the girls and Dr. J. H. Seipel for the boys, so as to give free medical aid to all employees desiring it.

8. The bank provides a yearly examination of teeth by reliable dentists, without charge, and assists the employees in financing any dental work which may be found necessary.

9. An excellently cooked dinner is served to all employees at noon each day, without charge. These meals consist of the most nourishing food, prepared by the best cooks obtainable.

10. A service department is maintained for the employees, which enables them to purchase at

wholesale rates food and various other supplies for use of their families. An arrangement has been perfected which will enable the employees' families to purchase their winter coal at wholesale rates.

11. About once a month a "Happy Family" social meeting is arranged without expense to the employees, at which affair either a dance, play, musicale, skating party, or, if summer time, an outing is arranged. In connection with a musicale or a play all participants are chosen from among the employees.

12. The "Sunshine Club" of the bank's employees is a great aid in maintaining happiness, efficiency and good fellowship within the institution. Membership buttons and pins will shortly be distributed to the members of the Sunshine Club.

13. Without cost to the employees, a baseball team is maintained. This team was the pennant winner in the Bankers' League for the season just closed. It holds the unique record of not losing a league game during the year.

14. During the winter months the employees are given, without expense, the privilege of bowling each Thursday night. A complete Duck Pin League is organized within the bank and spirited contests are waged. A "Bank of" team is also represented in the Bankers' League.

15. The bank library contains many interesting volumes relating to the various divisions of banking and commercial law. The librarian is always pleased to be of service.

16. The new "Bankofpitt" magazine will be issued monthly to the employees (free of charge) and should tend to further develop our good fellowship activities and educational work.

Considering the many advantages just outlined, it is small wonder that everywhere throughout the bank our employees are smiling or humming tunes as they engage in their daily activities. A whole-hearted spirit of cooperation exists among the workers. Summed up, "in a nutshell," the broad-gauge policy of the "Bank of" has resulted in complete mutual confidence between the employees and the management. It has resulted in efficient operation and has left an indelible impression upon the minds of all those connected with the organization. The system has demonstrated to the employees that the management really desires their cooperation and good will, and that it appreciates the fact that the bank has thereby vastly increased its efficiency, its happiness and its volume of business.

Occasionally I have heard the officers of other banks say that the "privileges" which they have extended to their employees have been rather disappointing to the management because they did not seem to be fully appreciated. I have always maintained that at least ninety-five per cent. of the employees of any business organization would unquestionably appreciate such privileges, and I therefore feel that the advantages



To assist you in making your will

THIS form has recently been compiled by our Trust Department to assist in reducing to a minimum, many costly omissions that occur in the drawing up of the average will.

Whether or not you have already made a will, this form will be of material value to you.

Clip the Coupon

A copy of it is yours for the asking. Write, phone or visit, or better still, clip the coupon below and a copy will be mailed to you promptly. This request places you under no obligation whatever.

Trust Department

LIBERTY CENTRAL
TRUST COMPANY

RESERVE BANKING
BROADWAY AND OLIVE

TRUST DEPARTMENT
LIBERTY CENTRAL TRUST COMPANY
Second Floor

Give names
I enclose a copy of your form entitled "Details for the Preparation of Test Will."
I understand that the enclosed please me under no obligation whatever

Name _____
Address _____

This advertisement produced 146 inquiries after appearing only once in three St. Louis newspapers

should not be denied simply because five per cent. of the workers may not fully appreciate them. As far as our institution is concerned, I am quite sure that 100 per cent. of our employees appreciate the privileges extended by our management, and, furthermore, I am quite certain that if there should ever develop in our ranks any person who does not show appreciative gratitude, such person would soon be made to feel (by the other employees) very unwelcome in the "Happy Family" of the "Bank of".

Therefore, (all hail to our good chief, "Daddy" Nesbit, who is the one responsible for the efficient and happy spirit existing within our ranks. Long live his efficient and successful administration of the affairs of the "Oldest Bank in America West of the Allegheny Mountains".

"CAPITAL has started out to understand what this thing called Advertising is—what it does, how it does it, and what it can be expected to do.

"Capital is sold on advertising—but it is not yet sold on the idea that the advertising men have any control of its power.—E. St. Elmo Lewis.



What would this mean to your wife?

If you had left your wife a block of these bonds, would she understand the significance of this arrangement, published in small type on the financial page of a newspaper?

Would she know that the bank called would come to her attention after the receipt date? Would she know how to measure the money safety and probability, if she owned some of the central bonds?

Lack of experience in business and investment, and unfamiliarity with the language and customs of finance are strong sources of uncertainty. The man who usually provides comfortable maintenance to his wife and children has not necessarily prepared them from want of money.

There is only one way to make certain that your provisions for your wife's comfort are carried out. That is by engaging a man which will secure for her the body and control of the affairs of a trust company—when what happens is to manage and conserve property for the benefit of the beneficiaries.

The great officers of The Equitable is 24 welcome an opportunity to discuss this with you.

THE EQUITABLE TRUST COMPANY
OF NEW YORK
37 WALL STREET

MEMBER OF THE NATIONAL TRUST COMPANIES ASSOCIATION

An unusually strong presentation for the advantages of a trust company's services in the administration of a special trust

Bank Advertising Exchange

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

Watch for New Names and Other Changes.

- Albany, N. Y., Albany City Svgs. Institution, F. H. Williams, treas.
 Asbury Park, N. J., Asbury Park Tr. Co., W. C. Rogers, secy.-treas.
 Asheville, N. C., Hackney & Moale Co., P. E. Morrow.
 Atlantic, Iowa, Iowa State Bank, H. M. Butslhoff, asst. cash.
 Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.
 Battle Creek, Mich., Old National Bank, Earl R. Obern, asst. cash.
 Boston, Mass., Internat'l Tr. Co., T. F. Megan, asst. secy.
 Boston, Mass., Nat'l Shawmut Bank, A. L. Winship, V. P.
 Boston, Mass., Old Colony Tr. Co., E. H. Kirtledge, pub. mgr.
 Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to Pres.
 Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
 Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
 Brooklyn, N. Y., Williamsburgh Svgs. Bank, B'way & Driggs Ave., V. A. Lersner, comp.
 Bruxelles, Belgium, Moniteur des Interets Maternels, 27 Place de Louvain.
 Buffalo, N. Y., Citizens Tr. Co., R. Block, pub. mgr.
 Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
 Buffalo, N. Y., Marine Tr. Co., W. H. Johnson, adv. mgr.
 Buffalo, N. Y., Peoples Bank, P. E. Illman, V. P.
 Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
 Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman.
 Charleston, W. Va., Charleston Nat'l Bank, C. F. Snyder, Jr., adv. mgr.
 Chattanooga, Tenn., American Tr. and Bkg. Co., E. L. Smith, asst. cash.
 Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, adv. mgr.
 Chattanooga, Tenn., 1st Tr. & Svgs. Bank, J. H. McDowell.
 Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
 Chicago, Ill., American Press League, 11 E. La Salle St., T. J. Sullivan, pres.
 Chicago, Ill., R. E. Bauder, 733 S. Michigan Ave.
 Chicago, Ill., Englewood State Bank, 63rd St. & Yale Ave., E. N. Baty, mgr. new bus. dept.
 Chicago, Ill., Liberty Tr. & Svgs. Bank, A. L. Rosenthal, asst. cash.
 Chicago, Ill., Merchants Loan & Tr. Co., C. A. Gode, adv. mgr.
 Chicago, Ill., Nat'l City Bank.
 Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
 Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
 Chicago, Ill., Union Tr. Co., P. L. Hardesty, adv. dir.
 Chicago, Ill., Woodlawn Tr. & Svgs. Bank, T. Jessup, asst. cash.
 Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
 Cleveland, Ohio, Central Nat'l Bank Svgs. & Tr. Co., R. J. Izant, adv. mgr.
 Cleveland, Ohio, Cleveland Trust Co., C. K. Matoon, pub. mgr.
 Cleveland, Ohio, Garfield Svgs. Bank, E. V. Newton, mgr. new bus. dept.
 Cleveland, Ohio, Reliance Tr. Co., E. J. MacNab, asst. secy.
 Cleveland, Ohio, Union Tr. Co., C. H. Handerson, pub. mgr.
 Clinton, Iowa, City Nat'l Bank, A. C. Smith, pres.
 Corona, Cal., 1st Nat'l Bank, P. L. Hudson, asst. cash.
 Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
 Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
 Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
 Denver, Colo., Denver Nat'l Bank, G. T. Wells, asst. cash.
 Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
 Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, asst. cash.
 Elmira, N. Y., 2nd Nat'l Bank, H. E. Mallory, adv. mgr.
 Emporium, Pa., 1st Nat'l Bank, C. R. Zimmer.
 Evansville, Ind., City Nat'l Bank, J. C. MacCorkle, pub. mgr.
 Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
 Flint, Mich., Citizens Commercial & Svgs. Bank, H. E. Potter, asst. cash.
 Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
 Gardner, Mass., Gardner Tr. Co., R. E. Merrill.
 Greenville, Pa., Farmers & Merchants Tr. Co., M. M. Simons, asst. treas.
 Greenville, S. C., American Bk. & Tr. Co., R. Anderson, cash.
 Greenville, S. C., Woodside Nat'l Bank, J. L. Williams, V. P.
 Haverhill, Mass., 1st Nat'l Bank, C. K. Wormwood, adv. mgr.
 Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
 Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
 Jacksonville, Fla., Atlantic Nat'l Bank, J. M. Quincy, asst. cash.
 Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell.
 Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy.
 Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
 Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
 Kansas City, Mo., Commerce Banks, F. M. Staker, mgr. pub. dept.
 Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
 Lansing, Mich., Capital Nat'l Bank, H. D. Bennett, asst. cash.
 Lima, Peru, S. A., Banco Mercantil Americano del Peru.
 Little Rock, Ark., American Bank of Commerce & Tr. Co., M. A. Busbee, adv. mgr.
 Los Angeles, Cal., 1st Nat'l Bank & Tr. & Svgs. Bank, E. M. MacNennon, adv. mgr.
 Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
 Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
 Louisville, Ky., Nat'l Bank of Kentucky, F. C. Adams, mgr. pub. dept.
 Madrid, Spain, Banco Hispano Sulzo, Para Empresas Electricas, Plaza Canalejas 3, E. C. Hirt.
 Madison, S. D., Lake Co. Nat'l Bank, T. A. Wadden, V. P.
 Meridian, Miss., Merchants & Farmers Bank, M. Keeton, mgr. svgs. dept.
 Milwaukee, Wis., Second Ward Securities Co., R. P. Hammond, bus. serv. dept.
 Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace.
 Minneapolis, Minn., Minnesota Loan & Tr. Co., E. Reese.
 Minneapolis, Minn., Northwestern Nat'l Bank, F. Merrill, adv. mgr.
 Monterey, N. L., Mex., A. Zambrano, Jr., care of A. Zambrano y hijos, Apartado No. 6.
 Montreal, Que., Bank of Hochelaga, 112 St. James St., H. G. Gonthier, dir. pub.
 Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
 New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, adv. dept.
 New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P.; W. E. Brown, adv. mgr.
 Newport News, Va., 1st Nat'l Bank, D. L. Downing, asst. cash.
 N. Y. C., American Express Co., S. D. Malcolm, gen. mgr. adv. dept.
 N. Y. C., American Union Bank, R. Stein, asst. cash.
 N. Y. C., Banco di Roma, 1 Wall St., Rodolfo Bolla, American representative.
 N. Y. C., The Bankers Magazine.

N. Y. C., Bank of America, 44 Wall St., W. Woolford.
 N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gating, V. P.
 N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
 N. Y. C., Henry L. Doherty & Co., 60 Wall St., T. E. Pratt.
 N. Y. C., Farmers Loan & Tr. Co., C. M. Rittenhouse.
 N. Y. C., Guaranty Trust Co., H. W. Carlisle, pub. mgr.
 N. Y. C., Hoggson Bros., 485 5th Ave., E. L. Wight, pub. mgr.
 N. Y. C., Internat'l Bkg. Corp., R. F. Crary, asst. cash.
 N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, mgr. adv. dept.
 N. Y. C., Metropolitan Tr. Co., E. S. Van Leer.
 N. Y. C., Morris Plan Bank, 361 B'way, W. D. McLean, V. P.
 N. Y. C., New York Tr. Co., E. Langstroth.
 N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 N. Y. C., S. W. Strauss & Co., 5th Ave. at 46th St., H. B. Mathews, adv. mgr.
 N. Y. C., Union Bank of Canada, 49 Wall St., A. G. Sciater.
 Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, adv. mgr.
 Norfolk, Va., Tidewater Bank & Tr. Co., G. W. C. Brown, asst. secy.
 Norfolk, Va., Virginia Nat'l Bank, R. J. Alfriend, Jr., asst. cash.
 Northampton, Mass., Hampshire County Trust Co., G. L. Willia, pres.
 Oak Park, Ill., Oak Park Tr. and Svgs. Bank, L. A. Clarahan, mgr. new bus. dept.
 Paterson, N. J., 2nd Nat'l Bank, W. Van Blarcom, asst. cash.
 Pendleton, Ore., American Nat'l Bank, J. De Wilde, pub. mgr.
 Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hoshbach.
 Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
 Phila., Pa., R. H. Thompson, 1524 Chestnut St.
 Phila., Pa., Tradesmen's Nat'l Bank, H. E. Dolly.
 Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett.
 Pine Bluff, Ark., Merch. & Planters Bank, R. W. Ettar.
 Pittsburg, Pa., Mellon Nat'l Bank, J. M. Williams, pub. mgr.
 Pittsburg, Pa., W. H. Siviter, 122 Dithridge St.
 Prague, Czechoslovakia, Bohemian Industrial Bank, head office.
 Raleigh, N. C., Citizens Nat'l Bank, R. A. Brown, asst. secy.
 Raleigh, N. C., Com'l Nat'l Bank, E. E. Cui-breth.
 Richmond, Va., Planters Nat'l Bank, R. E. Hotsz, Jr., adv. mgr.
 Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
 Ridgewood, N. J., 1st Nat'l Bank, L. F. Spencer, V. P.
 Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
 Rochester, N. Y., East Side Svgs. Bank, C. C. Davy, atty.
 Rochester, N. Y., Union Tr. Co., A. J. Meyer, pub. dept.
 Rome, Italy, Banco di Roma, head office.
 San Antonio, Tex., Central Tr. Co., D. Ansley.
 San Francisco, Cal., 1002 Monadnock Bldg., L. G. Peede.
 San Francisco, Cal., Security Bk. & Tr. Co., W. F. Morrish, V. P.
 San Francisco, Cal., Union Tr. Co., M. Newman, asst. cash.
 Scranton, Pa., Anthracite Tr. Co., L. A. Haggerty, asst. treas.
 Scranton, Pa., 3rd Nat'l Bank, J. E. Williams, asst. cash.
 Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
 Shelbyville, Ill., J. C. Eberspacher, asst. cash.
 Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.

Smithtown, N. Y., Nat'l Bank of Smithtown, J. A. Overton, cash.
 South Bend, Ind., Indiana Svgs. & Loan Ass'n, J. C. Stover, secy.
 Spokane, Wash., Old Nat'l Bank, A. F. Brunkow, pub. mgr.
 Spokane, Wash., Union Tr. Co., W. J. Kommers, pres.
 St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, adv. mgr.
 St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
 St. Louis, Mo., Mercantile Tr. Co., S. P. Judd, pub. mgr.
 St. Louis, Mo., Nat'l Bank of Commerce, W. B. Weisenburger, adv. dir.
 Stockholm, Sweden, Aktiebolaget Svenska Handelsbanken, P. G. Norberg.
 Stroudsburg, Pa., C. B. Keller, Jr., cash.
 Tampa, Fla., Citizens Bank & Tr. Co., L. A. Bize, pres.
 Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, new bus. dept.
 Toronto, Canada, Canadian Bank of Commerce, F. C. Elggar, head office.
 Toronto, Canada, H. J. Coon, 68 Farnham Ave.
 Toronto, Canada, Home Bank Monthly, Home Bank of Canada.
 Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off.
 Tuscaloosa, Ala., City Nat'l Bank, S. F. Claubaugh, cash.
 Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
 Valdosta, Ga., Merchants Bank of Valdosta, A. F. Winn, Jr., pres.
 Warren, Pa., Warren Nat'l Bk., E. W. Johnson.
 Washington, D. C., Federal Nat'l Bank, John Poole, pres.
 Washington, D. C., Union Tr. Co. of D. C., 15th & H Sts., W. S. Lyons.
 Washington, D. C., Washington Loan & Tr. Co., E. H. Thomson, pub. mgr.
 Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
 Wausau, Wis., Marathon Co. Bank, H. C. Berger, cash.
 Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
 Wellsboro, Pa., 1st Nat'l Bank, L. M. Matson, adv. dept.
 Westchester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall.
 Wilkes Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
 Wilkes Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. new bus. dept.
 Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, Jr., pres.
 Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
 Winston-Salem, N. C., Buck & Glenn, Inc., C. L. Glenn, secy.
 Winston-Salem, N. C., Wachovia Bank & Tr. Co., P. Garner, pub. mgr.
 Youngstown, Ohio, 1st Nat'l Bank, J. N. Higley, pub. mgr.
 Yuma, Ariz., Security Tr. & Svgs. Bank, J. O. Blethen, cash.
 Zurich, Switzerland, J. Muller, 49 Sonneggstrasse.
 Zurich, Switzerland, Union de Banques Suissees, H. de Muralt, sub-mgr.

©

New Names

Cedar Rapids, Iowa, Cedar Rapids Savings Bank, C. E. Auracher, adv. mgr.
 Chicago, Ill., Critchfield and Co., L. E. Delson, finan. adv. mgr.
 Detroit, Mich., First National Bank, Frank J. Campbell, adv. mgr.
 Minneapolis, Minn., Midland Nat'l Bank, L. L. D. Stark, mgr. pub.
 Minneapolis, Minn., Midland Nat'l Bank, L. D. J. Bennett.

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Declaration of Principles of the Executive Council, American Bankers Association

PLACING recognition of broad consideration of public welfare, which is touched at many points by the practical business of banking, as the foremost duty of the nation's bankers, the Executive Council of the American Bankers Association, at its spring meeting at White Sulphur Springs, West Virginia, affirms its adherence to the following declarations as embodying principles that will make for the progress, prosperity and happiness of the American people:

PATERNALISM

We reaffirm our frequently iterated and absolutely unshakable opposition to every form of bureaucracy, paternalism and class-recognition, and we protest against every act and suggestion which bears the imprint of any one of these fallacies.

REPARATIONS

We reiterate the opinion expressed a year ago that the United States should send an official representative to the Reparations Commission to take part with the Allied governments in the all-important question of reparations and other problems growing out of the war. The welfare of agricultural, industrial and commercial interests of the country, and thereby of the whole people, demands that the United States compete vigorously in the markets of the world. This country, therefore, is inseparably concerned in the international economic situation produced by reparation payments. America has a vital and direct interest in the speedy and practical settlement of this problem so that the commerce, industry and finance of Europe may be reestablished upon a firm basis. Only then will a safe foundation for credit exist to make possible a resumption of international business relationships throughout the world. Without this, we cannot hope to find normal markets for our surplus products, and we, therefore, believe it is vital to our national welfare that we have a part and lend our efforts in working out solutions to this problems. As the world's creditor today in the sum of over fifteen billions of dollars, we are inextricably concerned in the affairs of European nations, whether we will or not, and cannot, in protection to our own interests, sit idly by without lending a hand to the solution of the problems in which our own welfare is so intimately involved.

FREE ZONES

We urge upon Congress the adoption of legislation establishing free zones at the principal harbors of the country as unanimously approved by the Senate Committee on Commerce. Ample experience in other nations has demonstrated the benefit this system would confer upon our industrial interests and upon the export trade of the country, whose new international position accentuates the need of this action.

CANADA

We declare our faith in the value of a closer community of interest between the United States and our great neighbor, Canada. These two countries constitute the greatest geographical union of English speaking people in the world. There is a natural unity of purpose, unity of political ideals and unity of business interests between the two peoples that should be emphasized rather than obscured by the border lines between them. We bespeak from American business, American banking and the American public the continued development of friendly relations between the two nations.

AGRICULTURE

Recognizing agriculture as a basic industry of the nation and that full prosperity cannot be restored until the farming class becomes prosperous, and knowing that the farmer suffered greatly from the world depression, we hereby pledge ourselves to favor any economically sound measure that may be devised to finance the needs of the farmer for the promotion of the orderly marketing of farm products. The council reiterates its firm belief that the Government should not enter into competition with private business interests and should refrain from enacting class legislation; but, realizing that an emergency did exist in the agricultural and livestock industries which was met by the extension of the War Finance Corporation, which at present has large loans outstanding, we favor the temporary continuance of said War Finance Corporation.

FEDERAL RESERVE ACT

The Association, having already registered its strong approval of the Federal Reserve System, desires now to record its indorsement of the administration of the same by

the Federal Reserve Board and to protest against any unnecessary change therein. The provision in the present Federal Reserve act that "two members shall be experienced in banking or finance" is essential for the reason that the nature of the duties of the board is such that trained banking knowledge on the part of some of its members is necessary for its proper functioning. We believe that the provision that in the election of the other members "due regard shall be paid to a fair representation of the commercial, industrial and geographical divisions" is sufficiently broad to provide for all other angles of view on its problems and we, therefore, urge that no sectional partisan or personal considerations be permitted to have weight and that no changes be made in the number of members of the Board as now constituted.

NATIONAL BANK CHARTERS

A number of national banks are nearing the end of the last renewal of their charters possible under existing law. The question of the period of the next extension, therefore, presses for prompt determination. Numerous national banks have been granted the right to do a trust business and others will secure that right. Many trusts cannot be placed with them if their charters may expire by limitation before the expiration of the trust. Therefore, we recommend the granting of charters to national banks for an unlimited period, subject only to revocation by the Government for cause.

LABOR

We recognize the fundamental importance of a just and fair settlement of the so-called labor question in order that our railroads, miners and manufacturers can function properly and perform their full duty to the public. We believe in the right of laboring men to unionize for mutual protection and the advancement of their interests and for the securing of justice and right, but we affirm that, in doing so, they must not, by arbitrary rules, limit production nor can they be permitted to interfere with the rights of the non-union man nor of the employer.

We, therefore, declare ourselves to be unqualifiedly in favor of the principle of the American plan and we hope that, in the present coal strike, the paramount rights of the public will be recognized and that no compromise or settlement will be made which does not establish the right of a man to work for whom he pleases and of the employer to employ whom he pleases.

RAILROADS

Prerequisite to providing proper transportation facilities for the American people at lower costs is the preservation of railroad credits so that the roads can be expanded and developed to meet the constantly growing needs of agriculture, industry and commerce. This is a fundamental principle that must never be allowed to be obscured.

We believe that the Esch-Cummings act embodies a fundamental solution of the railroad situation that is eminently just both to the railroads and to the public. It should be given a full and fair trial in actual operation so that practical experience can test its effectiveness or indicate advisable modifications. We believe that suggestions for changes in it at this time are unwise and that such changes would constitute premature tampering with potentially valuable legislations.

TAX EXEMPTIONS

Believing that tax exemption is an unmitigated evil that inevitably must lead to disturbance, confusion and injustice, we again record our unqualified disapproval of each and every such exemption, and constitutional amendment which is aimed to do away with such exemptions for the future.

EDUCATION

Inasmuch as after a year the plan of the committee on public education, is recognized by educators as well as bankers throughout the country, as a most important work, in bringing fundamental economic knowledge to the children, as well as the adult population of the United States, and in helping to create an intelligent public opinion with regard to economic and financial matters, we desire to commend the past efforts of the members of this committee and of the many educators and bankers who have aided in the work. We reaffirm our belief in the efficacy of the plan and the need for its intelligent and energetic continuance. We earnestly urge the coöperation of all those who have thus far not joined in this work of public education.

AMERICAN INSTITUTE OF BANKING

The American Institute of Banking section continues to function with satisfaction and efficiency. Its growth in membership has been phenomenal. Its educational work is on a high plane. It has answered the call of the Association in its campaign of public education by giving unselfish serv-

ice. It has already done much to train and improve the banking personnel. It can do much more in this direction with the active support and coöperation of senior bank officers. We strongly urge that this support be given in unstinted measure.

BONUS

We reaffirm the resolution adopted at the Los Angeles convention to the effect that we are opposed to the Soldiers' Bonus bill which would provide for compensation without regard to disability. For our soldiers who are disabled as a result of the war we urge the fullest compensation and care on the part of the Government, regardless of expense.

BLUE SKY LAW

We approve the principles of H. R. 10598, commonly called the Denison bill, which has passed the House of Representatives April 28, 1922, and is now pending before the Committee of Interstate Commerce of the Senate. It is our belief that the bill in its present form, will provide a practical and immediately effective means for utilizing the security commissions of the several states for the purpose of suppressing fraudulent securities and practices in the sale of securities in interstate commerce, and that the exemptions now provided in the bill will cause this purpose to be accomplished with a minimum of interference with financing through the issuance and sale of legitimate securities.

PRESIDENT MCADAMS

The council hereby expresses its admiration and endorsement of the masterly, broad-vised report to it of the president of the American Bankers Association, Thomas B. McAdams. Its vibrant public spirit, its depth of understanding of the great public problems of the day signalize the fact that we have a splendid citizen-banker as our leader, and we hereby pledge to him our continued support. We feel that his pronouncements on public questions command our unqualified approval, while his fruitful suggestions for developments within this organization demand our best thought and consideration.

SPEAKERS

We are conscious of the deep obligation we owe to those who have addressed the various sessions of this meeting. From J. R. Howard, president of the American Farm Bureau Federation, we are obliged for a message on the farm situation that will be of significant value in understanding what we as bankers fully realize is a problem, to which it is our duty to give the greatest consideration. To David R. Forgan, we are also indebted for the emphasis he placed on the need of a closer unity between the United States and Canada. For the added success and enjoyment of the family dinner, we are also deeply appreciative of the addresses of Judge Charles F. Moore, and Dr. Alexander Irvine.

IN MEMORIAM

The council of the American Bankers Association records with deep and affectionate regret the deaths of E. I. Coen, George S. Murphey and A. Barton Hepburn. They gave themselves earnestly to the work of this Association and to the welfare of American banking.

Mr. Coen was vice-president of the Erie County Banking Company and a member of the executive council of this Association.

Mr. Murphey was president of the First National Bank of Manhattan, Kansas and also a member of this council.

A. Barton Hepburn, chairman of the advisory board of the Chase National Bank of New York, former chairman of the currency commission of the Association, and for several terms a member of this council, was one of the eminent bankers of the nation. His contribution to financial thinking, his steadfast adherence to sound principles, his broad vision of public welfare made his death not only a loss to banking but to the nation as well.

The companionship and the true service of these our former associates in the work of the American Bankers Association can be replaced only if their high spirit of devotion to the activities of the organization animates us to carry on in an endeavor to develop the work as creditably as they would do were they still with us.

We particularly express our sympathy to those who were bereaved in a more personal way by their deaths—to their associates in their daily business lives and to the members of their families.



The Banker and the Advertiser

WILLIAM T. MULLALLY, president of William T. Mullally, Inc., New York, spoke on the above subject before the advertising agencies departmental of the Associated Advertising Clubs of the World at the Milwaukee convention on June 13, 1922.

Mr. Mullally's address was as follows:

Necessity has been the mother of many things besides invention.

To invention we owe most of our creature comforts and conveniences, most of the myriad devices and appliances which make modern civilization possible, most of the vast production of merchandise which is the backbone of business.

But invention itself is singularly helpless, as the history of all inventors and inventions amply demonstrates. Before an invention can become of more than very limited usefulness it must call upon Necessity's younger children—Banking and Advertising—in order that it may attain the dignity of a Business by their aid.

Every business rests upon three fundamental factors which determine its success or failure. It must have:

- a. Proper and adequate financing.
- b. Efficient production.
- c. Profitable distribution.

Many other things enter into the problem but these are the essentials in a nutshell.

To the solution of this problem, the business man brings more or less brains, money and experience.

In a less complex and less highly organized state of civilization, he was required to make shift as best he could with all three phases—financing, producing and distribution—without assistance. He went forth among his friends and acquaintances to collect the money for his venture. When this was accomplished, usually at the expense of much time and energy, he turned to manufacturing and produced his goods. Then he was confronted with the problem of distributing his product to the consumer, and again had to spend time and effort away from his business.

As it became necessary to conduct business enterprises on a larger and larger scale, these varied functions grew onerous and impractical. The producer found that production required his whole attention. He no longer had time for financing and distribution and sought relief from these details.

So Mother Necessity brought forth the twin agencies of Banking and Advertising.

Strangely enough, these children were raised in very humble circumstances and,



● PHOTO BY BACHRACH

WILLIAM T. MULLALLY

President William T. Mullally, Inc., New York

although so closely related, did not recognize each other until recently.

Banking grew out of a most disreputable environment—the despised money lenders of the Middle Ages. Bankers were not highly respected members of society until comparatively recent times.

So also was the youth of Advertising—scorned as a reprehensible and unethical practice. Among the manuscripts discovered some years after Benjamin Franklin's death, was a satirical dialogue between "Jack News-Column" and "Bob Ad-Column." In the course of their argument as to the importance of each, News-Column addressed Ad-Column thus: "My dear sir, I would not boast so if I were you, for you will admit that it ill becomes a strumpet to take on airs of patronage, as Poor Richard says. You are labeled 'for sale.' The world looks upon you with foreknowledge that it may be duped by you. Upon your brow is the word 'caveat' . . . You say you are but a simple hired man! Good! An honest pirate, maybe, flying flag, but that flag a Jolly Roger. . . . I scour the seas and the shores, the minds of all living men, to serve to the public the latest word

of man's thought or doings; while you send your emissaries—your crafty, cunning, soft-spoken, imaginative advertising men—into the places of trade and industry to draw a toll from all who make shoes or hats, books, pictures, or tobacco, wine, turnips, or tea, telling them that bankruptcy will be their dire portion unless this tribute is generously paid.

Evidently there was a live question as to the value and status of advertising even in those days.

Banking and Advertising grew up through long years, not even on speaking terms despite the humble origin of both. Not until Business recognized their utility and helpfulness, did they meet on the ground of mutual respect which has recently been developed.

Today Banking and Advertising form a strong union—a natural union. They co-ordinate as naturally as the right hand with the left hand. They form a union which possesses not only strength but a mighty potentiality for achievement. When they stand together and work in perfect accord they raise high the torch of civilization and light the way to a prosperity built on a firm foundation of financial stability. They enthuse the imagination with that foresight and love of idealism which makes for real and perfect accomplishment.

It is fitting, therefore, that we, as the high priests of advertising, should study and better acquaint ourselves with our fellow worker in the service of business. There is no greater service that we can render to the advertiser and to business in general than to prepare our advertising campaigns so that they will meet with the full approval of the conservative financier and banker.

No man is fully qualified to act as an advertising counselor until he can meet this requirement—and that means—until he has familiarized himself with the great financial machinery of our country. This consists of the banks and the security markets.

The advertiser or business man has three reasons for issuing securities. The first is for the promotion of new enterprises whose worth is yet to be proven and which are not yet on a dividend-paying basis in many cases. Such securities are distributed through the New York Curb, "America's Second Largest Stock Market." The second purpose is refunding, and the third is additional capital for expansion. In general, these two are traded on the New York Stock Exchange, which furnishes a most convenient place for the buyer and seller to meet and accommodates the man who has a surplus of money and wants to invest, at the same time meeting the needs of the man who has a surplus of securities but needs ready cash.

Anyone who will read the constitutions of our great Exchanges will be impressed with

the high moral tone and the sound principles on which they are founded.

The common habit of abusing Wall Street and the financial district as a whole comes largely from ignorance of the all-important subject of financing. The integrity, substantiality and high character of our financial houses should be a source of pride to every American citizen. There are banks which came to the front in the Civil War and helped finance the Government. There are investment houses which have served the public for periods of over fifty years, the reputation of which is as clean as the petals of a newborn rose.

Do not be carried away by confusing the term speculation with gambling. The man who gets a "tip" on a stock and buys in a blind way is a gambler and is simply one of the barnacles which cling to the ship of progress. Speculation, on the other hand, is the life blood—the sinew—of business. It calls forth the best mentality and spirit of the active business man. Were it not for speculation, we would have no railroads, telephones, telegraphs, great mines nor tremendous industries.

It is shameful that such prominence is given to unhappy occurrences in our financial district while so little is said of what is right, honorable and praiseworthy that goes on in that same financial district. Stop and consider that there are thousands of high class financial houses in Wall Street—that we have just been through a silent panic extending over almost a year—that we are going through the backwash of the great World War. When one hundred houses fail, there is a great hue and cry raised by the country in general that a pack of wolves, a gang of robbers, is preying on the public; but there is little or no comment on the fact that during the same period of this year there were 10,962 commercial failures with aggregate liabilities of over \$350,000,000.

We seldom hear any mention of the fact that but for the unselfish devotion of time and money by the financial men of this country, it would not have been possible to bring the World War to its successful conclusion. And advertising was the right hand of finance in those troubled times.

There is no question but that advertising is essential in promotion, refunding and the raising of additional capital. This is what gives the wage earner an opportunity to amass a competence, for advertising brings opportunity to his door. Without it, we would be in danger of getting a "moneyarchy" composed of only a few men. In fact, a few years ago we almost had such a state of affairs, but the bankers were saved by using the channels of distribution which digested the "undigested securities" and liquidated the "frozen securities". Again advertising was the instrument.

Through this great security market, business obtains its fixed or permanent capital.

The banks perform an equally valuable but different service.

It is the chief function of a bank to act as a reservoir of liquid capital which can be directed here or there where it is needed for temporary or seasonal use, and thence be returned to the reservoir for another mission.

It is no part of a bank's function to furnish permanent capital for any business enterprise, however sound.

The providing of permanent capital, either for equipment or regular operation, through the issue of stock and bonds, is a matter in which the bank can and should be of the greatest assistance, but it cannot be a principal.

Bankers are no longer private money lenders, risking their personal capital upon loans in which favor plays a part. Banks are engaged in business—the buying and selling of credit, or the use of money. They are entrusted with a serious responsibility, a grave trust. They must exercise the greatest care, and they are conservative not only from choice but of necessity. They handle not their own money but the money of the public for the public's benefit. They are public utilities.

So a bank is not a mere strong-box for the safe-guarding of cash, nor an inexhaustible source of money for any and all purposes. It is really a *financial service station*. Few people understand this point.

The banker is the financial focus of the community. He is in touch with investors and can help in selling stocks and bonds. He can advise on markets, securities, investments, credits, budgets and a thousand and one financial questions—but he cannot supply fixed capital.

The most vital of bank services is that of granting loans for a definite purpose which insures the profitable employment and quick return of the money. Beyond this, the essentials of a bank loan are assets and personality—in brief, *can you and will you repay the loan when it is due?*

By unanimous consent, bankers accord first place to the factor of personality or character. Remember the late J. P. Morgan's statement on the witness stand to the effect that he would rather lend a million dollars to the man without a cent in assets but in whose character he had confidence, than to a man with the opposite qualifications.

And it is right here that the trails of banking and advertising join; for banking, as we have seen, is based upon character and advertising is the most potent means of building up character into a bankable asset. "Full many a flower is born to blush unseen And waste its sweetness on the desert air."

Reputation or prestige depends not only upon character but upon general recognition—the common knowledge—of that character. Advertising can and does provide an instrument whereby this character may be

fixed in the minds of the public and become an asset of incalculable value.

The functions of banking and advertising present many points of similarity. The banker's service in receiving and lending money is but the outward evidence of his service to business, just as the placing of advertising copy is the visible evidence of our service. In both cases, the greater services are seldom appreciated by the general public—that of the banker in financing and of the advertising agent in distribution.

Whatever may have been their past, both of these great institutions are now actuated by an idealism that seeks expression in the advancement of business. Both are selling that intangible thing called service, and both are demanding character as well as financial responsibility as a prerequisite of the rendering of their service.

Banking and advertising are working shoulder to shoulder toward better standards and better practices in business. It is imperative that each have a better appreciation of the other's aims and functions.

We stand therefore in a position of dual responsibility to the advertiser and to the banker. We must so plan our advertising campaigns as to conserve the best interests of the advertiser and also to meet the approval of the banker who is expected to finance the campaign.

I want to stress the importance of using all care and diligence in mapping out advertising campaigns—persuading our clients to go over these campaigns with their bankers. Where the banker criticises and is at fault, show him where he errs. If he is correct, change the campaign to meet the qualifications of conservatism.

This is the message that I am most anxious that you should take away with you—that you must feel your responsibility. The financial man feels that he has a right to criticise when we encourage an expenditure that shows a lack of thought and careful research into the problem confronting the advertiser. When such a campaign is proposed, we have injured our entire profession. We have done a harm to the whole business world and have been guilty of throwing a monkey wrench into the machinery which drives progress and business forward.

We must educate the advertiser upon the desirability of taking the banker into his confidence with respect to his advertising, and upon how to do it. We must educate the banker upon the value and methods of advertising where necessary.

And if we advise our client to seek the banker's counsel and assistance on matters of finance, is it unreasonable to ask that bankers recommend the service of advertising experts on matters of distribution?

And so, gentlemen, let us realize our responsibility to the advertiser. Let us rise and meet fairly and squarely the demands of the banker and financial man in honestly

advising only expenditures which have been carefully considered, exerting ourselves not only to get the viewpoint of the banker but to see that he is thoroughly educated on the real business and economic worth of advertising.

Through this closer relationship between banking and advertising there are important mutual benefits to be gained.

The advertising man needs the conservatism, business judgment, and sense of relative proportion which the banker can impart.

The banker needs the aggressive constructiveness, the enthusiasm, and the imagination which the advertising man inspires.

For imagination begets progress—is the mainspring of all progress. Without progress, business would become stagnant and without business, civilization would collapse.

Banking provides the sinews of business

and through its credit channels, makes possible the realization of ideals. Advertising furnishes the stimulus for business enterprise, brings great projects into reality, and coordinates large groups of people into a working machine, encouraging invention and firing men with the impulse to greater and better accomplishment.

Let me, then, commend to you our financial brethren and assure you that in their ranks you will find men of sound sense—of great vision—who are eager to lend their brains and support to any enterprise that will serve our country and keep America the first in progressive achievement, thus inspiring invention to still greater effort. And thus we shall demonstrate again the eternal fact—

“That Trade is the calm health of nations
And Commerce is the bulwark of Peace.”



The New Business Era

By George S. Mumford

President Commonwealth Trust Company, Boston, Mass.

(From the Monthly Letter to Depositors)

THE banker in granting credit is always governed by certain fixed rules of the game, which apply in general to all would-be borrowers and under all conditions. There is the statement of assets and liabilities to be analyzed to determine the proportion between debts and so-called quick assets, a further analysis of the probable value of those assets if they had to be liquidated under unfavorable conditions, and the general success or nonsuccess of the business as shown by the profit and loss accounts over several years past. These rules have a general application under all business conditions, but he is also governed in making his decision and chiefly governed, by his own judgment as to the probable ability of each individual borrower to meet the business conditions of the present and especially of the future, in short whether or not the borrower is going to make good.

Just at present the merchants who

desire accommodation from banks may be roughly divided into three classes. There is first of all that much-talked-of frozen-credit class: the men who did not sell their stocks of merchandise before the general demand ceased, about two years ago when prices began to decline, and who then either waited too long before marking down their selling prices or else found the buying public unwilling to take them at any price. These were the men who already owed money to their banks which was to be paid off while the business boom lasted and for whom this process of paying off was interrupted and suspended indefinitely by the sudden business collapse. Generally speaking, they are now in the hands of the bankers.

Then there is another class consisting of those who made money between the years 1915 and 1920, who enjoyed handsome incomes during those years of good business, who showed large increases in assets for that period and

who now can also show that after their marking down of inventories and readjustments of prices to present levels they are as well off as they were in 1914. It has ceased to be a matter of wonder to hear the officers of our great corporations, as well as prominent merchants, explain almost with pride that their losses since 1919, although heavy, have left them no poorer than they were at the beginning of the war. The employees, the stockholders and partners had for a time more money to spend or invest, and so much as was not taken out of the business has taken care of the subsequent losses and the paying off of bank loans. And now that labor has again become efficient, and their stocks of merchandise marked down to present basis of cost so that profits are once more possible, they go to their banks again for loans as they did in those other days before the Great War, before the orgy of high prices and consequent deflation came upon the world. As a general rule this class consists of those in various lines of trade who do the largest business, who it is perhaps fair to say are the ablest and have proved themselves by their past records to have been successful money makers.

The third class now seeking loans from banks consists of those who have not been regular borrowers and who have not only exhausted all their profits made in those good years, but are still unable to sell their remaining stocks of goods at any price. Their expenses have gone on as usual, rent, wages and salaries, and perhaps even a little replenishing of their shelves with new goods has been done, and in the case of manufacturers some buying of raw material at temptingly low prices. The time has come with many such when they must either get help from the banks to continue their business yet a little longer until the hoped-for customers come in, or else give it up, and admit that they cannot make good. The present phase of business evolution is an extremely critical period with such. There

is the small retailer who is simply doing no business; the jobber who has a stock of goods which for the time is wholly out of fashion; the manufacturer who makes something for which at the moment there is no demand. At no previous period of our economic life has there been such a large number of business men at any one time in this position. Many such cases amounting almost to tragedies are actually going on almost under our very eyes. In a broad way we call it a shakedown in business, meaning that certain merchants will be forced by the new conditions coming upon us to abandon the occupations of a lifetime, their stores or their warerooms, once prosperous and well patronized, and accept subordinate positions perhaps at low salaries rather than face starvation any longer, waiting for the business that does not come back. There are thousands of such cases at present. They are not like the ordinary business failures common enough at all times. These men are not bankrupts in the sense of owing too much money. Many of them owe little except for rent, but they have stocks of goods they cannot sell or they deal in articles no longer wanted, and readjustments resulting from the Great War have passed over their heads, leaving them amongst the wreckage of the old order of things and unable to take their former positions in the new world of business that is beginning to assume definite form. The fact is that the world of 1918 in the business just as in the political and social sense is as dead as that of 1918, and a new and different one is being constructed at this very moment out of the survivors and the wreckage of those other closed eras. The business men who were lucky enough to take advantage of the opportunities that the year 1919 offered for liquidating, and were able to confine their rebuying to a hand-to-mouth policy are the ones who are now in a position to profit by the new business conditions the world is entering upon.



New Building of the Huguenot Trust Company, New Rochelle, N. Y.

THIS will be a handsome monumental building, to be occupied exclusively by the bank. The Roman Ionic type of architecture will be employed, adapted to the requirements of a modern bank building. Tuckahoe marble—a constructural material which has stood all tests—will be used for the massive cut cast stone columns which will surround the building. A fine marble banking screen, a massive circular steel door guarding the fire and burglar proof vaults, and modern safe deposit and fur storage departments are prominent features.

Engineering and architectural work by

Alfred C. Bossom
Bank Architect and Equipment Engineer
680 Fifth Avenue, New York
(Correspondence Invited)



Main banking auditorium of the First National Bank in Detroit

First National Bank in Detroit, Mich.

THE First National Bank Building, recently completed and housing the First National Bank, the First National Company of Detroit and the Central Savings Bank, three of Detroit's strong financial institutions with a common ownership and combined resources of over a hundred million dollars, was formally opened March 17.

The new structure, an inspiring pile of white Bedford stone twenty-four stories high and located at the corner of Woodward avenue and Cadillac square, in the center of Detroit's business district, combines office building and banking facilities, the allied banking corporations occupying about one-third of the ten and one-half acres of floor space. There is combined under one roof and one ownership the commercial, savings and investment branches of banking, with an equipment conceded to be second to none in the country. Thus the affiliated institutions have a seldom

equalled opportunity for rendering financial service in Detroit.

The present First National organization represents a confluence of two streams of financial activity in Detroit dating back to 1837 and 1843, in which years the First National Bank and the Old Detroit National, then known as the Second National Bank had their beginnings.

ORGANIZATION AND MERGERS

More than half a century ago the First National Bank was occupying relatively the same important position as it does today. On the morning of October 5, 1863, the "First National Bank of Detroit" opened for business. The capital was \$100,000.

It was the beginning of a financial institution whose growth and expansion has been a succession of mergers with other financial organizations, each in turn acting as another ramification of



FIRST NATIONAL BANK BUILDING, DETROIT, MICH.

This building, twenty-four stories high, is located in the center of the retail district of Detroit



Office of the president, Emory W. Clark

financial strength for the First National Bank.

The first of these consolidations was in December, 1864, when it united with the State Bank of Michigan. This called for larger quarters and the capital stock was increased to \$200,000. Five years later in 1869, the First National Bank joined the National Insurance Bank, which had been organized in 1837. These combined resources increased the capital stock to \$500,000, and a new building was purchased. In 1896 the bank moved again to the Union Trust building, which was just completed. The Commercial National Bank was then absorbed and quarters were established occupying the entire ground floor.

Twelve years later the bank moved into the Ford Building, but it then had grown so that it required the entire first and second floors, and basement.

On May 1, 1914, the Old Detroit National Bank, one of Detroit's oldest and strongest institutions joined with the First National Bank and the name "First and Old Detroit National Bank"

was assumed. During all the years the bank had remained strictly a commercial institution. Realizing the mutual benefit to accrue from affiliation with a successful savings bank, in January, 1920, such an affiliation was effected with the Central Savings Bank, with its six branches. The Central Savings Bank is now in the same building with the First National Bank. Its branches have been increased to eleven.

The constantly increasing demand for advice as to investing of funds led the officers and directors in 1920 to create a separate investment corporation under the name of "First National Company of Detroit". In January, 1922, the name of the bank was changed to "First National Bank in Detroit" because of the advantage of a shorter name.

PLAN OF THE NEW BUILDING

The new building is located on Woodward avenue and Cadillac square in Detroit, which is the city's main artery of retail trade. Without including the



WILLIAM J. GRAY
VICE-PRESIDENT

WILLIAM T. DEGRAFF
VICE-PRESIDENT

FRANK G. SMITH
VICE-PRESIDENT

EDWARD C. MAHLER
VICE-PRESIDENT

EMORY W. CLARK
PRESIDENT

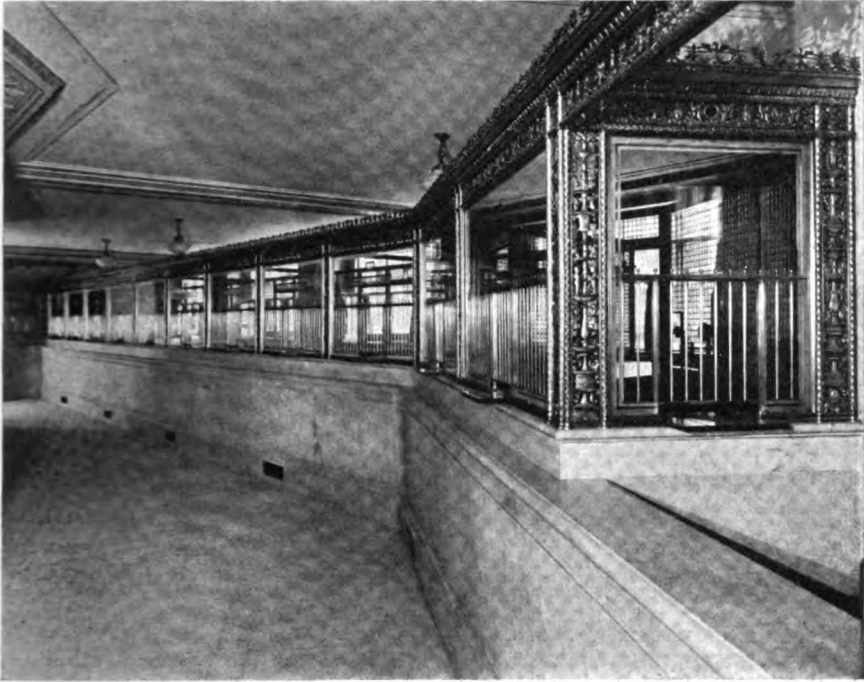
JOHN H. HART
VICE-PRESIDENT

W. A. MCWHINNEY
VICE-PRESIDENT

JAMES A. HOYT
VICE-PRESIDENT

FREDERIC J. PARKER
CASHIER

OFFICERS OF THE FIRST NATIONAL BANK IN DETROIT



Detail of banking room showing paying and receiving tellers' cages

basements the building is twenty-four floors high.

The decoration is an application of classic architecture to modern conditions. In some particulars the building is an example of old Roman Corinthian. The interior walls are simple, marble courses with richly paneled and decorated ceilings colored in the spirit of the finest Italian Renaissance.

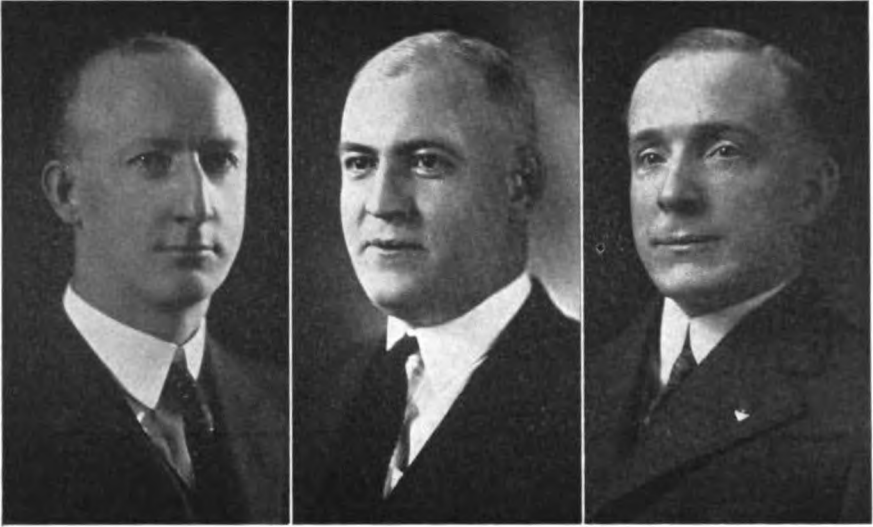
Ample entrance ways have been allowed to take care of the inward and outward flow of tenants, visitors and customers. There are three doorways opening from Woodward avenue and another entrance on the Cadillac square side. These all converge toward the elevator lobby. A fifth entrance is in the rear of the building.

The main entrance lobby of the building is forty feet by eighty-five feet, and runs back to the Central Savings bank. It is finished in Alabama, Tennessee and buff Botticino Italian marble. The ceiling of the lobby and ground floor bank is finished in Venetian Renaissance design.

At the far end of the lobby, doors lead into the Central Savings Bank and foreign department of the First National Bank. At the right is the U-shaped lobby from which ten passenger elevators operate.

A grand stairway leads from the main lobby to the banking auditorium of the First National Bank on the second floor. This main auditorium is 179 feet long, 148 feet at the rear and 154 feet across the Woodward avenue front. The ceiling is thirty-six feet high, the equivalent of three floors. At the east end of this floor are the offices of the president and vice-presidents. In a convenient space near the center are additional officers' desks. From the east end of the Cadillac square side there are sixty-nine tellers' windows. There are a total of ninety-eight tellers' windows in the bank.

The ceiling is of old Italian Renaissance. Large columns at each side are of Botticino Italian marble and the buff color scheme carries up through the frieze blending into the ceiling.



James A. Wilson

Byron W. Clute

Henry J. Bridgman

Assistant vice-presidents First National Bank in Detroit

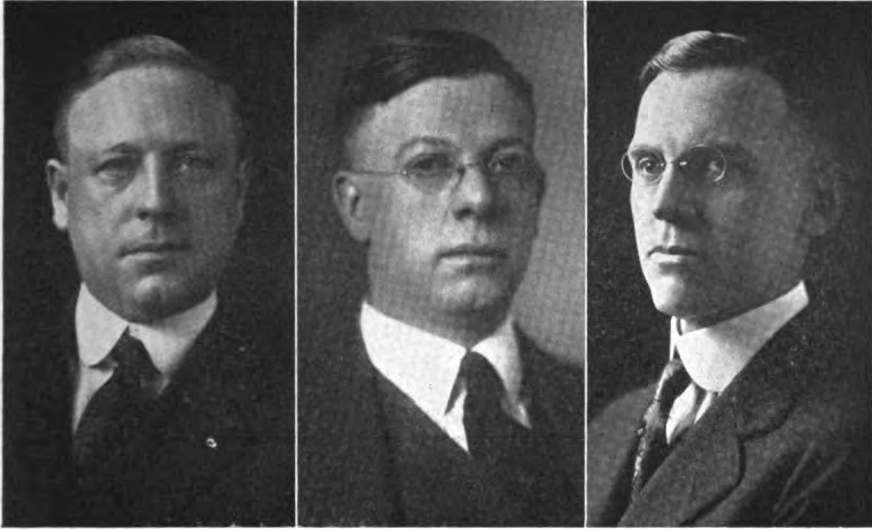
FIRST NATIONAL BANK FLOORS

In the center of this auditorium is an oval-shaped railing forming an island in which the operating officers are con-

veniently located to meet the bank's clients. At the east end other officers have their desks, either side of which are the private offices of the president and senior vice-president. The new



One of the sections of officers' quarters



William R. Broughton

Ivo S. Faurote

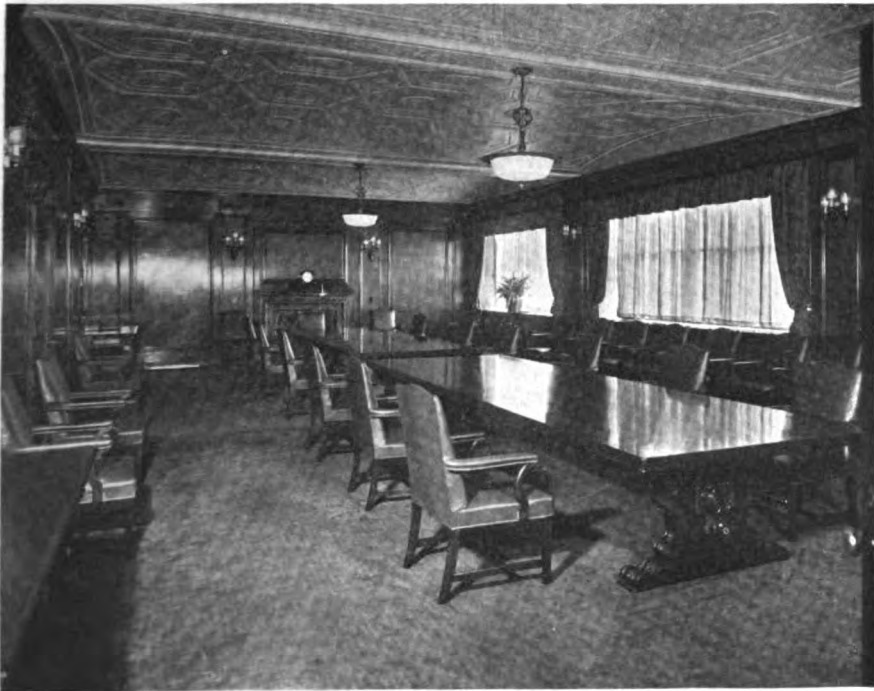
George Hoppin

Assistant vice-presidents

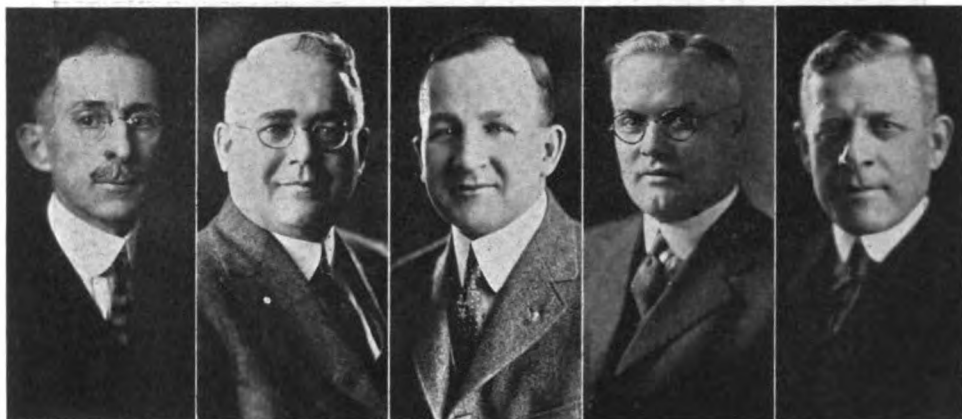
Comptroller

business, advertising, legal, credit, and service departments are located on the first mezzanine, which is to the south of the main banking chambers. Here is also the bank library.

The second mezzanine or fourth floor is given over to the women of the affiliated companies and provides a rest room, locker room, wash room and infirmary. Everything in the way of com-



Directors' room



F. F. Christie

R. E. Smith

C. H. Wagar

A. W. Meyers

G. H. Mahler

Assistant cashiers First National Bank in Detroit

plete and sanitary equipment as well as comfortable furnishings makes this section a complement to the organization.

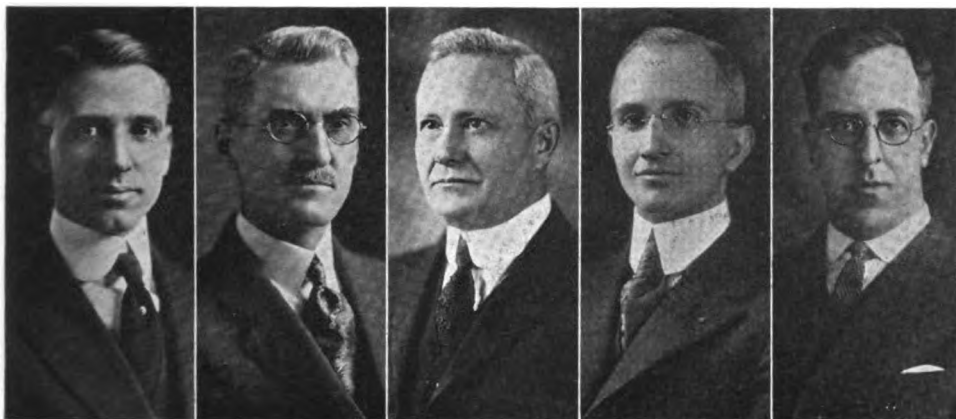
The fifth floor is the "workshop" of the bank. The ceiling covered with sound-proof felt, the floor a carpet of cork, large windows and correct lighting fixtures, provide an ideal spot for the

hundreds of people and machines to handle almost noiselessly the records of this great financial institution. Here all the mail is sorted, books kept, statements prepared, audits made, checks handled and the bank's clearing house operated.

In the southeast corner of the sixth



Corridor lobby outside of directors' room on the sixth floor



E. E. Dean

A. V. McClellan

C. McMichael

P. Fitzpatrick

A. E. Patterson

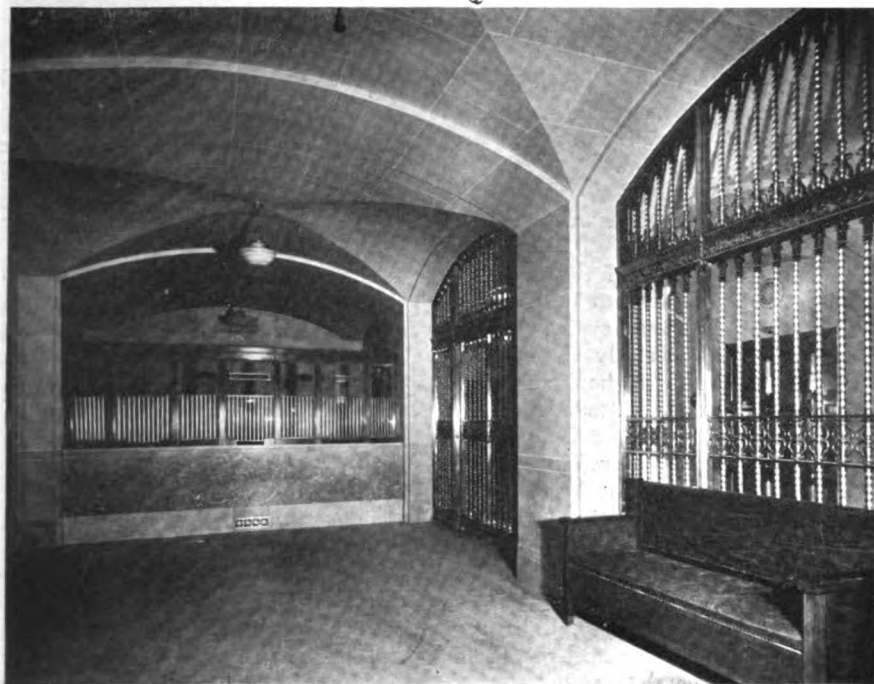
Assistant cashiers First National Bank in Detroit

floor is located the directors' room. American walnut paneling, parqueted oak flooring, a beautiful fireplace and distinctive chandeliers makes this one of the most beautiful rooms in the bank.

On the same floor is the officers' private dining room; also a special dining room, and two rooms which may be used

as conference rooms by customers who may wish to hold meetings requiring such facilities.

The seventh floor is devoted to a general dining room for the employees. A complete kitchen with the most improved style of ranges, steam tables, refrigerators, meat cutters, bread mix-



Vault department from lobby showing vault through grating and manager's office at the left



Entrance to the safe deposit vault

ers and other essential equipment makes it possible to serve hundreds of meals at a time.

The business of running a large building and caring for its tenants requires a separate staff, the offices of which are located on the sixth floor.

EQUIPMENT FEATURES

To maintain a point of contact with the many departments and individuals, an automatic telephone system, pneumatic tubes and specially constructed lifts for the carrying of books and papers, have been installed throughout the eight floors and the three sub-floors occupied by the organization.

Two special elevators and two separate stairways are part of the additional provisions for rapid communication with the respective institutions and their departments.

The transit department, handling and routing items drawn on all points in the United States and Canada, excepting Detroit, has entirely new equipment

designed on the unit system for sorting and listing.

FIRST NATIONAL COMPANY

On the eighth floor are the offices of the First National Company of Detroit, which in every detail are in keeping with the executive quarters of the First National Bank.

The desks of the salesmen are in the open, and five conference rooms provide facilities for clients. A conference room and chief executive's private office complete the arrangement. The walls are panelled with American walnut, the floor covered with cork and the appointments especially appropriate.

SAFE DEPOSIT VAULTS

In the main basement are to be found a large proportion of the bank's activities in connection with its service of safe deposit vaults. The huge safe deposit vault itself will ultimately hold 20,000 boxes and is exceeded in size by



General offices of the First National Company on the eighth floor

only one or two other installations in the United States.

In connection with the safe deposit box service, unusual facilities are provided in coupon booths, eight conference rooms of different sizes capable of accommodating from six to fifteen persons in each and eighty separate booths for individual service.

There is what is known as the late deposit vault, which is also located in this basement. It will render service to some of the larger commercial houses which demand service after the usual banking hours.

Nearby are numerous payroll rooms, where industrial messengers can pack their currency preparatory to starting back to their respective plants. Other basement accommodations are a modern trunk and silver service vault, the purchasing agent's department, flanked on one side by his storage for supplies, and on the other side by the bank's own printing shop and mechanical repair department. Adjoining the safe deposit

vault is the office of the safe-keeping department.

In the sub-basement are interesting features of the bank's protection and service to its customers. The immense bank vault, approximately forty-two by forty-five feet, will house the cash and securities of the various departments. There is a section for silver of the commercial bank, a section as a separate compartment for the Commercial Savings bank, and a third portion for the general requirements of the First National bank. The vault itself carries out all that is modern and best in construction in the way of structural strength and resistance to burglary or mob attack.

FIRST NATIONAL BANK OFFICERS

Emory W. Clark, president of the First National Bank today, comes of a line of bankers and business leaders. He is a son of Lorenzo Clark, who was president of the State Bank, and director, vice-president, and then presi-



LAURENCE P. SMITH
VICE-PRESIDENT



LEO F. TIMMA
VICE-PRESIDENT



HARRY J. FOX
PRESIDENT

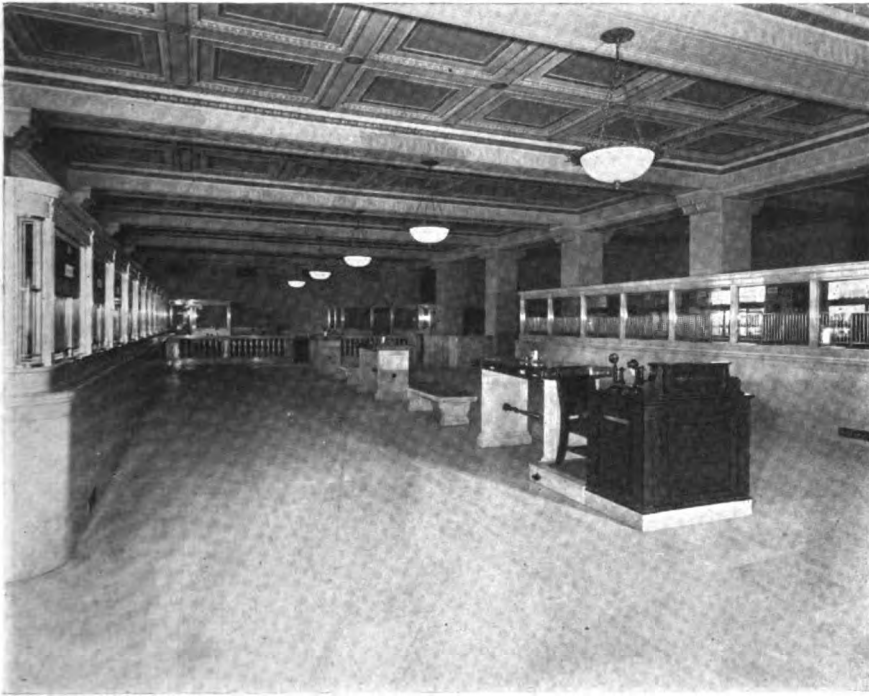


ALBERT W. KAUFFMAN
CASHIER



ARTHUR F. PAPKE
ASSISTANT CASHIER

PHOTOS © C. M. HANES & CO., DETROIT



Central Savings Bank on the ground floor

dent of the First National Bank from its organization until the close of his business career. His grandfather was Myron H. Clark, one time governor of New York and one of the owners of the State Bank of Michigan. William J. Gray, vice-president, who had a large legal practice among corporations, and individuals, clients of the bank, came to the institution in 1912.

The other officers are:

William T. DeGraff, Frank G. Smith, Edward C. Mahler, John H. Hart, W. A. McWhinney, James A. Hoyt, vice-presidents; Frederic J. Parker, cashier; James A. Wilson, Byron W. Clute, Henry J. Bridgman, W. R. Broughton, Ivo S. Faurote, assistant vice-presidents; F. F. Christie, Russell E. Smith, Charles H. Wagar, A. W. T. Meyers, George H. Mahler, Edward E. Dean, A. V. McClellan, Charles McMichael, Paull Fitzpatrick, Arthur E. Patterson, assistant cashiers; George S. Hoppin, comptroller.

The directors are: J. B. Book, Jr., Lawrence D. Buhl, Roy D. Chapin,

Emory W. Clark, James Craig, Jr., Stanford T. Crapo, Joseph J. Crowley, James E. Davidson, Clinton G. Edgar, Allen F. Edwards, John H. Emmert, Merton E. Farr, J. S. Farrand, Jr., D. M. Ferry, Jr., James H. Flinn, Ralph Gilchrist, William J. Gray, William P. Holliday, Lewis H. Jones, Gilbert W. Lee, Eugene W. Lewis, James T. McMillan, Thomas Neal, W. C. Rands, Joseph B. Schlotman, E. D. Stair, Frederic B. Stevens, Elliott G. Stevenson.

COMPARATIVE STATEMENT

A comparative statement of the First National Bank from the time it was established is given below:

	Deposits	Loans	Due from Banks	Cash on Hand
1863	\$ 158,535	\$ 100,448	\$ 47,538	\$ 54,416
1865	824,000	377,000	160,000	200,000
1870	1,055,600	995,000	174,000	273,500
1875	1,411,000	1,223,400	317,000	315,000
1880	1,950,000	1,565,600	549,300	420,000
1885	2,584,200	1,967,700	374,000	535,000
1890	3,091,500	2,356,400	513,800	506,500
1895	3,898,200	3,062,500	791,100	547,300
1900	4,837,500	3,125,400	921,200	841,700
1905	6,370,700	4,302,500	1,276,000	1,027,500
1910	8,990,000	12,884,400	3,512,000	2,591,000
1915	43,801,700	26,320,200	14,889,700	3,940,600
1921	66,324,700	54,383,800	14,419,900	2,063,300



CORNER OF LADIES' ROOM

This room, which has its own teller's window, is at the right of the lobby of the City National Bank on entering



City National Bank of Tuscaloosa

City National Bank of Tuscaloosa

ESTABLISHED early in 1865, as the banking house of J. H. Fitts & Co., the City National Bank of Tuscaloosa, Ala., has had a continuous existence for fifty-seven years, with an honorable history and a notable record of service to the city and the state, which has inspired the confidence of the public and of the banking world.

Very little is known of the details of the early history of the firm of J. H. Fitts & Co., and the exact date on which the bank began business is uncertain, but the best information is that it was very early in the year, and had probably begun business before that time, in the selling of exchange on New York, Mobile, and other trading points.

On the first of April, 1902, the bank of J. H. Fitts & Co. was nationalized as the City National Bank, with J. H. Fitts as president, W. F. Fitts as cashier, and R. H. Cochrane as assistant cashier. The original board of directors of the nationalized bank was composed

of J. H. Fitts, W. F. Fitts, Alston Fitts, William McGiffort, S. F. Alston and E. M. Elliott. At the time of its nationalization the bank had a capital of \$75,000, deposits of \$125,000. In the twenty years since that time, the deposits have increased more than ten-fold. In 1913 the capital was increased to \$100,000 and in 1921 to \$150,000.

W. P. G. Harding, the present governor of the Federal Reserve Board started his banking career with the Fitts Bank.

When Mr. Harding left the bank in 1886, he balanced his cash book, and then wrote on the book these lines:

"Here ends my bank career,
In Boligee, I'll dwell,
And brushing back a tear,
I bid you all farewell."

This cash book is still in the vaults of the City National Bank.

Mr. Harding then went to Boligee and was a bookkeeper for Bouchelle



R. H. COCHRANE
President

Bros. for a year or two before going to Birmingham, to take a place later with one of the Birmingham banks.

Mr. Harding proved himself a poor prophet, for instead of ending his "bank career" with the tear that he dropped on his cash book that day in 1886, in the old Fitts bank, he was destined to become the head of the greatest banking system in the history of the world, the Federal Reserve System.

PLAN OF THE NEW BUILDING

The new building is in the Roman Doric style of architecture with massive columns and facades on two streets. The exterior is of white Georgia marble, with grilled windows and doors.

The main entrance on Broad street is accented with large columns. At the south end of the building is a private entrance to the banking rooms.

On entering at the main Broad street entrance, one is impressed with the simplicity and dignity of the interior.

The marble for the interior is golden



View of the main banking room

vein of a warm tone with the floors of harmonizing marble. The bronze metal screens and etched plate glass give a pleasing effect.

The teller's cages are designed to expedite the work of the bank and to give its customers the quickest possible service. No part of the work space shows from the main lobby of the bank, as the marble and plate glass front, separating the public space from the working space of the bank presents a solid uniform dividing line between these spaces.

ARRANGEMENT OF THE BANKING ROOM

The arrangement of the banking room is simplicity itself. The public space consisting of a lobby fifteen feet wide and forty-seven feet long, terminates in an ornamental bronze grill at the opposite or vault end to the south. Upon this lobby open all departments of the bank doing business with the public, including entrances to the officers' space, private office, ladies' room, safe deposit department and vaults and twelve tel-



S. F. CLABAUGH
Vice-president and cashier



Officers' sp: ce



J. T. HORNE
Vice-president

lers' windows, including those for savings, loans and discounts, collection, exchange, information, bookkeeping and paying and receiving.

On entering the lobby, to the left is the officers' space, separated from the public space only by a marble counter, permitting the transaction of business in direct contact with the public. Adjoining this space in the corner of the main banking room with windows looking out on both streets, is a room for private conferences, panelled to the ceiling in mahogany with an ornamental cornice above. To the right opening on the lobby is a ladies' rest room with its own teller's window.

The officers' space, private office and ladies' room are specially finished in appropriate contrasting colors of woodwork and decorations, each in harmony with its use, and the furniture of each space is designed to match the woodwork of each of these rooms.

For the future expansion and growth of the bank, space has been provided at both the south and north ends of the



Directors' room

main banking room on the mezzanine level which is the level corresponding to the second story of most buildings. These spaces overlook the main banking rooms and give room for additional departmental working space, for private conference rooms and for the directors' room.

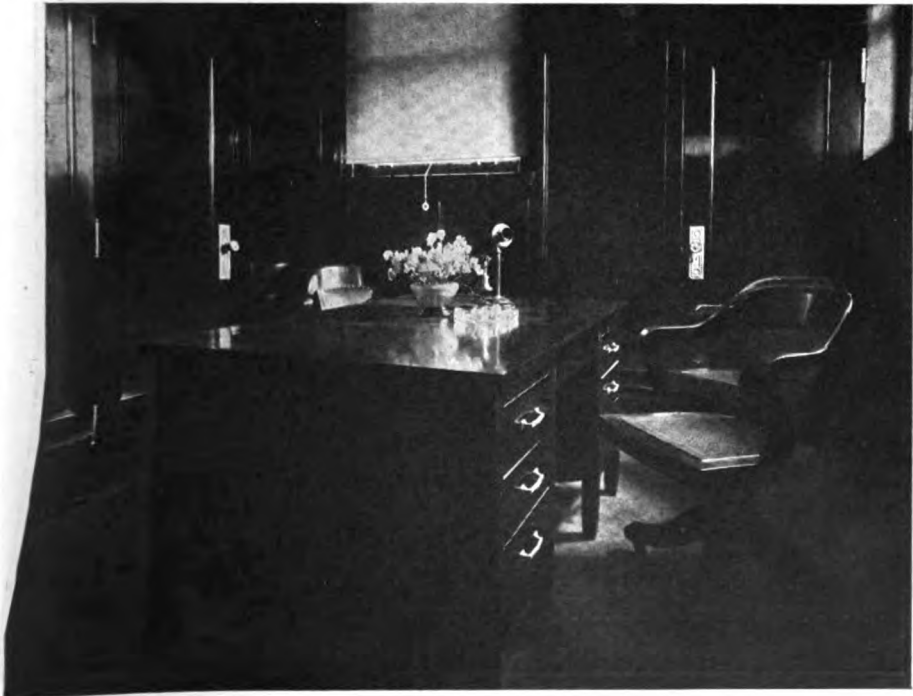
The basement will house the record and silver vaults, and will have locker rooms and shower baths for the employees, as well as excess storage space as the basement extends the entire length of the building and will be amply lighted and ventilated. A kitchenette and lunch room have also been provided there.

The steam boilers and mechanical equipment are located in a separate part of the basement, cut off from the remainder of the building by a solid wall and reached by separate stairs.

One of the special features of the building is the indirect flood lighting of the main banking room which diffuses a soft light, free from shadows, over the entire interior. The tellers' desks



FRANK S. DANIEL
Assistant cashier



Private conference room



Interior of vault showing safe deposit boxes

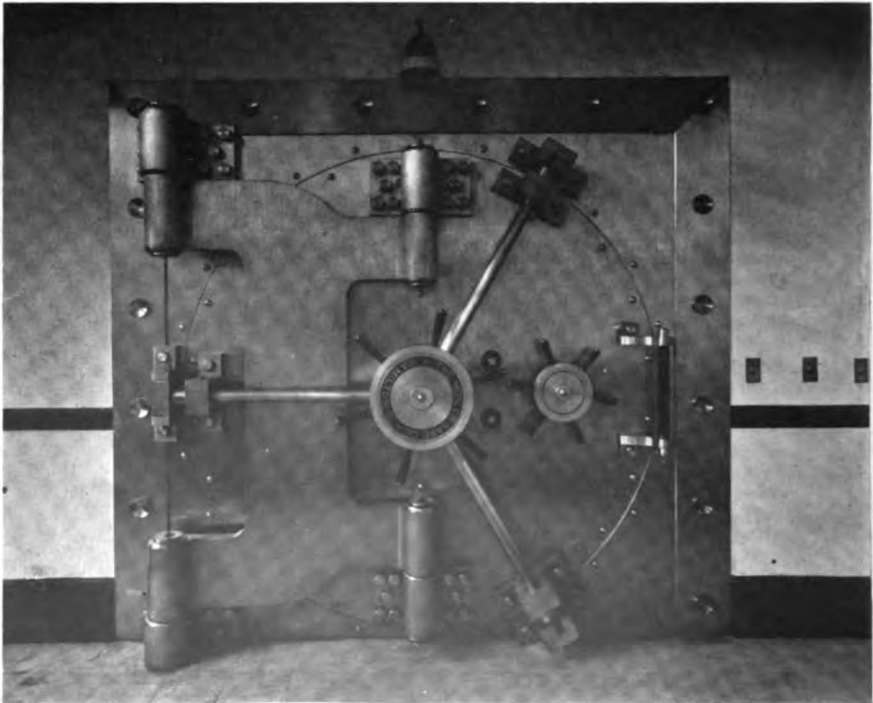
have received a special treatment of illumination to avoid all glare and reflected light.

SAFE DEPOSIT VAULTS

At the south end of the main banking room and opening on the lobby through metal grills and gates, are the safe deposit vaults, money vaults, book vaults, coupon rooms, supply room, stair to mezzanine and doors through to the Twenty-third avenue entrance and to the basement.

The vaults have been the subject of thorough study and investigation on the part of bank officials and the architect who made a special trip to the factories, that the vaults might be the last word in design and construction.

In addition to the main vault doors, with their special bolt work, fire and burglar proof plates and time-lock construction, the vault spaces are surrounded on all sides, including floors and ceiling with twenty-seven inches of reinforced concrete with rods of steel



View of vault door

closely spaced encircling these vaults and firmly imbedded in the concrete making an armored envelope of great strength and immune from the burglar's torch.

Perhaps the most interesting feature of the new City National Bank building is the massive cash and safe deposit vault. The round steel door weighs seventeen tons, is sixteen inches thick, and is built of alternate layers of drill proof and torch proof steel. The door has a double combination and a quadruple time lock. Inside the vault, the safe deposit and cash sections are separated by steel grilles. Inside the cash vault, the bank's cash reserve and large securities will be contained in a screw-door, burglar proof, manganese safe.

Once in the vault, both the bank's key and the customer's key are required to open a box.

In addition to the cash and safe deposit vault, there are four other large vaults for the storage of books, records, silver and large parcels.

Convenient to the safe deposit vaults are small coupon booths where customers may take their boxes in safety and privacy for the examination of their papers.

MODERN EQUIPMENT THROUGHOUT

The building is provided throughout with the most modern equipment and machinery. Wherever possible, automatic electrical machinery has been provided. The electrically operated book-keeping machines are installed in special individual steel desks, at which the operators are seated. Automatic machinery is also provided for the counting of money and changing money, and there is a machine for sealing letters.

A feature of the building which will greatly improve the service to the bank's customers, is a private branch telephone exchange. Telephones are provided at all desks and cages and for rooms in the basement and on the mezzanine floors. It will therefore be possible to communicate instantly from one depart-



Safety deposit vault

ment to another in the bank or with any outside telephone.

SERVICE TO THE FARMERS

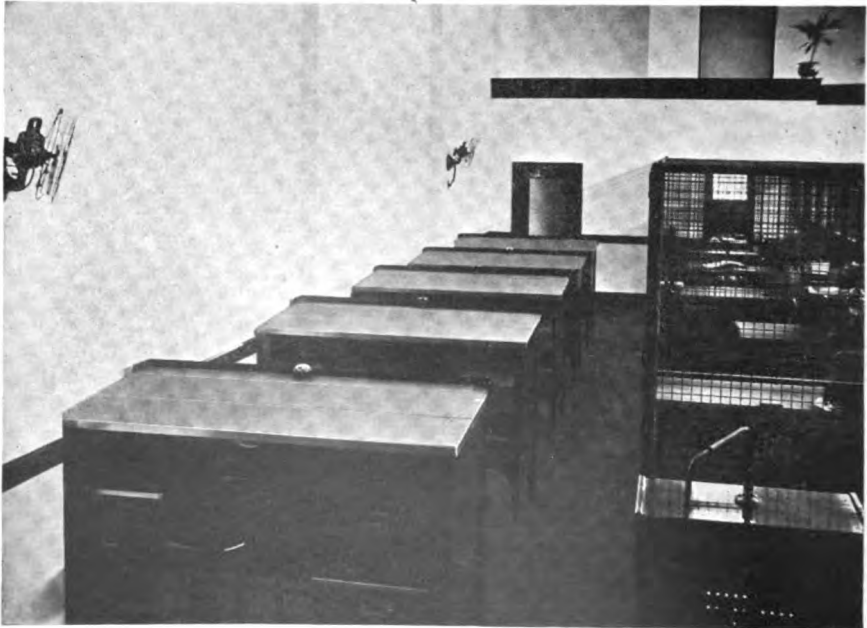
In recent years, the City National Bank has devoted special attention to assisting the farmers of the county. The bank brought in two car loads of registered high grade Jersey cows, and sold them to the farmers at cost and on easy terms; financed the purchase of registered bulls for the Coöperative Bull Association; distributed pure bred pigs to the members of the Boys' Pig Club at cost and on easy terms; distributed free to one hundred girls in the Home Demonstration Club, a setting of pure strain White Leghorn eggs; entertained the members of the Boys' Clubs at a banquet; issued a Farm Record Book free to all farmers in the country; issued monthly bulletins to the farmers and distributed government bulletins; gave a scholarship to the summer course at Auburn, and coöperated with the county agent, the home demonstration agent, and the Farm Bureau in every movement for the benefit of the farmers.

OFFICERS AND DIRECTORS

R. H. Cochrane, president of the bank was born in Tuscaloosa, Alabama, in 1873. He entered the employ of J. H. Fitts & Company at the age of fourteen. He was one of the incorporators of the City National Bank in 1902, and was assistant cashier. He was appointed cashier in 1904, vice-president in 1921 and president in 1922. Mr. Cochrane is treasurer of the Diocese of Alabama and Bishop's Fund of Episcopal Church; treasurer of the Tuscaloosa Chapter of Red Cross; county chairman Third Liberty Loan Campaign; director of Chamber of Commerce; and treasurer Tuscaloosa County School fund.

S. F. Clabaugh, vice-president and cashier was born in Birmingham, Ala., in 1890. He began work as a reporter on the Birmingham Age Herald at the age of fourteen. He graduated from the University of Alabama with the degrees of A. B., A. M., L. L. B.

He established the Tuscaloosa News (Daily) in 1910. In 1914 he was appointed postmaster at Tuscaloosa. He



Arrangement of desks for bookkeeping machines in rear of tellers' cages

was elected on the board of directors of the City National Bank in 1917, and in 1919 resigned the postmastership to become assistant to the president of City National Bank. He was elected cashier in 1921, and vice-president and cashier in 1922.

Mr. Clabaugh was vice-president of the Alabama Bankers Association in 1921-22 and vice-president for Alabama of the American Bankers Association, 1922. He has been president of the Tuscaloosa Chamber of Commerce; former president of the Rotary Club; general secretary Tuscaloosa Centennial Celebration in 1916; trustee Alabama Farm Bureau Federation; president Society of the Alumni of the University of Alabama 1917-19; chairman of War Savings Campaign and other war drives. He waived exemptions and enlisted in naval aviation and was in training when the armistice was signed.

He was chairman of the first board of trustees of the Tuscaloosa Hospital; chairman for several years of the local Red Cross; and a director of the Alabama Children's Aid Society.

J. T. Horne, vice-president, was born in Putnam County, Indiana, in 1860,

and as a boy worker on his father's farm. He engaged in manufacture of slack cooperage for a number of years. He moved to Tuscaloosa in 1909, and erected the rotary veneer plant now owned by J. T. Horne Veneer Company, of which he is president and principal stockholder. Mr. Horne is prominent in civic and religious work. He was elected director of the City National Bank in 1916, and vice-president in 1918. He is a director of the Chamber of Commerce and chairman of the board of stewards of the Methodist Church.

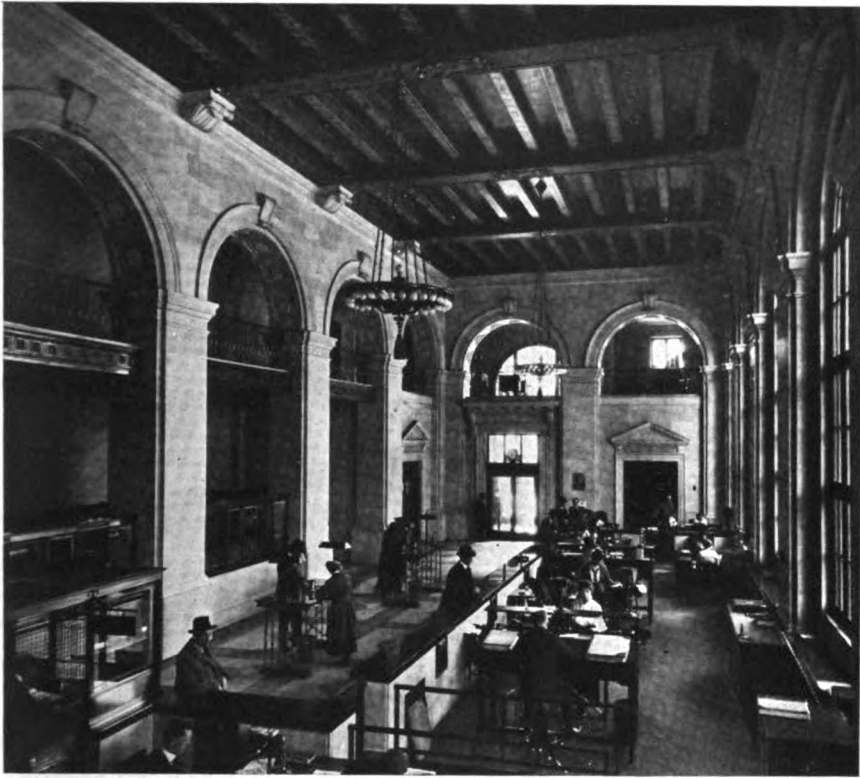
Frank S. Daniel, assistant cashier, was born in Northport in 1889. He was graduated from the Tuscaloosa High School, Wheeler Business College, Birmingham, and attended the University of Alabama. He held responsible positions with the Big Sandy Lumber Company, Hull, Ala.; Bromberg Jewelry Company of Birmingham, and Allen & Jemison Company of Tuscaloosa. He entered the employ of the City National Bank in 1914 and was elected assistant cashier in 1919. He is a director of the Junior Chamber of Commerce.



A DISTINGUISHED citizen of this city once upon a time discovered America, and as Genoa in the past discovered America to Europe, I am hopeful that Genoa once more will render another immortal service to humanity by rediscovering Europe to America.—*Lloyd George, at Genoa.*



BANK OF HAMILTON
Head office of the Bank of Hamilton, at Ontario, Canada



Main banking room at the Winnipeg office

Fiftieth Anniversary of the Bank of Hamilton, Hamilton, Canada

THE Bank of Hamilton, Hamilton, Ontario, is this year celebrating its fiftieth anniversary. In the fifty years since its incorporation the bank has grown from a small local institution to one with 156 branches and a steadily rising place among the banks of the Dominion of Canada. In all the depressions of past years the bank has never failed to pay a dividend. The expansion has not only proved beneficial to the bank, but to the Dominion as well.

The first meeting for the purpose of organization was held at the office of D. McInnes on Monday evening, January 29, 1872. The bank was then organized under the title of "Bank of Hamilton" and the capital fixed at \$1,000,000.

By July 6 of the same year, a char-

ter had been obtained, and the entire capital stock of \$1,000,000 had been subscribed. Applications from the public for stock amounted to approximately \$2,000,000, but although considerable pressure was brought to bear to induce the directors to increase the capital, it was considered more prudent to start with \$1,000,000.

FIRST DIRECTORS AND OFFICERS

The first meeting of the shareholders was held on August 1, 1872, when the following directors were elected: Donald McInnes, Edward Gurney, James Turner, John Stuart, Dennis Moore, Jacob Hespeler and the Hon. Samuel Mills. At the close of the meeting, the directors elected D. McInnes, president, and John Stuart, vice-president. H. C.



JOHN P. BELL
General Manager Bank of Hamilton

MR. BELL was born in Hamilton, Ont., in 1872, and was educated in the schools there. After graduation in 1888 he joined the Bank of Hamilton. He was manager at Georgetown from 1900 to 1902, at Berlin from 1902 to 1904 and Brantford from 1904 to 1909. He then became manager at the main office at Hamilton, and in 1914 was made general manager.

He is president of the Chamber of Commerce, Hamilton, and is treasurer of the Hamilton Patriotic Fund. He is a member of the following clubs: Hamilton, Hamilton Thistle, Jockey, Royal Hamilton Yacht, Hamilton Golf and Toronto (Toronto).



Toronto office

Hammond, formerly with the Quebec Bank, Toronto, was engaged as cashier, as the general manager was called.

In August, 1872, the bank opened for business with a subscribed capital of \$1,000,000, of which ten per cent., or

\$100,000, had been called and paid up. The premises occupied were in the McInnes block on the southwest corner of King and John streets, in Hamilton.

The first annual general meeting of shareholders was held on June 17, 1873. The statement submitted showed a paid-up capital of \$393,980, total deposits \$235,148, and profits \$23,951. Out of the latter, a dividend amounting to \$18,452 was paid, being at the rate of eight per cent on the average paid-up capital. This left \$5499 to be transferred to a profit and loss account.

In 1874, agencies, as they were then called, were opened in Listowel and Port Elgin. These were followed by Georgetown in 1875. During the following year an agency was opened at Milton and one at Beeton in 1878.

In 1879 as the bank premises were destroyed by fire the bank moved into the old quarters occupied by the Bank of Montreal. J. S. Gordon, now assistant to the general manager entered the bank in this year. He is the oldest member of the staff who was connected with the bank in the early days. At the finish of the first decade of the bank's existence there were seven agencies and very satisfactory progress had been made.

STEADY GROWTH AND EXPANSION

During the next ten years the capital was increased at various times until it amounted to \$1,250,000 and agencies were opened in Toronto and a few years later in Winnipeg, the first of the branches in western Canada. In 1888, the present general manager, J. P. Bell, entered the service of the bank at the Hamilton office. During this time the dividends were gradually increased until today the bank pays a yearly dividend of twelve per cent.

In 1892 the bank moved into new quarters at the corner of King and James streets, and in 1907 it was found necessary to add eight stories to this building. The period from 1902 to 1912 showed rapid growth and expansion on the part of the bank, the number of branches having increased to 130, and substantial increases made in the capital.

In 1914 James Turnbull who had been general manager and cashier for twenty-six years resigned and J. P. Bell, the present general manager succeeded him.

COMPARISON OF STATEMENT

The paid-up capital is at present \$5,000,000 and authorized capital \$7,000,000. The following comparison of statements shows the steady growth of the bank since its organization:

Year	Capital paid up	Deposits	Total assets
1873	\$ 393,980	\$ 235,148	\$ 796,376
1882	751,550	1,288,178	2,984,000
1892	1,250,000	4,745,521	7,979,646
1902	2,000,000	14,184,250	19,909,942
1912	3,000,000	38,087,477	48,907,883
1916	3,000,000	45,398,174	57,163,344
1922	5,000,000	63,910,120	79,480,755

OFFICERS AND DIRECTORS

At the recent annual meeting on April 18, the following directors were elected: Sir John Hendrie, K.C.M.G., C.V.O.; Cyrus A. Birge, H. S. Ambrose, C. C. Dalton, Robert Hobson, W. E. Phin, I. Pitblado, K.C.; W. P. Riley, J. Turnbull, W. A. Wood, A. V. Young.

At a subsequent meeting of the new board, Sir John Hendrie, K.C.M.G., C.V.O., was reelected president and Cyrus A. Birge, vice-president.



What Advertising Mediums Bring the Best Results

SPEAKING before the New York State Bankers Convention at Lake Placid on June 19, Arthur DeBebian, advertising and publicity director of the Equitable Trust Company, New York, said:

The number of people who buy and read a publication determine the commercial value of the advertising space in that publication. Quality of circulation and the location of circulation are also factors of prime importance, but they are factors which the advertiser must select according to his requirements.

The selection of the best and most suitable advertising mediums becomes primarily a question to be determined by the markets we wish to reach. Any organization about to launch an advertising campaign, should, in my opinion, first determine its most logical and profitable market, and then seek the mediums best covering that market. If we are, for instance seeking business in Greater New York, or in the Metropolitan district, the Metropolitan dailies should, in my opinion, claim at least two thirds of our appropriations for space. If we are seeking national business, the better grade of general and banking magazines are our logical mediums. I would not regard it as good business for a bank doing a purely local business to advertise in a medium whose circulation was scattered over the entire country. But should a bank be seeking new connections of a national or international character there is no medium more suitable than the better grade of financial or general magazine.

In the general magazine field among publications most frequently utilized by banks and investment organizations, we find the cost per page of space ranging from \$1.69 to \$4.86 per thousand of circulation.

In the newspaper field, taking the New York City dailies, as an example, we find the cost per page ranging from \$4.75 to \$27.23 per thousand of circulation.

Two thirds of the important New York City newspapers, however, are under \$6.00 per thousand of circulation, and when we consider that the average display bank advertisement occupies less than one-quarter page of space, we are purchasing adequate newspaper space at less than \$1.50 per thousand. The rates per thousand in Buffalo, Rochester, Syracuse and Albany newspapers are approximately the same.

For the bank whose business is largely local, the local newspapers having a concentrated circulation certainly appear to be



ARTHUR M. DeBEBIAN
Advertising manager Equitable Trust Company
New York

the best buy. Bill boards and car cards are excellent mediums to round out a local campaign for their circulation is concentrated and they offer excellent display possibilities.

I intend to dwell particularly upon the importance of follow-up work and personal solicitation for I believe that banking institutions, as a rule, do not attach sufficient importance to this work. Good follow-up work and personal solicitation are just as essential in a well rounded advertising campaign, as the publications you utilize and the copy you prepare.

The advertising of booklets on timely topics is usually productive of inquiries in good volume whether published in magazines or newspapers.

I cite as a good example of this, the advertising recently placed by my organization describing a very timely booklet, entitled, "Currency Inflation and Public Debts" by Professor Seligman, with a prefatory note by our president, Alvin W. Krech. In advertising this booklet we utilized only a moderate amount of space in magazines and



*Skyline of New York in 1883
when the Seaboard was established*

Why do people speak of the "old" Seaboard?

1883 isn't so long ago—just about far enough back so that considerable water has run under the bridge. And a person or institution born in 1883 has a rather definitely decided character and reputation—but isn't *old*.

We do not *know*, but we suspect, that customers speak of the "old" Seaboard very much as they speak of an old and valued friend with whom they have been through many experiences, both in the full years and in the lean years. They know they can count on the "old" Seaboard to quickly and effectively transact business, and when the need arises to grant every consideration and assistance that sound banking permits.

The Seaboard National Bank

with which is combined

The Mercantile Trust Company

Main Office

BROAD AND BEAVER STREETS

Mercantile Branch
115 BROADWAY
At Cedar St.

Uptown Branch
20 EAST 45TH STREET
Near Madison Ave.



newspapers. We secured not less than 4000 inquiries for this booklet from widely diversified sources and from very high types of firms and individuals.

These inquiries were carefully classified and assigned to our branch offices according to the territories in which they originated.

The inquiries were then sent to each branch and correspondent office manager with a form letter to be utilized as a follow-up. A second follow-up letter was subsequently forwarded.

Inquiries originating in our main office territory were turned over to our new business and bond department representatives.

I have found that our bond department offers one of the best means of establishing contact with a prospect.

Probably the best way of illustrating this fact is through the citation of a specific instance.

The prospect requested a copy of our booklet, "Currency Inflation and Public Debts" which was duly forwarded to him. About one week later he received from us a copy of our general service booklet, outlining in a way easily comprehended by the layman, the many helpful services of a trust company.

The introductory paragraph of this booklet reads as follows:

"Many bank depositors both individuals and business firms fail to get the most out of their banking connections because of their unfamiliarity with banking services and terms. This booklet has been prepared to help you understand the various forms of

service in terms of your own business and private affairs.

"We want you to look upon us not just as a big bank, but as a friend, sincerely interested in your success. We can help you develop your business, invest your savings safely and profitably, build your estate, relieve you of the care of its management and, finally, take upon our shoulders the protection of your estate for the benefit of your family.

"Our service is a very human thing. It lies beyond the teller's or loan clerk's window—in the friendship and knowledge and experience of our officers; and their capacity and desire to help you will be limited only by the extent to which you take them into your confidence."

Each important function of our bank is described in this booklet in a brief and non-technical way.

This man read our booklet with interest, and later when a representative of our bond department called upon the man he was in a receptive mood, and on the second call purchased \$12,000 worth of bonds. Not long afterward he himself suggested that we take care of his securities and mortgages under the terms of our safekeeping service.

Recently this man opened a substantial account with us which he intends to build up as a fund for the erection of a new building to house his business.

This instance shows the important part played by the follow-up work and it also illustrates well the importance of advertising some specific service to attract the interest of the reader.



Book Reviews

LLOYDS: YESTERDAY AND TODAY. By Henry McGrey. London: Syren and Shipping, Ltd.

*"Coffee which makes the politician wise,
And see through all things with his half-shut eyes."*

This couplet from Pope which dedicates this little volume on Lloyd's has reference to the humble beginning of the greatest marine insurance institution in the world. It is also a clue to the extreme readability of the book, which to one who knows the tang of salt water deals with a most fascinating subject.

It was toward the close of the sev-

enteenth century that a man named Edward Lloyd, whose antecedents are unknown and whose biography exists only in fragments of advertisements from the London Gazette of his day, opened a modest coffee-shop in Tower street, London. As Tower street was near the center of the shipping activities Lloyd's became a gathering place of seafaring men, and inevitably, a center of information and ships news gossip. Lloyd seems to have been an enterprising man who kept up a large correspondence and his place soon became the recognized headquarters for shipping news and marine insurance as well, for as sea captains and owners of vessels settled their businesses there it was most na-

tural that underwriters should follow them. In 1696 a newspaper giving shipping and commercial news was established, and after various vicissitudes exists today as "Lloyds List". As time went on the institution outgrew its quarters, and after several removals was established in its present location in the Royal Exchange. A regular membership developed, rules were adopted, and a charter was secured for the Corporation of Lloyd's, somewhat resembling that of a stock exchange. Today Lloyd's has agents in practically every port of the world who keep it in constant touch with the movements of its ships, and in peace as well as in war it often furnishes valuable information to the Government.

All this development the book deals with in easy entertaining fashion, while the incidents and anecdotes of marine insurance, frauds, casualties, human high-lights, and picturesque variety of bets and policies entered at Lloyd's flavor this narrative of fact with the diversity of salt-water fiction.



AMERICAN COMMERCIAL CREDITS. By Wilbert Ward. New York: The Ronald Press.

The author of this book states that his purpose is to "make generally available, not alone the conclusions and recommendations of the Commercial Credit Conference, but an explanation of commercial credit practice, a representative selection of typical credit instructions and a summary of the leading precedents, sufficient to gain a true understanding of the practical procedure connected with commercial credit operations and of the legal relationships of the parties to the transactions". As the author is chairman of the Acceptance Council committee which prepared the

forms of the standard letter of credit recommended for general adoption by American banks, beginning July 1, 1922, he brings to his writing an intimate knowledge of his subject.

The book outlines the discussions of the Commercial Credit Conference and indicates the reason for the choice of the standard forms. It contains comprehensive treatment of letter of credit practice, including: the question of recourse against the letter of credit beneficiary; the matter of "received for shipment" and "on board" bills of lading—the Hague rules; the buyers' protection against the mercantile risk. Some of the topics treated at length are: The rise of commercial letters of credit; the confusion concerning confirmation; recognition of the need for standard forms; standard commercial letters of credit; nature of rights and obligations created by documentary letters of credit; performance under documentary letters of credit.



THE CHINESE NATIONAL BANKS. By Ray Ovid Hall, Washington, D. C.: Ballantyne & Sons.

This little book deals with the history and vicissitudes of the Chinese national banks. It discusses the organization of the Hupu Bank, the Ta Ching Bank, and the disastrous effects of the revolution of 1911 upon banks then in existence, with the consequent establishment of the Bank of China. Other topics of interest in the book are the struggle for Government balances; note redemption at Canton; the dollar versus yen and rubles at Manchuria. The author devotes one chapter to an appraisal of the banking systems in China and suggests some steps towards a reform of present conditions.



New Era in Bank Advertising on its Way

By Harold A. Nornabell

A NEW era of bank advertising is on its way. This is not a prophesy, but is an observation of approaching events which you may have noticed yourself.

Banks are going to have nationally advertised articles to market the same as other retailers in town. You have probably noticed they have some already.

This is the subject of keen rejoicing to alert bank publicity men who recognize in it an opportunity to merchandise bank service just as other more tangible products are merchandised.

The fellow that has said, "But, we are selling something intangible. That is harder, you know," is going to have to look for another excuse.

The great fault of bank advertising today is that, in most instances, one bank name could be substituted for another in the copy and it would be equally effective. This is said with all due respect to the men who prepare it because a bank publicity man cannot write individuality into copy for his institution if that institution has no individuality. National advertising will make bank service tangible and individualistic.

By familiarizing the public with some particular service or protection which banks are offering depositors through the use of national advertising, a customer of a bank giving this advertised service will have a clear conception of what he is getting and the service will assume tangible aspects. The mere fact that his bank provides this service which he is familiar with through his reading of advertisements will build prestige in his mind for the bank. When he is talking to friends about banking the chances are he will proudly boost his bank because of the service rendered which is well-known to him.

Curiously, all the four or five bank items now nationally advertised are checks.

Travellers checks have been on the market for some years and through national advertising are quite firmly established although there is still opportunity for increasing this business in many banks, especially during the approaching vacation season.

It is my personal opinion that banks could considerably increase their business in this item by "tying up" closer to the advertising campaign. Lists of travelling salesmen of local concerns, townspeople in the habit of taking long vacation trips and local business men taking frequent buying trips are often not worked for this item as intensively as the opportunities justify.

More recently, the national advertising of all forms of checks has come into vogue. The appeal to bank depositors is made through various forms of protective paper or devices and, in at least one instance, insurance against fraudulent alteration.

The leader among these advertisers of the general run of checks has spent as high as \$250,000 a year in popularizing his checks. His copy is appearing in five or six of the largest national publications and his product is getting to be quite as well known as other advertised products—say, Knox hats, Florsheim shoes or Goodyear tires.

Of course, you will find bankers who have tried nationally advertised checks, and will say that they are not productive, but if you will take the time to trace it down you will find that the banker is usually not a good "merchandiser".

In the first place he is under the impression that because he has a nationally advertised product people will rush into his bank to get it.

People do not do that. They do not go to their grocer and demand Campbell's Soup or to their clothier and demand Hart, Schaffner and Marx clothes, but what they do is to accept these articles from the merchants

with satisfaction and *without question because they have read about them*. If a merchant displays a sign showing that he has these products, he stamps himself as up-to-date because he handles well known products. The secret of getting maximum value from advertised products is letting people know by every means possible that you have them. This then stamps the local advertiser with all the prestige of the national copy.

The most successful merchants nowadays are those handling advertised products. The fact that his stock is well-known to his customers enables him to make sales quickly and without quibbling. It cuts sales expense, increases customer confidence and makes repeat sales come easier through the establishment of the trade name in the customers' minds. The day is not far distant when the most successful banks will handle nationally advertised products, service and protection. In fact, they do now—that is, all that is obtainable.

Getting back to these advertised checks, which are at present our best means of gauging the value of national advertising to banks, it has been the experience of banks getting behind this national advertising with good local publicity of all kinds that very desirable results could be secured.

Local publicity of this kind that has attracted much attention has consisted of lobby and window displays as well as newspaper copy.

Windows, especially, provide a bank with a splendid means of "tying up" with national advertising. Being in the bank, the association is close and unmistakable. Also, the buying impulse aroused has a means close at hand for expression—merely, "step inside". It is encouraging to note the increasing use of display windows by banks.

Lobby displays are used more to build prestige with present depositors and are very effective for this purpose.

It costs very little to prepare either a lobby or window display for nationally advertised products. A few maga-

zines folded back showing the advertisements together with a display of the product is quite effective.

Newspaper space and circularizing are made more productive too, by the injection of nationally advertised trade names and trade marks.

The increasing use of nationally advertised products and service by banks will ultimately result in a vast saving in bank publicity costs through increased effectiveness caused by using trade names and trade notes already made familiar to prospects through national advertising.

As this new phase spreads over more branches of a bank's service, it will become easier to give a bank an individuality. Whereas, now you have lettered on your bank window "United States Government Depository", "Depository for the Nation, State, County and City", etc., within a few short years banks will be gaining prestige by a new type of sign on their windows such as "We Provide Checks", "We give Nationally Advertised Service. You Know It's the Best", and other like signs.

Many features of the services a bank renders could be benefited by clearer explanation to the public through national publicity.

It would be mighty interesting and very good salesmanship for instance for burglary and holdup insurance companies to educate the general public to the safety of funds intrusted to banks thus protected. Such publicity would relieve public anxiety in cases of spectacular thefts and would certainly endear the company to the bankers in this country who realize the extreme importance of letting the people know how a bank protects funds.

This is only one of the instances where national advertising has not been used but could be utilized to advantage. Think over the service your bank renders and its many protective features. You will be surprised at the many opportunities which this new era in bank advertising is opening up.

Napoleon as a Financier

One hundred years ago Napoleon died.

Those of us who are in the banking profession recognize that he was one of the world's greatest financiers.

His wars have vanished, but his banking reforms survive and have carried France through many crises long after his campaigns were over.

His father was an utterly unpractical, dreamy man, a spendthrift; thus his mother early instilled frugality and saving habits among her children.

When Napoleon was twenty, he received less pay, as a very subordinate officer in the French army, than many minor bank employees now do in the United States. Yet he was saving enough to educate his two younger brothers.

When he was thirty, he founded one of the greatest banking institutions in the world, now 121 years old in usefulness.

On January 18, 1800, he decreed the establishment of the Bank of France, with a capital of 30,000,000 francs. These figures then seemed large, but today there are at least thirty national banks in the United States with a greater capitalization.

It superseded the "Caisse des Comptes Courants" (Bank of Current Accounts) which had been founded on June 29, 1796, and which had carried on a discount business, received deposits, opened current accounts, and issued notes payable to the bearer and at sight.

The Bank of France did all these things, and more. It was the center of the French banking system, since it had the Government behind it. The other banks which had enjoyed a right of issue either went into liquidation or were bought up by the Bank of France.

Nowhere did Napoleon show his genius more than in keeping the same able administration at the head of the French Treasury from 1799 to 1814. This was Gaudin, whom Napoleon promoted to be Minister of Finance. He had already spent twenty-five years in that department, and was thoroughly familiar with its workings.

In 1789, according to the great French writer, Taine, the average French peasant, out of every 100 francs of net income, paid fourteen francs to his immediate feudal superior, fourteen more to the Church, fifty-three to the King and had nineteen for himself.

Hence the French Revolution.

In 1800, after Napoleon had taken charge of affairs, the same peasant paid twenty-one francs in all to the Government and had seventy-nine for himself.

Napoleon was a good bookkeeper. For the first time in twenty years French national expenses and receipts balanced in 1801-2.

No country's finances were ever better managed than those of France under Napoleon from 1800 to his fall in 1814. "Efficiency" and "scientific management" were his guiding principles. Over a billion francs were spent on public improvements, such as bridges, highways, canals and waterways. Cotton manufacture was improved; a flax-spinning machine invented, and gas-lighting introduced, as well as the manufacture of soda.

Napoleon would have made an excellent bank president. We have much to learn from him—From *The Corn Exchange*.

A First National Bank Connection—

will mean more to you than merely the handling of your checks and deposits.

You will enjoy the added advantages of the wide influence and prestige that come through a connection with this sound banking institution as well as the courtesy and accommodation that it is possible to render with the most modern and efficient banking equipment.

It is a pleasure to receive letters of inquiry



Largest National Bank West of the Mississippi

SERVES EVERY STATE IN THE UNION

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

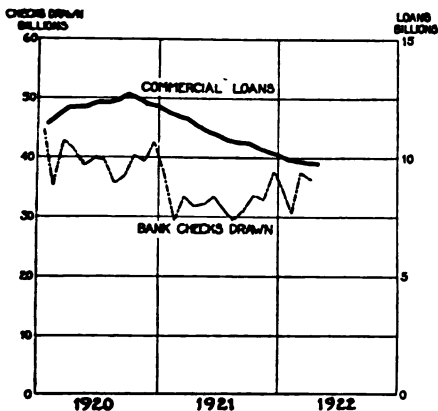
“**R**EVIVAL in many lines of business, which has become increasingly well-defined in recent months,” says the New York Federal Reserve Bank’s monthly review of business on the subject of credit conditions, “is not yet reflected in an increased demand for bank loans for commercial purposes. On the contrary, the volume of commercial loans in New York City banks still has a tendency to decline, though at a moderate rate, and the demands of member banks upon the Federal Reserve banks are at a minimum.” The review says further:

These small requirements for commercial credit are entirely in accord with experience during previous periods of recovery from business inactivity. The situation in respect of bank credit is precisely the re-

verse of the conditions which prevailed during the latter half of 1920. Then, business men in protecting themselves during the early stages of business reaction, borrowed not only for current needs but were obliged in many cases to grant extensions of loans owing to them by their customers, and to ask for extensions of loans owing by them to their banks. In consequence bank loans throughout the country did not reach maximum until about nine months after the tide of business activity had turned.

The accompanying diagram which compares business activity with the volume of commercial loans, illustrates these relationships. The measure taken to show business activity is the volume of debits to individual account—that is, the total amount of checks drawn on the accounts of individual depositors—reported by 141 clearing house centers throughout the United States.

In the line showing business activity the effect of the seasons is plainly marked; in the spring of each year the tendency of the line is downward and in the autumn upward, and the incidental dips and rises occur at very nearly the same relative periods of each year. The high point since 1919 was reached in the early part of 1920, and if allowance is made for the effect of the seasons, it will be seen that there was a decline until the late summer of 1921. Since then the tendency has been upward. Contrasted with the line for business activity is a line showing the commercial loans of about 800 member banks in principal cities representing about forty-five per cent. of the total banking resources of the country. This line reached its maximum in the early autumn of 1920 and then declined consistently until the latter part of 1921, since when the rate of decline has been somewhat smaller.



Course of commercial loans of reporting banks in the United States compared with changes in the volume of checks drawn on banks in clearing-house centers

THE IMPROVED POSITION OF THE FARMER

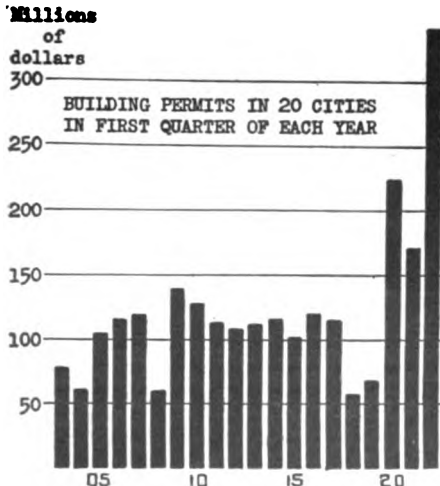
Relative to the decidedly favorable turn in the affairs of the farmer the Na-

tional City Bank, Chicago, says in a recent letter:

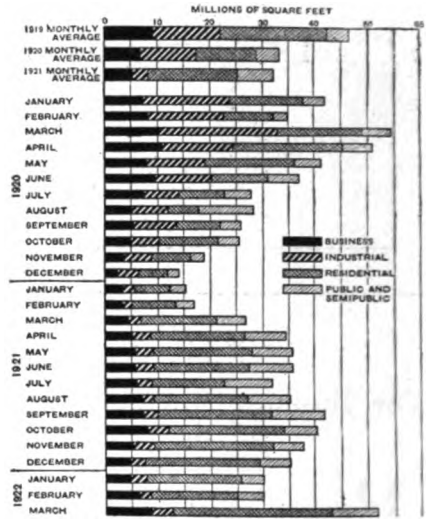
The greatly improved position of the farming classes is of importance to the whole country and especially to the West. It contrasts sharply with the despondency of last year and means a greatly increased purchasing power at just the time when it is most necessary to build up business and make it healthy and strong. The Government's May condition estimate of 88.5 per cent. for winter wheat suggests a crop about equal to last year's, but from eight to nine per cent. above the ten year average. The condition of rye shows marked improvement with a percentage of 91.7 and an indicated yield of more than 79,000,000 bushels as compared with a final estimate for the past decade of 57,000,000 bushels. The showing for hay is also above the ten year average, with an indicated yield of 103,579,000 tons. The indicated production of live-stock shows decided betterment and the outlook as a whole for the agricultural states is excellent. The lateness of ploughing and planting has been a drawback and while it is too early to venture precise forecasts, there are abundant grounds for taking a hopeful view of the future. This means much for the American people as the United States is an agricultural country first of all, notwithstanding the remarkable strides made by manufacturing within the last decade.

HIGH WATER MARK IN BUILDING

The striking proportions which figures for new building construction have reached, and the relation of these figures to business recovery is commented on



Value of building permits in millions of dollars in the same 20 cities for the first quarter of each year since 1903



Volume of building contracts awarded, by classes

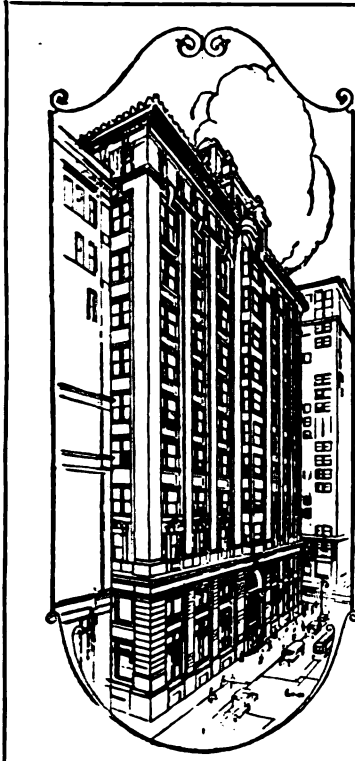
by the business bulletin of the Cleveland Trust Company as follows:

The evidences that business is recovering become truly impressive when they are compared with the corresponding records made after former depressions in earlier years. New building construction undertaken during the first quarter of 1922, constitutes a new high record. Never before has the new construction undertaken in the first three months of any year even remotely approached that of this year. Its total in twenty leading cities is more than three times as much as the average for the corresponding months of the past twenty years.

Few factors are more important than new building construction in marking the recovery of business after a depression, or in helping along the movement toward better times after it has got under way. New building is a form of durable investment. It takes place when people are producing more than they are consuming. It increases the machinery of production, or advances the standard of living, or does both.

The accompanying diagram shows the number of millions of dollars worth of building permits granted in the same twenty leading cities during the first quarter of each year over a term of twenty years. For fifteen years before the war the normal expenditure for new building in these cities during the first quarter of each year was about 110 million dollars. In times of prosperity it was a little more, and in years of depression it was distinctly less. The average was about 100 millions.

This year the amount has suddenly shot up to 340 millions. Even if full allowance



Where Business Concentrates

St. Louis, the gateway and clearing house of a great fertile empire that is particularly her own, is entering into a new era of better business.

Out-of-town banks will need now more than ever accurate and rapid banking service in such a trade center. Proper collection facilities and credit information from St. Louis will be valuable in your trade-building efforts.

The National Bank of Commerce in St. Louis, with 65 years' experience; and capital, surplus and profits of over \$15,000,000, can best serve your needs for a St. Louis banking connection.

The NATIONAL BANK of COMMERCE
in SAINT LOUIS

JOHN G. LONSDALE, President

is made for the prevailing high cost of building, it remains true that if this year's construction were being done at 1918 prices it would amount in volume to nearly twice as much as the average for recent, pre-war years.

BUILDING OPERATIONS FOR MARCH AND APRIL

The Department of Commerce remarks, relative to building for March and April, that:

Building contracts awarded in the twenty-seven Northeastern states in March totaled \$293,673,000, compared to \$177,473,000 in February and \$164,092,000 in March of last year. The total floor space in all buildings awarded in March, exclusive of public works and public utilities, amounted to 51,957,000 square feet. This latter record has been exceeded only once within the last two years.

Building contracts awarded in the twenty-seven Northeastern states amounted to \$353,161,900 in April, thus exceeding all previous records. The former high record was reached in July, 1919, when the total was \$317,698,000. The total amount of floor space in the nine classes of building for which this is recorded amounted to 58,146,-

000 square feet in April, compared to 34,471,000 square feet in April last year.

All classes of construction, with the exception of public buildings, increased both in floor space and in value, compared to March. Contracts for business buildings amounted to \$58,711,000, an increase of \$11,000,000 for the month. The floor space of this class of building increased from 8,958,000 to 10,419,000 square feet.

Industrial buildings made a slight gain while residential buildings increased from \$121,551,000 in March to \$132,478,000 with an increase of 1,300,000 square feet in floor space. Public works and public utilities rose from \$51,997,000 to \$75,251,000 in April.

CHAIN STORES SALES

The largest increase in sales of chain stores in April, according to the New York Federal Reserve Bank, was made by the five and ten cent stores, sales of which were twenty-one per cent. larger than a year ago and the largest ever made in April. The average sales per store increased sixteen per cent. The bank reports further that:

Sales by chain grocery stores were twenty per cent. larger than last year, due largely

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$515,000

OFFICERS

JULIAN D. FAIRCHILD, President

JULIAN P. FAIRCHILD, Vice-President
WILLIAM J. WASON, JR., Vice-President
THOMAS BLAKE, Secretary

HOWARD D. JOOST, Assistant Secretary
J. NORMAN CARPENTER, Trust Officer
BROWER, BROWER & BROWER, Counsel

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

to an increase in the number of stores owned by the reporting systems. Average sales per store showed a decline of 0.3 per cent. Detailed figures are shown in the table. The column showing change in sales per store is to be interpreted in connection with the fact that the new stores established tend to be smaller in size than old stores and hence tend to pull down average sales per store.

Type of store	Number of stores		Dollar value of sales	
	Apr. 1921	Apr. 1922	Apr. 1921	Apr. 1922
Ten cent	1,598	1,660	100	121
Grocery	5,749	6,935	100	120
Shoe	199	202	100	111
Apparel	368	373	100	108
Cigar	2,196	2,253	100	92
Drug	250	253	100	97
Total	10,360	11,676	100	114

A NATIONAL POLICY NEEDED

"What we need," says the Mississippi Valley Association in its declaration of principles for 1922, "is not a national agricultural policy, but a great national policy, in which agriculture, industry, commerce, finance, and transportation, each properly articulates and coordinates with all the others. It is only as we acknowledge this absolute interdependence of interests that we shall make real and permanent progress."

FAVORS FORD'S MUSCLE SHOALS OFFER

The Mississippi Valley Association puts itself on record as favoring the acceptance by Congress of Henry Ford's offer for Muscle Shoals, as follows:

It is the convinced judgment of the Mississippi Valley Association that the offer of Henry Ford for Muscle Shoals should be promptly accepted by the Congress of the United States. This offer has universally received the approval of the people in the country. The waste of Government funds

going on since the signing of the armistice at the end of the Great War should cease. The future responsibility should now be transferred from the taxpayers of the country to Henry Ford under the terms of his offer.

We also declare that representatives of the Association be appointed to urge the committees of Congress now considering the Ford offer to report favorably the acceptance of such offer by both Houses of Congress.

COUNTRY BANKS AND FARM MORTGAGES

"When the Federal Farm Loan Act was passed", said George Woodruff, vice-president of the National Bank of the Republic, Chicago, in a recent address before the Missouri Bankers' Association, "many farmers were given the impression that the banks were opposed to the legislation because some bankers expressed the opinion that small local cooperative associations would not be able adequately to look after the mortgage needs of their respective communities". To quote Mr. Woodruff further:

Any lack of cooperation between the country banks and the Farm Loan system has not been due to any general opposition on the part of the banks, but has been due almost entirely to the fact that the Federal Farm Loan act contained no provisions that would make possible the adequate use of the services of the more than thirty thousand banks in America.

The working of the Federal Farm Loan act, with its provisions for a cooperative system of banks and local associations and a joint stock system, is now becoming generally understood throughout our country. Most farmers realize that it is possible under the law for any ten of them to organize a local Farm Loan Association through which

they can negotiate amortization mortgages on their land, the local association turning the mortgages over to the Federal Land bank and the Federal Land bank securing the money with which to purchase the mortgages from the local association by selling tax-free Federal Land bank bonds. However, many farmers have complained about the lack of activity on the part of local associations after they have been formed.

In view of this situation it would doubtless seem to be advisable to continue the present provisions of the act providing for the organization and operation of local Farm Loan Associations, but at the same time it would seem to be quite clear that if we, in America, are to take advantage of the greatest opportunity that any country has ever had to build up the greatest system of land credit in the world, we must admit the country banks as members of the system, and this could very easily be done by leaving all of the provisions of the act exactly as they are at present and merely adding a new section that would make possible the admission of the country banks as members.

THE REVISION IN FREIGHT RATES

On the subject of the recent revision in freight rates by the Interstate Commerce Commission, the National City Bank, Chicago, observes:

Freight rate reductions ordered by the Interstate Commerce Commission are sure to have an important bearing upon the railroads and the shippers. Changes effective July 1 next involve a ten per cent. horizontal cut in rates below the schedule which became effective on August 26, 1920. Passenger rates were not touched at all and the surcharge on Pullman fares was retained. The reductions affect nearly all classes of traffic except agricultural products, which benefited at the beginning of 1922 from a sixteen and one-half per cent. cut on grain, grain products and hay. The new rates will replace also the ten per cent. cut on several agricultural products made supplemental to August 26, 1920, and which would have expired this month. While some railroad officials complain of the rate cut as likely to embarrass the carriers and so reduce earnings as to make them less attractive with the public, the indications are that this objection, however valid, will be partially met by a reduction in wages. It is clear that the roads will use this rate cut as a basis for reopening the controversy for lower wages, the petitions for which are now on file with the Railroad Labor Board at Chicago.

The announcement just made by the Railroad Labor Board of a reduction averaging five cents per hour in the wages of the maintenance of way employees and railway shop laborers is, no doubt, thoroughly jus-

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are invited to avail themselves of the Banking, Trust, Real Estate and other facilities of this Company, which is now serving many clients in other cities.

The continued growth of this Company, without consolidation, since its establishment under perpetual charter in 1836, is evidence of the satisfactory service rendered.

Capital and Surplus	.	\$10,000,000
Resources	56,000,000
Individual Trust Funds		285,000,000

Corporate Trust Funds . . . \$1,386,000,000

GIRARD TRUST COMPANY

Broad and Chestnut Streets, Philadelphia

Member Federal
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Effingham B. Morris
President

tified and it will probably not be long before all other classes of railroad labor will be correspondingly reduced. The decision did not meet the wishes of President Harding for freight cuts in rates on agricultural products, nor the desire of Secretary Hoover for reduction in rates for the transportation of coal and other basic commodities. But the commission felt that the principle of the horizontal decrease was the one which best suited present conditions. The commission said: "Rate stability is one of the important needs of commerce. It is a fundamental law of business that the anticipation of a falling market tends to restrict purchases. The public does not accept the present rate level as stable because of the belief that rates are too high and must come down." If this point is well taken—and it is urged by many experts—the announcement of the new schedules ought to lead to better business and the release of orders held up by uncertainty as to what the new delivery costs would be.

RECENT RAILWAY EARNINGS

Discussing recent railway earning statements, the *Index* of the New York Trust Company, says:

That the position of the roads has materially improved is clearly indicated. But it is important to observe that this improvement has been effected in spite of decreased operating revenues. It is doubtful, to say the least, whether the roads can safely continue their present policy of rigid economy involving large reduction in maintenance expenditure, which clearly shows in the increased percentage of bad order cars.

As to the effect of decreased rates the evidence is not conclusive. On the one hand the loadings of grain and grain products are increased, while as to live stock, on which a very considerable reduction in rates was made from January 1 to April 15, the total loadings under this heading were 429,625 cars, as compared with 482,084 cars in the corresponding period of 1921 (when the rate reduction had not yet taken effect), and with 450,848 cars in 1920, before the rate increase was made. It is further to be noted that the largest gains in loading thus far made in 1922 have been in miscellaneous, less-than-carload lots of merchandise and in coal, on which there has been little or no reduction in rates.

While these figures are not conclusive, because so many factors other than freight rates have affected the situation, they are sufficient to show that the increase in total freight car loadings this year is not of itself proof that reductions in rates have stimulated traffic, a conclusion that agricultural producers are most anxious to draw, but which is not justified by the evidence at hand.

1781

The Oldest Bank in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of \$2,000,000, Surplus of \$3,000,000, and Undivided Profits of \$482,664.26, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

President

E. PUSEY PASSMORE

Vice-President

RICHARD S. McKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

THE BANK OF NORTH AMERICA

(NATIONAL BANK)

PHILADELPHIA

1922



ESTABLISHED 1889

Resources
Over \$18,000,000.00

Among the most valuable assets of this Bank are the confidence and the esteem of those who know it best.

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PEOPLES BANK
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Main Office
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Corner Niagara and Virginia

THE CLASS STRUGGLE MYTH

Writing for the Garfield National Bank, New York, on the subject of "The Myth of the Class Struggle", Henry Hazlitt, financial editor of the *New York Evening Mail*, says:

Of all the dangerous economic ideas that rage in the world today, the most dangerous, and the most widespread, is the belief in a natural antagonism between capital and labor. In particular, the idea consists of two propositions, to wit:

(1) That there are two distinct "classes", capitalists and workers, employers and employed, that their interests are inevitably and inherently opposed to each other, and that the gain of one is always at the expense of the other.

(2) That the interests of the "workers" are identical with each other.

Yet the idea will not bear the slightest critical examination. The distinction between capital and labor, to begin with, is purely formal. The corporation employee holding a share of stock is a capitalist. The man receiving interest on his \$50 Liberty bond is a capitalist. That Greek immigrant down at the corner, pushing his two-wheeled cart of fruit and chocolate bars, is a capitalist. He works for no one. He has invested in his cart, which is fixed capital; in his fruit and chocolate bars, which constitute his inventories; he sells direct to the public, like the owner of any retail department store. What he makes are profits, not wages. And if he should hire an assistant to help him wheel the cart or sell the fruit and chocolate, he would become an employer.

On the other hand, the bank president, the great steel company president, the president of one of the country's largest railroads, is an employee. He may hold stock in the corporation, just as the humblest worker may, and often does, but he need not necessarily do so. Essentially he is hired by the stockholders, through the board of directors, and what he gets is a salary, not profits. He is, in the socialist catchword, being "exploited", just as the Greek pushcart owner may be "exploiting" someone.

AUTOMOBILE ACTIVITY

Concerning the activity in the automobile business the First Wisconsin National Bank says:

Automobile shipments have been increasing rapidly from the first of the year. The first quarter's shipments of passenger cars and trucks exceeded those of the first quarter of 1921 by sixty-five per cent. Probably a large part of this demand is for replacement. Many people, no doubt, are

buying new cars this year who would normally have bought them last year. Study of automobile statistics has developed the fact that for several years new demand has centered on the low and medium-priced cars. It would be interesting to find out the progression of buyers from the lower to the medium and higher-priced cars. There must be a more or less regular tendency for buyers to go from a cheap to a medium-priced car, but the number who graduate into the higher-priced class is naturally much smaller. The production and registration figures show that the expensive car class has increased relatively little for the past five or six years.

Increased sales of automobiles and trucks together with the advance of the spring season has brought pronounced improvement in tire and automobile parts and accessories manufacture. From the severe depression of last year the tire industry has come back to nearly a normal condition. A long list of other industries beginning with steel and including aluminum, cotton fabric, oil, electrical manufacture and the numerous parts and accessories are stimulated by automobile activity. The number of people who in one way or another find employment by reason of the automobile cannot be accurately estimated, but it must run into million figures. The automobile dealers of the United States alone number about 66,000.

BUSINESS BEGINS TO STAND ON ITS FEET

Of last year's business depression as compared to the present position of business, Benjamin M. Anderson, Jr., economist of the Chase National Bank, New York, says:

The depression of last year was surely the worst in recent history. In the depression of 1908, following the panic of 1907, we dropped something like seventeen per cent. or eighteen per cent. below normal in the physical volume of production and consumption. In the acute depression of December, 1914, following the outbreak of the war, we perhaps got down to eighteen per cent. below normal. In May of 1921 the depression was so acute that twenty-five per cent. below normal would come nearer describing it. From that low point we have made a very substantial and gratifying advance. We now stand at something like fifteen per cent. or sixteen per cent. below normal. This is very far from satisfactory, but it means the difference for representative businesses of the country between losses and small profits. In the course of the last few months a gratifyingly large number of businesses, indeed the typical businesses of the country, have begun to show black figures instead of red figures on their monthly profit and loss statements. The businesses of the country are no longer liv-



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E. F. SHANBACKER
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gives you all the essential facts about each state—whether or not court orders or inheritance tax waivers are required, what forms must be executed and where to apply for them, what inheritance and stamp taxes must be paid, the uniform rules of practice of the New York Stock Transfer Association, etc. The matter under the various state headings has been revised by local attorneys, whose names are given, so that it has the aspect of local practice and experience.

The New York Stock Transfer Association, under whose authority the Stock Transfer Guide and Service is issued, is composed of the banks, trust companies and corporations doing the largest amount of transfer work in the United States, and the rulings and other data contained in the Service represent the experience of its members as to the best transfer procedure.

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ing on capital. They are making small profits again.

RAPID EXPANSION OF THE RADIO

Of the rapid expansion of the radio the research bureau of the National Retail Dry Goods Association says:

Broadcasting stations of the 360-meter wave length number now well over 100, an increase of more than fifty per cent. within less than one month. Department store broadcasting stations of this class throughout the United States have increased 100 per cent. within the one month period and constitute nearly thirteen per cent. of the total number. There are listed in the report 202 manufacturers of radio apparatus, including thirty-four plants producing complete receiving sets; eighty-five manufacturers of accessories and special units for receiving sets; twenty-three manufacturers of raw materials and parts used in construction of radio apparatus, and thirty-four manufacturers of A and B batteries and battery recharging devices.

A vast literature of radio has been born, almost over night. Nine new magazines devoted to radio are listed. Numberless popular monthly and weekly publications, together with all trade journals even remotely concerned with the new field of industrial and commercial activity, are devoting departments to the subject. Newspapers in all large cities and thousands in smaller centers feature radio information for the general public.

THE AMERICAN VALUATION PLAN

The Portsmouth, Virginia, *Star* says of the "American Valuation" plan originally proposed in the Fordney tariff bill:

The real business men of America—those who realize that if we are to regain our lost foreign trade we must buy from Europe, else we cannot sell to Europe—are deeply concerned lest the "American valuation" plan originally proposed in the Fordney tariff bill shall become a law overnight.

The American valuation idea is born of the dreams of high protectionists who believe in the outworn theory that the way to restore and maintain prosperity in the United States is to erect a Chinese wall of tariff duties about it.

American business men who have made a practical study of the problems involved in the tariff system are convinced that the valuation scheme would wreck what little chance we may have to regain our foreign markets and to get back to normal in production of goods for export.

THE teller at the window —the bookkeeper on his high stool—the bank official in his private office—all will welcome Dixon's Eldorado pencils. They ease and quicken the day's exacting tasks.

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PENCILS**

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MARINE TRUST COMPANY OF BUFFALO

ELLIOTT C. McDOUGAL, President

Capital and Surplus - - - \$17,000,000

DECREASED UNEMPLOYMENT

On the subject of unemployment the Girard National Bank, Philadelphia, says:

Unemployment throughout the country has further decreased, with all the reports and indications showing that the number out of work is being steadily reduced. It is a matter for congratulation that the winter was passed without much or any serious distress. Many industries are expanding their operations and increasing the number of employees. The automobile industry has increased its activity month by month this year. Both as to output and sale of cars and trucks it has far outrun the most sanguine expectations. The schedule of the Ford Motor Company for this month calls for the

output of 120,000 cars, against a previous high record of 109,000.

Industrial corporations in different lines are showing improved earnings. Except with last year the comparisons are not yet satisfactory, but the direction is clearly right. Several companies have been able to pay off loans from the War Finance Corporation, as the Baldwin Locomotive Works and the International Harvester Company. With the revived and broadening speculation in the securities' markets, much of it of semi-investment and very substantial character, Wall Street collateral loans have run up from about \$500,000,000 last November to some \$1,250,000,000, but at that are \$500,000,000 below the peak point reached in July, 1919. The Federal Reserve banks hold big percentage of reserve, and money generally is easy at rates attractive to borrowers.



Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

American Bankers Association, New York,
Oct. 2-6.

Delaware—at Rehoboth, Sept. 7.

BANK OF AMERICA AND ATLANTIC NATIONAL BANK CONSOLIDATE

The Bank of America and the Atlantic National Bank, two of the oldest financial institutions in New York, have agreed to consolidation under the name of the Bank of America. Through the consolidation, which is expected to become effective about July 15, the Bank of America will have resources of over \$125,000,000.

The business of the Atlantic National Bank will be continued as the Atlantic branch of the Bank of America. The active executives of the Atlantic National Bank will remain at the Atlantic office of the Bank of America, with the exception of President Herman D. Kountze, who with several of his associates will become directors of the Bank of America.

The Bank of America, the president of which is Edward C. Delafield, was founded in 1812 as the successor of the first Bank of the United States. In 1920 the Franklin Trust Company merged with it, as a result of which the Bank of America acquired a well established trust department and doubled its net deposits. It is a state bank and a member of the Federal Reserve System and has a capital and surplus of \$11,000,000.

The Atlantic National Bank, with deposits of over \$17,000,000 was founded as the Merchants Exchange National Bank in 1829. Kountze Brothers, who became identified with it in 1914, have been associated with American banking since 1870. The members of the firm established and developed several banking institutions in Nebraska and Colorado in which the present members continue their interest.

The officers and directors of the Bank of America are:

Directors: Frederic D. Asche, Standard Oil Company; Walter M. Bennet, first vice-president; George Blagden, Clark, Dodge & Company; Henry J. Fuller, Aldred & Com-

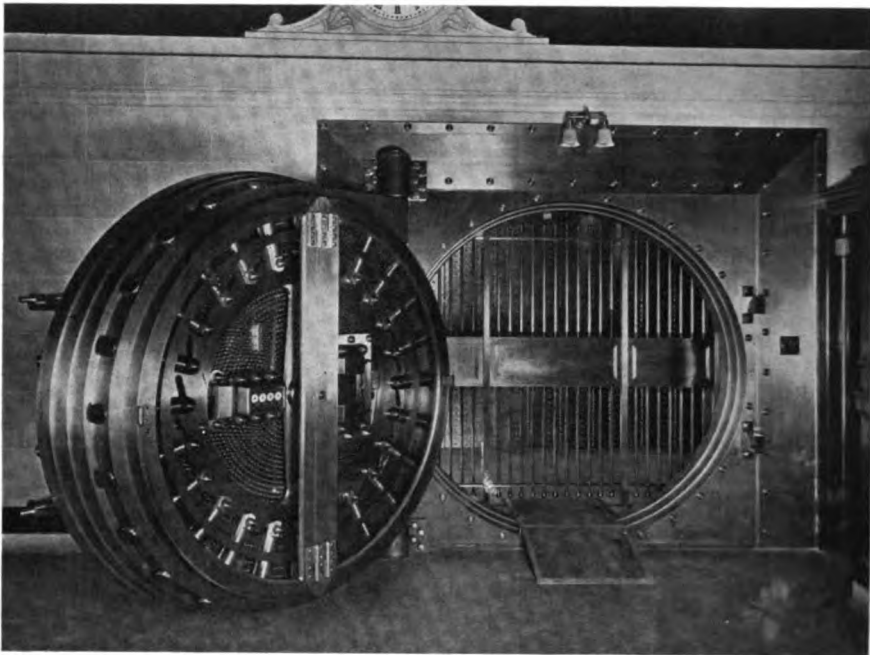
pany; Charles M. Dutcher, president Greenwich Savings Bank; Allen Curtis, Curtis & Sanger, New York and Boston; Edward C. Delafield, president; Archibald Douglas, Douglas, Armitage & McCann; Douglas L. Elliman, Douglas L. Elliman & Company; Crowell Hadden, president Brooklyn Savings Bank; George Hewlett, Hewlett & Lee; Robert J. Hillas, president Fidelity and Casualty Company; James N. Jarvie, New York; Sam A. Lewisohn, Adolph Lewisohn & Company; William G. Low, Jr., New York; Charles J. Peabody, Spencer Trask & Company; William R. Peters, New York; R. Stuyvesant Pierrepont, New York; Dallas B. Pratt, Maitland, Coppell & Company; William J. Ramsay, New York; Edwin Thorne, New York.

Officers: Edward C. Delafield, president; Walter M. Bennet, first vice-president; Clarence M. Finck, Thornton Gerrish, William J. Montgomery, vice-presidents; Charles E. Curtis, vice-president and cashier; Frederick G. Curry, trust officer; Edward S. Blagden, Clark B. Davis, A. Willis West, Henry J. Schuler, Arthur C. T. Beers, Edward W. Russell, George Whitlock, assistant cashiers; William R. Mollineaux, Jr., Howard B. Smith, Dudley F. Fowler, assistant trust officers; William Reimers, manager Fulton street and Market offices; Philip G. Birckhead, manager Madison avenue office; Crowell Hadden, 3rd, manager Bush Terminal office; Robert P. Albright, manager industrial department; L. B. Heemskerck, manager foreign department; William H. Stoffel, Jr., auditor.

BANKERS TRUST INCREASES SURPLUS

The board of directors of the Bankers Trust Company of New York have authorized an increase in its surplus fund of \$3,750,000, by a transfer of a like amount from the undivided profits account. The statement of the Bankers Trust Company after this increase in surplus and provision for the July quarterly dividend of \$1,000,000 has been made, will show as follows: capital \$20,000,000; surplus fund, \$15,000,000; undivided profits, \$9,000,000.

The board declared the regular quarterly



Entrance to vault of the Homestead Bank, Brooklyn, N. Y.

The above vault is twenty-three feet wide and eight feet deep and contains over 1200 individual safe deposit boxes. One end of the vault is divided off by a polished steel grille, behind which are the cash and security lockers of the bank. This equipment was constructed and installed by the York Safe & Lock Co. The vault entrance is the regular York design containing the exclusive feature of the torch-resisting metal, as well as all the other elements of protection against burglar attack known to the art.

dividend of five per cent., payable July 1 to stockholders of record June 22.

METROPOLITAN TRUST APPOINTMENTS

At a meeting of the executive committee of the Metropolitan Trust Company of New York, John F. O'Meara was appointed an assistant secretary and Charles H. Caldwell an assistant treasurer. Mr. O'Meara has been the personal secretary and assistant of General Samuel McRoberts, the president of the company, for some years, and Mr. Caldwell was promoted from the position of chief clerk.

NEW BANK OPENS IN NEW YORK

The Capitol National Bank, which is capitalized at \$2,000,000 and reports a surplus of \$500,000, opened recently at Seventh avenue and Thirty-seventh street, New York, in the heart of the new garment industry. Ralph A. Day, Federal Prohibition Director

for the State of New York, is a member of the board.

The officers are: Max Radt, president; Joseph Durst and William S. Fitzsimmons, vice-presidents; William L. Clow, cashier; Hugo S. Radt, assistant cashier. The directors, besides Mr. Day are: Joseph Durst, Emil Eisemann, William S. Fitzsimmons, Robert J. Leonard, James Edgar Morris, Max Radt, Robert Sherman Ross, Arthur Worth, Edmund Wright and M. J. Stroock.

ARTHUR J. MORRIS

Arthur J. Morris, vice-president and general counsel of the Industrial Finance Corporation, president of the Morris Plan Company of New York, president of the Morris Plan Insurance Society, and an alumnus of the University of Virginia, has just been elected a member of Phi Beta Kappa.

TO PAY INTEREST MONTHLY

The National City Bank of New York has notified depositors that on and after July

1 interest on time deposits will be credited monthly at the rate of three per cent. Under the old system interest on time deposits was figured quarterly and credited semi-annually. Under the new plan depositors who are not able to deposit funds during the prescribed periods will not be penalized on this account for more than a month's interest.

HUTH & CO.

Huth & Co. of New York have published a series of foreign security folders giving coupon dates, rate, maturity, etc., and covering all foreign countries and specializing on Norway.

EQUITABLE TRUST COMPANY DIVIDEND

At the regular meeting of the board of trustees of the Equitable Trust Company of New York, held June 21, 1922, a quarterly dividend of four per cent. was declared on the outstanding capital stock of the company, payable June 30, 1922, to stockholders of record June 23, 1922.

LEOPOLD R. MORGAN TO HEAD BANK BRANCH

Extension of credits abroad would aid the American exporter in the development of profitable markets in countries that are in need of goods manufactured here, according to Leopold R. Morgan, who has recently arrived in New York from the Union of South Africa after many years spent there as agent for the National Bank of South Africa.

Mr. Morgan has come to New York to head the local branch of the National Bank of South Africa, while H. Judson, who has been connected with the branch here, has gone to London as assistant manager.

"The trouble with the American exporter," Mr. Morgan said, "is that he wants cash from the purchaser in South Africa as soon as the goods are put on the rails at Detroit or any American city. The English practice and that of Continental countries is to extend credit to the reliable purchaser.

"The South African purchaser has money and can pay his bills, but he dislikes paying for goods before he sees them and before he gets a chance to examine their quality. He is willing to buy from the United States, however, and in many ways it is a more logical market than England. The climate is similar, and agricultural and other machinery adapted to this country is equally useful there."

South Africa has entered a period of rapid



Atlantic Action

Both the shipper and the shipper's bank are placed in direct banking communication with the New York wholesale district through Atlantic National service. And this, too, with the assurance of personal attention and close cooperation.

ATLANTIC
National Bank
257 Broadway—Opposite City Hall
NEW YORK CITY

development within the last few months, according to Mr. Morgan. Living costs now are very low, emigration is restricted to skilled laborers with some means, unskilled native labor is plentiful and the agricultural resources of the country are developing rapidly under the stimulus of Government sponsoring of irrigation projects. The mining of gold and diamonds and the pastoral resources of the Union are already highly developed.

Recent American tariff legislation has impeded the importation of wool from South Africa, Mr. Morgan said, because of the assessment of the duty on the basis of weight rather than value. Much of the wool from South Africa is unscoured, and for that reason duty must be paid on the very high percentage of grease yet in the wool. Under an ad valorem tariff importation of the better qualities of wool from South Africa would be increased.

The recent labor disturbances that cause the mines and other industries of Johannesburg to shut down for many weeks have been settled on a permanent basis, Mr. Morgan said. Confidence has returned to a re-



LEOPOLD R. MORGAN
Recently appointed New York agent for the
National Bank of South Africa



H. JUDSON
Former New York agent who has been appointed
assistant manager in London



Private office of Mr. Morgan at the New York agency

markable degree, and that has been reflected in increased commercial relations with other countries.

South Africa provides a market for American tractors, harvesting and other agricultural machinery, electrical supplies, cutlery and hardware, office supplies of all kinds, automobiles and a wide assortment of manufactured articles. If the American exporter can extend his credit facilities he will have a good chance in competition with European countries, in the opinion of Mr. Morgan. Exporters here should not be reluctant to use the banking facilities already provided by institutions with branches in this country and in South Africa, he said, in pointing out that information of all sorts relative to foreign markets was available at banks here as well as through the Department of Commerce.

BROOKLYN BANKS MERGE

Arrangements have been completed by the People's Trust Company of Brooklyn, N. Y., for the purchase of control of the Homestead Bank of Brooklyn. Directors of both institutions have assented to the terms and notices have been mailed calling for a special meeting of the stockholders.

The Homestead Bank of Brooklyn was organized in 1907 and has a surplus and undivided profits of more than \$200,000 and its deposits exceed \$5,000,000. Rudolph Reimer, Jr., is the president and one of the largest stockholders.

The People's Trust Company has resources of more than \$50,000,000. Charles L. Schenck, vice-president, said that the Homestead Bank of Brooklyn will be continued in its present location as the Homestead branch of the People's Trust Company. The personnel will remain unchanged.

BANKER SAYS WEST IS SHOWING IMPROVEMENT

General business conditions in the West are much improved, the people are looking and feeling better and business men are more optimistic, according to Frank K. Houston, vice-president of the Chemical National Bank of New York, who returned recently from an extended business trip through the West, where he attended several banking conventions.

"The number of banks that are out of debt has greatly increased even within the past six months," said Mr. Houston. "The advance in the prices of farm products since the first of the year has stimulated business. Prices in general are now less out of joint.

Exceptional Opportunity

Handsome Bank partition complete and in perfect condition. Italian marble base, etc., fluted marble columns with bronze caps. Something exceptionally fine at a bargain. Large stock of other beautiful interior fittings for the home such as bronze and iron grill doors, marble, hardwood, black and gold mantels, leaded glass book-cases, mahogany doors and columns, etc. Inspection invited.
SOUTHARD COMPANY,
 (House Wreckers Est. 40 years)
 14th Street at 9th Avenue.

"The shortage of homes is being rapidly cut down throughout the West and South. One is impressed with the great impetus in the construction of medium-priced, sensible houses, and all this is providing employment.

"I asked a prominent banker of Kansas about the problem of unemployment. He said it was neither a problem nor a fact. Building and public improvements are absorbing much labor and the farms are calling for the remainder."

BEVERLEY D. HARRIS

Announcement has been made that Beverley D. Harris has resigned as vice-president of the National City Bank of New York because of ill health.

AMERICAN EXCHANGE DIVIDEND

At a regular meeting of its board of directors, held June 13, the American Exchange National Bank of New York declared a dividend covering the two months from May 1 to July 1, 1922, of \$2.50 a share, or at the rate of fifteen per cent. per annum.

VICTOR LERSNER PRESIDENT
SAVINGS BANKS ASSOCIATION

At the recent convention of the Savings Banks Association of the State of New York, Victor Lersner, comptroller of the Williamsburgh Savings Bank of Brooklyn, N. Y., was elected president.

Mr. Lersner was born in Brooklyn and



VICTOR A. LERSNER

President Savings Banks Association of the State of New York; comptroller Williamsburgh Savings Bank, Brooklyn

educated in the schools of that city. He has been president of the Brooklyn chapter of the American Institute of Bank Clerks and the New York chapter of the A. I. B. and holds the Institute Certificate of the latter. He is also an ex-president of the Savings Bank division of the American Bankers Association.

Mr. Lersner joined the Williamsburgh Savings Bank as a clerk in 1888, was appointed assistant cashier in 1908 and comptroller in 1913. He is a director of the Atlantic National Bank, New York, and the Manufacturers Trust Company, Brooklyn. He was treasurer of the Municipal Club of Brooklyn from 1902 to 1914 when he was elected president and in 1917 became president of the Brooklyn Civic Club. He is a

member of the Crescent Athletic Club and St. Albans Golf Club.

BOOKLET ON "COST OF
DEPOSIT ACCOUNTS"

The Guaranty Trust Company of New York has issued a new booklet, "Cost of Deposit Accounts," by Stuart H. Patterson, comptroller of the company. The booklet shows how cost accounting methods can be applied to the banking business, and how unprofitable business may be eliminated or made profitable.

In outlining the method of finding costs, the booklet considers four elements as determining the value of an account. They are (1) the interest allowed on the deposit, (2) the interest earned on the money loaned out, (3) the activity of the account, and (4) the cost of operation. The cost of operation is divided into three items: the cost of keeping the account, exclusive of activity; the cost of the activity in an account, and the overhead cost.

The booklet contains two tables which illustrate the simple method devised by Mr. Patterson to determine quickly and easily the profit or loss on a deposit account.

This booklet has been published by the Guaranty Trust Company in the hope that it will supply a method for banking institutions to work out their costs, a problem that—judging from the numerous inquiries on this subject—is giving considerable concern to bankers at this time.

U. S. MORTGAGE AND TRUST CLUB
GIVES PLAY

The United States Mortgage & Trust Company Club made its debut on Wednesday night, May 17, as the creator and producer of the musical farce, "The Widow's Might", which was presented before the club members and their friends at the Hotel Plaza as a part of the annual entertainment of the organization. An audience of 800 witnessed the production which was followed by a buffet supper and dance.

"The Widow's Might" in three acts made a decided hit. Carroll Ragan, publicity manager of the trust company, wrote the book, while the lyrics were by William A. Halloran, Jr. and William J. Wittman, both members of the staff of the trust company. Twenty-five employees made up the cast of the musical comedy, the production of which was ably directed by William A. Halloran, Jr. Mr. Ragan established his reputation as a composer in his "When the Cat's Away", "From Cairo to Stamboul" and "The Saguenay".



The cast of "The Widow's Might" given at the Plaza Hotel, May 17, by employees of the United States Mortgage and Trust Company, New York

In other years the club has enjoyed its annual entertainment in the form of an outing. This time the managers chose the play as a novel way to entertain the members of the club and at the same time display their talents.

BANK OF NEW YORK AND TRUST COMPANY JOIN

The trustees of the New York Life Insurance & Trust Company and the directors of the Bank of New York, two of the oldest financial institutions in the United States, at meetings held on June 19, approved of merging the two companies under

the name of the Bank of New York & Trust Company. The two companies are arranging for special stockholders' meetings in the near future to ratify the plan.

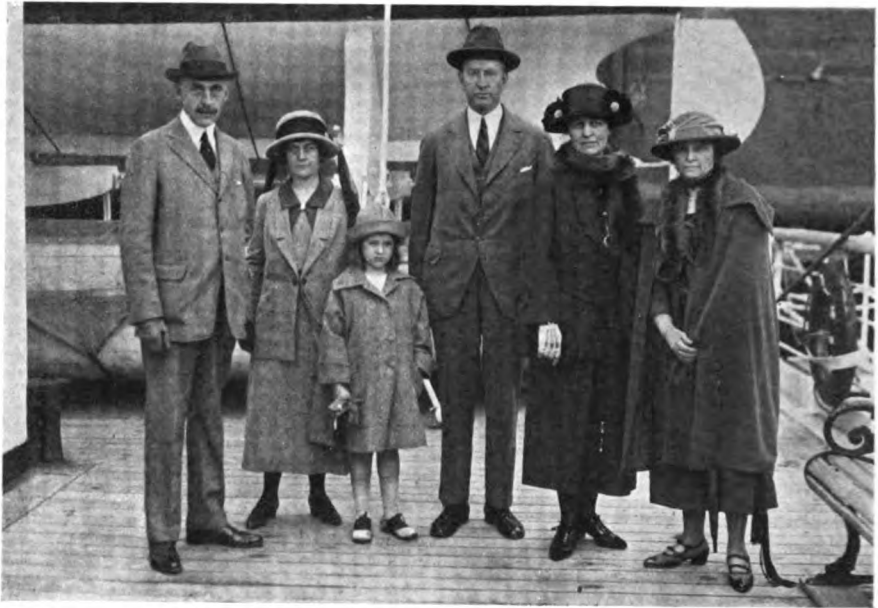
Edwin G. Merrill, president of the New York Life Insurance & Trust Company, will be president of the consolidated company, while Herbert L. Griggs, president of the Bank of New York, will become chairman of the board of trustees. The new institution will have a capital stock of \$4,000,000, surplus and undivided profits of approximately \$12,000,000 and net deposits in excess of \$50,000,000. The board of the Bank of New York & Trust Company will consist



UNDERWOOD & UNDERWOOD, N. Y.

The cake-walk number, one of the hits of "The Widow's Might"

Miss Mildred Williams who was the widow



CHEMICAL NATIONAL BANK HEADS ON WAY TO EUROPE

Percy H. Johnston, president Chemical National Bank of New York and Clifford P. Hunt, vice-president in charge of foreign department sailed for Europe on the S. S. Adriatic, May 27, to study conditions in France, Switzerland, Germany, Austria, Belgium, Holland, Denmark, and Great Britain. Left to right: Clifford P. Hunt, Mrs. Percy H. Johnston, Miss Dorothy Belle Johnston, Percy H. Johnston, Mrs. Clifford P. Hunt, Miss Mary O. Johnston of Lebanon, Ky.

of thirty members, virtually all of the present trustees and directors of the two institutions being on the new board.

The Bank of New York at present has \$2,000,000 of capital stock outstanding, while that of the New York Life Insurance & Trust Company amounts to \$1,000,000. The terms of the merger provide that each institution shall declare a \$500,000 stock dividend, the shareholders of the Bank of New York receiving one and one-quarter shares of stock of the new company for each share now held—a total of \$2,500,000; the shareholders of the New York Life Insurance & Trust Company receiving one and one-half shares of stock of the consolidated company for each share now held—a total of \$1,500,000.

For the immediate future the business of the trust company will be conducted in its own building at 52 Wall street and the business of the Bank of New York will be carried on in its own building at 48 Wall street.

The Bank of New York is the oldest bank in New York City and was organized in 1784 by Alexander Hamilton, first Secretary

of the Treasury of the United States and father of the early banking laws of this country. It was founded as a state bank, but in 1865, after the close of the civil war, it was converted into a national bank.

The New York Life Insurance and Trust Company was the first financial institution in this country to start business with "trust company" as a part of its title, it having been organized under a special charter granted by the State Legislature in 1830. It has always made a specialty of personal trusts.

CAYUGA COUNTY NATIONAL BANK

At a meeting of the board of directors of the Cayuga County National Bank, Auburn, N. Y., held June 5, William K. Payne was elected president of the bank to succeed the late Charles P. Burr. George E. Snyder, cashier, was elected vice-president, and also retains the position of cashier. Carl A. Neumeister who had been assistant cashier and trust officer was elected to the office of vice-president and also retains the position of trust officer. Frederic E. Worden was appointed assistant cashier.

New England States

**Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island**

The First National Bank of Boston

**The leading financial institution of
New England**

**Foreign and domestic commercial
banking of every nature**

Correspondence solicited



SIMPLE and attractive treatment of a small banking room is shown in this view of the quarters of the Lechmere National Bank in East Cambridge, Mass. The counterscreen is of mahogany and the simplicity and dignity of the room is a marked feature.

Thomas M. James Company

3 Park St., Boston, Mass.
Fuller Building, Springfield, Mass.
342 Madison Ave., New York

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

THE proposed decrease in freight rates will mean much to New England business, as the great manufacturing interests will benefit materially. Heretofore, with prices for finished goods sliding steadily downward, there has been little except added production to offset the loss in income. Freight charges are a big item, and this decrease relatively means more to New England business than possibly any other section of the country.

Reports from the various labor bureaus indicate that involuntary unemployment in New England has dropped almost to a minimum. The construction interests are still leading all others in the rapidity of their growth, and the volume of house construction is almost unprecedented. Labor troubles in the textile industry are by no means settled, and this has a tendency to restrict retail trade in the big textile centers, but elsewhere retail trade is growing steadily and it is of a nature that merchants like to see—the steady buying of customers whose needs can be easily gauged from season.

Collections in retail and wholesale circles have improved materially during the past month and the credit condition is more satisfactory. Low money rates, and the prospect of a long continuance of low rates, have increased the demand for money, and merchants and manufacturers alike are using their credit more freely to restock goods and raw materials. This is good evidence that prices have become pretty well stabilized. Department store business shows an increase of from thirty to fifty per cent. over the corresponding month of last year in volume of goods sold.

The shoe trade is improving, and good orders for Fall goods are reported. Retailers are not yet inclined to buy very largely, but they are buying more frequently and orders are slightly larger than they were a month ago. In the woolen market the prices for raw wool have remained unchanged, but prices for woolen goods and worsteds have shown a tendency to advance. The cotton goods trade is unsettled by the strike of mill operatives. The paper trade reflects substantial improvement and in many plants capacity operations are now in force. Prices are steadier and the downward trend seems to have been checked.

Building materials are showing a tendency to advance as a result of the almost unprecedented demand, and while there have



Again our railroads are pioneering

WITH splendid courage and skill the railroad pioneers pushed forward slender bands of steel to drive the frontier back. Because their deeds are history, they are now appreciated. The courage of the pathfinder is equaled by those who operate railroads under the present harassing handicaps of high expense, low revenue and deteriorated property. Commerce owes them full co-operation.

Signals are set for slow speed, but it is a go-ahead at last. New England, home of America's first railroads, is willing to help with men, money and materials. New England is famous for automatic and standard light machinery and exceptionally good hand tools, needed now to speed the work of reconstruction.

The National Shawmut Bank has broad business contacts that will prove valuable to transportation executives interested in purchasing economically in this district. There is likewise a distinct advantage in transacting financial business with these firms through this bank, because it is so close to the heart of New England's industry.

Correspondence is cordially invited

**THE NATIONAL SHAWMUT
BANK of BOSTON**

Capital and Surplus \$20,000,000

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

been a few unverified rumors of labor troubles in the building trades, it is not at all likely that they will materialize. Real estate is even more active than was prophesied early in the season, and the activity seems to embrace all kinds of property, with perhaps a bit in favor of residential property. In spite of the great demand for real estate prices have shown a tendency to drop from the inflation of the last two years. This is due largely to the consistent refusal of the banks to recognize the inflated prices as a basis for loans.

Business failures are steadily dwindling toward normal volume and at the present rate will reach normal proportions within a month or two.

Investment houses report a steady demand for high grade securities on the part of New England investors, with a slight preference for public utility securities and a

steadily growing demand for the seasoned industrials.

MASSACHUSETTS SAVINGS BANK ASSOCIATION

At the annual convention of the Massachusetts Savings Bank Association held recently the following officers were elected: President, George E. Brock, Boston; vice-president, William M. Adams, Pittsfield; secretary, Wilson D. Clark, Jr., Arlington; treasurer, John W. B. Brand, Springfield; executive secretary, Dana S. Sylvester, Boston.

"BETTER BANKING UNDER THE FEDERAL RESERVE SYSTEM"

The Merchants National Bank of Boston, Mass., has issued a booklet under the above title which is sub-titled a "short story without figures". The booklet discusses its subject under the following headings: the strength of organization; what a bank does; what the Federal Reserve Bank does; before the Federal Reserve system; under the Federal Reserve system; a reservoir of credit; when a bank borrows; into the channels of the Federal Reserve; kinds of loans Federal Reserve banks make; how one district helps another; the power to issue currency; organization of the Federal Reserve system; the Federal Reserve Board; local self-governing in banking; American principle in banking.

Under the last topic the booklet says:

"Nowhere in the world are there so many separate banks as in America. That each should be free to serve the credit needs of its own customers in accordance with its own sound judgment is the American principle in banking. Freedom to serve is assured under the Federal Reserve system to each one of its ten thousand member banks. But not only has freedom to serve been maintained; the power to serve has been enlarged and made more sure."

Park Trust Company
Park Building, 511 Main Street
WORCESTER, MASS.
Capital \$200,000
Surplus and Earnings..... 202,520
F. A. Drury, President.
T. J. Barrett, Vice-President.
H. M. Abbott, Treasurer.
Frederick J. Bye, Assistant Treasurer.
Send us your Massachusetts collections.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

BY THOMAS EWING DABNEY

NOT only have general business conditions begun to improve noticeably in the South, but plans for progress, that had been laid on the shelf, are being taken down and new undertakings are being agitated as the most natural thing in the world.

For instance, the Mississippi-Warrior barge line has been proven such a success that the Government is announcing plans for an extension of the service through the inland waterways of the Mississippi Valley. When the time comes for the Government to sell the barge line—and it is conceded that that time must come some day, though when, can not be definitely stated now—it is announced that the proceeds will be used to develop barge services on other rivers, that will serve as a feeder to the great trunk line between St. Louis and New Orleans.

The Government has recognized that the most thorough extension of the rate-differential system must be made so that the entire Valley can benefit from the water-haul rates, which are twenty per cent. lower than the rail. Every such extension means the saving of thousands of dollars of freight to the communities touched by the service, and is another impetus to the movement of Southern and Western freight down the easy grades of water transportation, instead of its being forced over the rail routes running to the East.

Because the effort has been made to use the Warrior branch of the service principally for coal hauling, that division of the barge line has not paid. Its losses, of recent months, however, have been dropping. They are today less than \$12,000 a month; formerly they were \$32,000 a month. Now the effort is being made to develop the commodity business. This will give the barges a cargo returning to Alabama from Mobile and New Orleans. On the trip from Alabama to Mobile and New Orleans, they will carry coal.

The Mississippi river section, between

July 1, 1921, and April 25, 1922, carried 570,000 tons of freight at an aggregate saving to the shippers of \$360,000, or \$1.35 a ton. The net income, after deducting depreciation charges, was \$207,000, or six per cent. on an estimated value of \$4,000,000.

New equipment is to be purchased to enable the barge line to handle the increasing business. This water service is considered one of the most important factors in the development of the South.

The New Orleans Cotton Exchange has adopted a system of inspecting, sampling and weighing cotton shipped here that will reduce those handling charges about thirty per cent. This system will go into effect August 1. Formerly, all cotton had to be dragged out of the warehouses, and re-inspected, re-sampled and re-weighed every



The Duquock
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,842,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital..... 1,000,000
 Surplus and Profits.... 1,000,000
 Resources..... 15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange
 remitted without charge.

time it was sold. Henceforth, this will be done only once—when the cotton is received. It will not be moved from the warehouses until it is sent on the road to consumption. This plan was adopted because of the steady drop in cotton receipts at New Orleans, largely due to the heavy handling costs, a drop of fifty per cent. during the past few years.

Continued improvement is noted in the Southern lumber business. In pine, which is the major part of this industry, the mills are cutting within fifteen per cent. of normal, and are cutting less than they are shipping, so there is no danger of their piling up a surplus for future sacrifice. Prices have shown a steady improvement, because of the jump in building activity. The railroads are buying lumber in heavy lots.

Reports from the cotton belt indicate that the crop is in better condition than it was this time last year. In Louisiana and Mississippi, vast areas have been inundated by the Mississippi river floods, and very little cotton will be raised on these lands. Business conditions in such sections are of course very much below par, and there will have to be large tax-exemptions for the next year to help the victims out. In other parts of the South, rains have delayed planting. But on the whole, the agricultural situation is considered most encouraging.

Speaking about the Mississippi floods—there has been started in New Orleans a movement intended to become national, the purpose of which is to unite the entire Mississippi Valley on a program of flood control and prevention. The movement bases itself upon the statement by President Harding that flood control is a national problem and a national responsibility. Louisianians are as interested in the up-river measures that will take some of the

load off the river, as the up-river folks are in the measures that will keep the river safe for democracy further South, and take away the menace, never more clearly felt than this year, to the port of New Orleans, the counter over which the Valley does its foreign trade.

In the Louisiana sugar district, the wet spring has considerably retarded the work; but the acreage this year will be as large as it was last, even counting the loss in those plantations that were overflowed.

Cotton cloth manufacturing in the South was lower in April than it was in March, 1922, but higher than in April of last year. Shipments of cotton from the mills were about seventy per cent. higher than at the same time last year.

The production of the coal regions is considerably below what it was a year ago; but the iron and steel industry has been improving steadily.

The retail business of the South has continued its improvement. April's retail sales, measured by the reports of representatives came closer to the business for the same month the year before than any month since the readjustment proper began. For the entire sixth district of the Federal Reserve, the retail business of April was only 1.6 per cent. less than it was during the same month a year ago. In New Orleans, it was 3.6 per cent. better, and in Jackson, 15.5 per cent. better. In Atlanta it was .9 per cent. less, Birmingham 9.9 per cent. less, Nashville 8.6 per cent. less, Savannah 7.7 per cent. less, in other cities 3.5 per cent. less. Sales in April all down the line were above those for March, ranging from ten to twenty-two per cent, according to the most favored localities.

While much of this improvement is due to seasonal activity, the fact remains that there has been a general improvement in the economic situation, and it therefore represents a substantial gain.

The wholesale trade in April did not equal the March volume, but the decrease in April compared with March was less than the increase in March over February, so the trade is ahead of the game. The trend is towards improvement.



CONVENTION DATES

Kentucky—at W. Baden Springs, Aug. 23-24.

ALABAMA BANK IN NEWLY ENLARGED BUILDING

Work of construction and enlarging the building of the Birmingham Trust and Sav-

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 30,000,000

OFFICERS

JOHN M. MILLER, Jr. President
 C. R. BURNETT Vice-President
 ALEX. F. RYLAND Vice-President
 S. P. RYLAND Vice-President
 S. E. BATES, JR. Vice-President
 THOS. W. FURCELL, V. Pres. & Tr. Officer
 A. K. PARKER Vice-President
 JAMES M. BALL, Jr. Cashier

A ALWAYS a leader in the development of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

ings Company, Birmingham, Ala., recently completed, began May 17, 1921. The building now occupies a frontage on Twentieth street of ninety feet and on Second alley ninety-five feet extending in the rear through to Second avenue, with a frontage on that street of twenty-five feet.

Entering the bank from the Twentieth street front, on the right are officers desks with one room for the private use of the president. On the left is a desk for the opening of new accounts. In front is the spacious lobby, fifty-five feet deep and thirty-four feet wide, with the tellers on either hand, and back of the tellers the individual bookkeepers. At the rear is an open passageway to the right, communicating with Second avenue through the savings department.

On the galleries are the general bookkeepers and the trust department, while part of the space is enclosed for the work of the stenographers. The directors' room is on the third floor. Two elevators, one at the front and one at the rear, lead to the vaults below, as well as to the upper stories. On the third floor are rooms for various uses, including rest rooms.

The entrance to the safe deposit vault is

by elevator and steps at the front of the lobby. The vault has capacity for about 10,000 boxes and there is a separate room for silverware and similar bulky matter of great value. The money vault of the bank is also in the basement reached by the tellers only, and protected by every device known to modern art and skill.

The officers of the bank are:

Arthur W. Smith, president; Tom O. Smith, vice-president; W. H. Manly, cashier; Benson Cain, C. D. Cotten, E. W. Finch, assistant cashiers; Maclin F. Smith, trust officer; Exam Elliott, assistant trust officer.

The directors are:

Arthur W. Smith, Tom O. Smith, William H. Manly, Thomas H. Benners, Lee C. Bradley, John M. Caldwell, Dan B. Dimick, Samuel L. Earle, William I. Grubb, Walter E. Henley, Fred M. Jackson, Frank H. Lathrop, Robert S. Munger, Merrill P. Northington, Robert A. Terrell.

WEST VIRGINIA BANKS MERGE

The directors of the Farmers and Producers National Bank and the Peoples National Bank, both of Sistersville, W. Va., have voted to consolidate the two banks

ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

under the title of Union National Bank of Sistersville. Providing the shareholders of the two banks approve the agreement for consolidation the merged banks will open for business on July 3, in the banking room at present occupied by the Peoples National Bank.

The Union National Bank will have a capital of \$175,000. Surplus of \$75,000, and total assets of approximately \$2,000,000.

The Farmers and Producers National Bank was opened for business on December 26, 1895, and the Peoples National Bank in 1903.

The new bank will have a commodious banking room in the one now occupied by the Peoples National Bank and it is planned to make some alterations so as to fit the needs of the larger institution.

FIRST NATIONAL BANK OF BIRMINGHAM

The First National Bank of Birmingham, Ala., has increased its deposits more than a million dollars from March 10 to May 5, the dates of the last two bank calls. The resources of this bank are over \$30,000,000. It has been necessary for some time to enlarge the banking quarters to care for increased business and the opportunity has now come through the expiration of the lease of one of the tenants in the building owned by the bank.

J. K. Flemming, vice-president of the bank, comments on business conditions in that section as follows:

"General business conditions in our section have improved in nearly all lines, furnaces that have been idle for many months going into blast on account of a better market for pig iron. Labor which has been idle is thus finding employment although there is still room for improvement in this regard."

Oscar Wells, president of the bank, presided at the recent convention of the Alabama bankers at Mobile.

AMERICAN NATIONAL BANK, RICHMOND

The American National Bank of Richmond, Va., announces the opening of its Floyd avenue office at Floyd avenue and Robinson street. Ray B. Roberts has been appointed manager.

ATLANTA IS PLANNING JOINT STOCK LAND BANK

The organization of the Atlanta Joint Stock Land Bank, under provisions of the Federal Farm Loan act, to operate in Georgia and an adjoining state is planned and is now under way, according to an announcement made by A. B. Simms, well known Atlanta banker, who has resigned his position as vice-president of the Fulton National Bank of Atlanta to devote his attention to the new institution.

"This will be the first bank of its kind to be established in this territory," Mr. Simms said, outlining some of the benefits expected to result from its operation.

"Farmers will be enabled to borrow money at a low rate of interest for periods of from five to forty years," he said, "at the option of the borrower. This, of course, will be a great help to the farmers."

The Atlanta Joint Stock Land Bank will begin operations with a capital and surplus of not less than \$300,000. The capital stock of the bank will be increased as the business of the bank increases.

Bankers throughout the State, Mr. Simms declares, to whom the new institution has been explained have manifested quite an interest in it, and a large amount of its capital stock already has been subscribed.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

BRIGHT crop prospects and an industrial revival which is most manifest in the steel, automobile and building fields have combined to bring about much improvement in business sentiment, if not in actual volume, in the last month. There is no rush to buy and the word boom could not be used to describe conditions in any quarter without a considerable stretch of the imagination. Nevertheless steadily increasing traffic on the railroads in spite of the loss of a heavy coal tonnage due to the strike and the mood of merchants as to both current business and commitments for fall delivery give unmistakable evidence that more merchandise is moving and that more confidence is felt as to the immediate future.

While there has been a continuation of liquidation and a steady shrinkage in rediscounts at the Federal Reserve bank there is also noticeable a slight increase in the commercial borrowing demand. This is not yet sufficient to bring about any change in interest rates, for most of the well managed corporations and firms are in funds (indeed many of them are lenders of money) and this margin of credit will be sufficient to absorb a considerable expansion of business before there is any perceptible pressure on the banks for new loans. Commercial paper is hovering around four per cent. although the market range may perhaps be given more accurately as four and one-quarter to four and three-quarter per cent. with the bulk of the business around four and one-quarter. There is a dearth of the highest class paper offering, and the outlet, especially to the country districts, is not especially wide, as the banks are not making nearly so much money as they were a year or so ago. With the shrinkage of deposits due to liquidation and deflation, and the halving of the paper rates earnings are approaching a pre-war basis and surplus funds are correspondingly reduced. The offering of treasury certificates at three and one-half per cent. did not have any appreciable effect on commercial paper rates, as the dif-

In St. Louis—

- A commercial bank
- A bank for banks
- A savings bank
- An investment bank
- A real estate agency
- A safe deposit organization
- A trust institution of thirty years' success and leadership

Mississippi Valley Trust Co.

Capital, Surplus and Profits
over \$8,000,000

Saint Louis



ference, even making allowance for taxes, is so narrow at that figure that it does not count for much in day to day transactions. Customers' over-the-counter loans hold at from five to six per cent.

Wholesale business is now running ahead of the corresponding time last year for the first time in some months. Stiffening of the markets for raw materials have stimulated the interest of buyers in cottons, woollens and silks, resulting in a larger volume of sales for distant delivery. The large mail order houses also seem to have turned the corner, the leader in that field reporting a substantial increase in sales for May as compared with the corresponding month last, this increase being the first to appear in



Incoming Mail

This picture shows the incoming mail corner of our half acre fifth floor work room space.

Here our staff of young men and women open, sort, list and route the checks and letters sent us by our friends in other cities.

166,000 separate items pass through this Bank every day.

20,000 checks are daily sent by mail to corresponding Banks in other cities in the United States.

Facilities such as these put this Bank in first position to serve you in the Great Lakes Region.

[Formerly First & Old Detroit National Bank]

FIRST NATIONAL BANK

DETROIT

MICHIGAN

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

a monthly statement since June 1920, so far as that house is concerned. The next largest house has shown an increase for several months, and this gain continues. These figures, however, are not so significant as they appear at first glance, for comparison is made with a month of very low business last year.

The coming of warm weather this month has done much to improve retail trade. Light apparel, outing goods, shoes, underwear, hosiery, all share in the increased demand and the prospects are for a satisfactory season's turnover. In the agricultural regions the promise of a large harvest of soil crops this year has improved buying in spite of severe declines in the prices of grains. There is more inquiry for implements, needs in this line having become imperative with many after two years of abstinence from buying. This change is not yet sufficient to cause any enlargement in the manufacturing schedules of makers of farm machinery and tools, but it is an encouraging "straw".

Building is going ahead on a large scale in nearly all parts of the district. In Chicago, while labor conditions are not yet entirely satisfactory they are improving and many prospective builders who have been holding off for several years seem to have become reconciled to a higher standard of prices. While the largest part of the construction work started so far is in the erection of dwellings, mostly bungalows, and small apartment houses, there are also many large projects under way. A recent survey showed more than 8000 buildings in process of construction in Chicago alone, and a forecast from the same source indicated a probable outlay of \$70,000,000 in that kind of improvements in this city for the current calendar year. This activity, together with the increased call for labor from the interior for farm help, highway construction and public works of all kinds, has greatly lessened unemployment and strengthened the finances of thousands of merchants who for many months have been carrying a heavy load of unpaid accounts. Building operations have also quickened the markets for materials of all kinds, in some cases causing advances in prices and have made the distribution of household furnishings during the last month or so one of the largest in recent years.

Steel mills of the district are operating at seventy-five to eighty-five per cent of capacity, and as orders exceed shipments, this rate of activity is likely to continue for some months, at least. The tendency of prices has been upward for some time and



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over
\$375,000,000

Where is the Leak in your coal property profits?

Ask Peabody Service. We have the facts, gathered daily from 36 bituminous mines in 11 fields— and from nation-wide contact with markets. Write for particulars.



PEABODY COAL COMPANY

Founded 1883


332 South Michigan Ave. - CHICAGO

Operating 36 Bituminous Mines in 11 Fields with Annual Capacity of 21,000,000 Tons

it is constantly becoming more difficult to obtain prompt deliveries. Buying by the railroads is on a fairly large scale, there

has been increased demand for structural materials because of the improvement in building, automobile manufacturers are taking steel in large quantities, warehousemen are replenishing depleted stocks and miscellaneous industries also are in the market. Orders for several thousand more cars have been placed in this district in the last month and others are on the way. There is also a large amount of repair work on equipment under way, which calls for substantial ton-nages of steel, while rails and track accessories are in steady demand. The necessities of the carriers for these supplies are great, and recent improvement in the outlook for their earnings has made them more liberal in making preparations for the expansion of traffic which already has begun and is expected to assume large proportions, perhaps before their lines and equipment can be made ready for it.

The coal strike has not yet caused any inconvenience, but the stocks in yards, which were ample a month ago, are now beginning to show the effects of a steady drain without incoming supplies. Buyers are taking domestic grades more freely than usual at this time of year, but recent prices have checked somewhat the demand from industries for anything more than immediate fuel requirements. The threat of a possible railroad strike has injected another disturbing element into the situation which is causing uneasiness in some quarters, but the public, with the temperature in the eighties most of the time, is not disposed to do much worrying.



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The way in which sales of automobiles have held up has been one of the most pleasant surprises of the year. The time when the heaviest distribution of cars takes place has passed, but buying continues, and the month of May saw a new high record for production. Some of the most important plans are working at capacity and nearly all report a good volume of business. A great many of these establishments are in the seventh district and the depression in the industry has been one of the most serious phases of the business situation for the last year or so, especially in Michigan and northern Indiana. The betterment has brought about corresponding relief in those districts.

Savings deposits are again on the up-grade. The statements of Chicago banks in response to the last calls showed a total only about \$18,000,000 less than the maximum of \$509,000,000 recorded earlier in the year, which is regarded as a trivial shrinkage in view of the extent of unemployment and the tardy deflation of retail prices. It seems reasonable to expect a continued steady increase in these accumulations now that so many sources of earnings have been revived

by the general improvement in business conditions.



CONVENTION DATES

Indiana—at Indianapolis, Sept. 18-14.

JOHN F. SMULSKI ON TRIP TO EUROPE

John F. Smulski, president of the Northwestern Trust & Savings Bank, Chicago, sailed for Europe on June 14. His visit will extend over only a few weeks, with stops in several of the principal cities, notably Warsaw. One of the purposes of his trip is to consult with certain officials of the Polish Government, who have requested that he confer with them regarding the problems of stabilizing Polish Exchange.

Before leaving, Mr. Smulski said: "Poland is making rapid strides in the reconstruction of her industries and agriculture. She has had to meet colossal problems since the armistice, and the progress already made gives assurance that she will overcome them. I have every desire to aid in cementing the bonds between America and Poland, in put-

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**S. W. WHITE BECOMES
VICE-PRESIDENT**

Directors of the National Bank of the Republic of Chicago at a meeting on June 5, appointed Samuel W. White, western sales manager for Lee, Higginson & Co., a



S. W. WHITE

Vice-president National Bank of the Republic
Chicago

vice-president of the bank. Mr. White assumes his new post on July 5.

Mr. White was made a general executive, with the bond department under his supervision in addition to other activities in the general banking field. He will be one of the youngest men in a position of such responsibility, being but thirty-five.

This is the first change Mr. White has made since graduation from Harvard in 1907. He began with Lee, Higginson & Co. in a minor capacity in the sales department and advanced step by step until he reached his present position of sales manager.

He was born in Hardyville, Ky., just south of Louisville, and attended grammar

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and high school in Louisville. He has been connected with the Chicago office of Lee, Higginson & Co. since joining that firm.

"RELATION OF AMERICAN BANKS TO FOREIGN TRADE"

Under the above title, W. F. Gephart, vice-president of the First National Bank in St. Louis, delivered an address before the American Manufacturers Export Association at Philadelphia on May 11.

Mr. Gephart closed his talk with the following:

Nor can any banking system at once restore prosperity. Without over-emphasizing or under-estimating what the American banker can do in restoring normal international trade and extending our own foreign trade, there are some preliminary and absolutely prerequisite things which must be done by the people of Europe.

The more important of these tasks may be categorically enumerated as follows:

1. Political and social peace must be established in order that the normal processes of wealth creation can function. It is by this means alone that the goods can be produced which will not only furnish the primary base of credit but also because of this peace, create the second essential of credit, namely—mutual confidence.

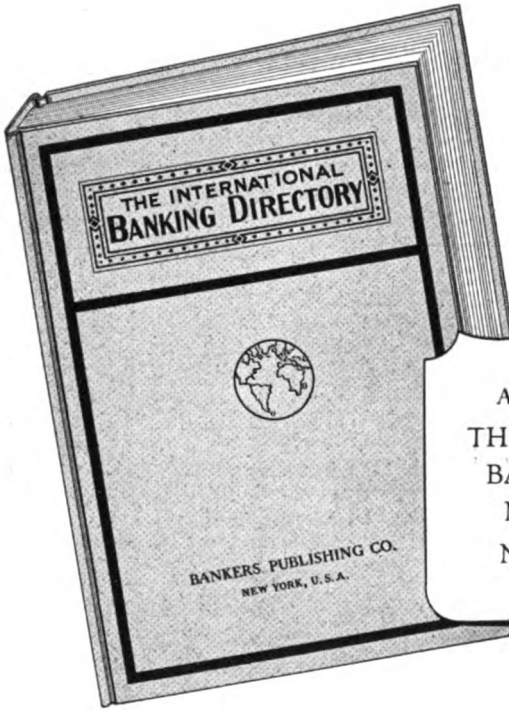
2. Europe must abandon her war time policies. This means not only a reduction in armies, navies, and other military expenditures, includ-

ing repressive taxation, but also the war time regulations of business, as well as the doles and other pauperizing gratuities, granted to the unemployed or conceded to the employed as an unduly high wage.

3. The artificial trade barriers erected by jealous and ambitious new nations must be torn down.

4. Then there must be industry and saving, such as Europe has never known, in order that a beginning can be made in solving the problems of balanced budgets, inflated currency, and unstable exchanges. But these three problems, which are popularly supposed to be primary, cannot be solved until the preceding conditions are met.

An inflated currency, an unstable exchange, and an unbalanced budget are results and not causes. They are the natural effects growing out of an age of capital destruction and of paralyzed industrial life. They can be corrected only as the causes, which are responsible for them, are removed. When, or as all this is being done by Europe, the American banker and business man is preparing to aid Europe to effective restoration of her normal industrial existence. This will be done not only by granting long term credits by which Europe will secure raw supplies and manufactured products, but also by permanently investing some of our surplus capital in these nations. It will not be necessary to wait until some one world bank, or a Federal Reserve banking system, is organized. We have all the major legislation that is needed to aid American business in foreign trading. Likewise, banking organizations which, either by development of their own, or by voluntary cooperation with similar banking and business organizations can supply all the needed facilities. It is not more law or visionary plans we need but greater comprehension and understanding of international finance and banking as well as the enormous importance of foreign trade to our future prosperity.



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ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

HARVESTING activities are absorbing the attention of business interests as well as thousands of farmers in the Western states. Business interests are looking to the harvests with more hope than a year ago. The Western states, thanks to frugality and caution, have reduced their debts quite sharply the past year. Their obligations are not going to absorb so large a percentage of the harvests as in 1921. In addition, the stocks of merchandise in the hands of rural merchants are small. The farmer is known to have bought as little as possible and to be in need of many articles. New wheat and other new crops will provide the wherewithal for making purchases. Hence the interest of business men in the harvests.

Many Western business men have been waiting and are still waiting almost impatiently for the harvests. In many normally rich grain districts there has been a better tone for a long time. The business men in these areas have been reading about betterment in business over the country. Salesmen have told them of changed conditions in many areas, but they have not found great improvement, and, in many instances, have found no improvement locally. Why? The cereal crop of last year went into the liquidation of debts and left little or nothing for spending. Farmers were therefore economical through necessity. Such cities as Kansas City displayed as much restlessness as towns of small size. In such markets as Kansas City, however, the diversity of business interests, notably the favorable influence of higher live stock, petroleum and lumber prices, made a more favorable situation than where grain is the largest factor by far.

Just as soon as the crops begin to move—July is usually the biggest month in wheat marketing in the Western states—business will improve. Two years ago the same forecast was made by many interests in the West, but they did not reckon with deflation. The penalties paid for such miscalculations are still being felt, so there is more con-

servatism in counting on betterment in business. With all the shocks of the last two years, however, the Western states feel that nature has been kind enough to them this year to insure a good business the last six months. Fundamental needs of consumers are going to be a powerful influence toward bettering business. As to the degree of improvement, however, time alone will tell. The greater the recovery in Europe, the greater will be the improvement in business here, for the export wheat trade, the export demand for flour, the export buying of gasoline and the foreign situation in the meat trade wield a powerful influence on the Western states.

The first harvest reports as to winter wheat are favorable, and the weather during the critical period when the wheat berry ripens in the winter wheat states of the West was almost ideal. There is an abundant supply of labor for harvesting work at prices less than a year ago but not yet at the pre-war level. In the Dakotas, where the main interest is in spring wheat so far as the bread grain is concerned, the crop has a good start although the acreage shows a slight reduction. Considering the many adversities through which the winter wheat crop passed, including a dry fall and winter and a very wet spring, with extensive abandonment of acreage and abnormal germination of many fields, the winter wheat states of the West are turning out a surprisingly good yield. Some fields that were considered almost hopeless but which were not abandoned promise a harvest that will make a moderately profitable crop.

Growers of wheat and those who depend upon them are not so enthusiastic over the market as during the days of speculative manipulation in the May delivery at Chicago, for prices have since recorded a sharp decline. The growers seem insistent on a minimum of one dollar a bushel for the crop, but the harvest did not start with terminal quotations permitting the payment of such a figure. The demand for flour has been dull, but, curiously enough, prices on wheat futures have been at a sharp discount under the cash wheat market. Liberal sales of new crop wheat are reported to

have been made for export shipment, but the total of this business is everywhere recognized as having been sharply below that contracted at this time a year ago. Flour buyers in domestic markets have suffered so many losses the last two years through deflation in wheat that they are in a very cautious mood. Many are restricted by the credit situation confronting them individually. There have also been complaints lately that American flour prices were out of line with other competitive lands on foreign markets. The net result has been a downward movement in wheat. But for the long pull there is a hopeful view as to prices of wheat. Also, the low cost of producing the crop is being taken into consideration.

In the flour milling industry the Western states are making a better showing in the aggregate than any other section, but even here there is a desire for greater running time. The mills want more business. At a recent convention of millers at Kansas City a proposition for spending \$1,000,000 a year for three years to stimulate increased consumption of wheat flour was discussed. At this same national gathering a representative of the Holland Flour Importers' Association announced that there was agitation in his country for a duty on imported flour to protect the Dutch mills that had, as in the United States, expanded greatly during the period of the war. At the same time, rumblings were heard of other tariff agitation on flour in Europe including even England. The American exporting millers, however, are not downcast. Those of the West are in a fighting mood. They have on their side thousands of European bakers who learned to appreciate the value of American flour for the first time during the period of the war and who now want that strong flour. To the West, however, the European flour tariff rumblings are not looked upon merely as a problem concerning millers alone, for what is being advocated abroad in the case of an absolute necessity is regarded as a sign of the intense competition that is ahead in international business.

So far as foreign trade is concerned, the miller and the exporter of other products in the West are thankful for the ability of this country to finance exports, but the great supply of credit here is wielding another influence that is totally different. Abundant credit tends to stimulate prices. For this reason there is a desire among the exporters that the abundant if not super-abundant supply of credit in this country be employed with discretion lest it create a situation that will retard export business.

Aside from wheat, the corn, oats and other feed crops are faring well. Cotton is making good progress in Oklahoma. Normal conditions for crops the remainder of the growing season will make the West happy indeed. It needs generous crops in many districts to revive business and in many sections to bring moderate prosperity.

The live stock industry is contributing more than grain, relatively speaking, to the support of business. Rich pastures are putting fat on stock. Cattle, hogs and sheep are doing better than expected. Prices on these meat animals moving out of feed lots are on a profitable basis when compared with the costs of last year. There is a better tone in horses and mules, too, with some advances in prices. The recent great rise in cotton has very favorably affected horse and mule prices. The spring crop of pigs, lambs and calves made a very favorable showing. The East is again buying cattle paper in fair volume and shows more and more interest in financing live stock activities. If the pasturage supply continues abundant, there may be a very liberal movement of fat stock in the late summer and fall. However, feeders are more interested in acquiring stock for finishing purposes, and this demand will support prices. So far as cattle, hogs and sheep are concerned, especially hogs and sheep, the Western states will be very happy if current prices hold. As usual, however, a readjustment from fed to range stock prices is at hand in the case of sheep and lambs. Some lambs have been contracted for feeding next fall from Western flockmasters at almost double the bids at this time a year ago.

In other industries, mining showed the greatest improvement the past month. Copper sales increased and work at mines was more active. The story of the coal mines was anything except favorable, however, for labor strikes continued. In the oil industry further advances were recorded in many products, especially gasoline and fuel oil. The latter product was helped by the coal strike and by plans of railroads to rely more on oil instead of coal the next few years. Gasoline would have reached a higher figure except for investigations started at Washington. The oil industry was in the most prosperous state in months, although a warning was issued by one large interest against excessive production of crude. Seasonal trade in merchandise made retail trade better, and business reports on the whole were more favorable. However, there was apparent a lack of buying power that will be converted into a constructive

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force for better business when it is favored by the proceeds of new crops.

Financially, no great changes were witnessed. On the whole money continued easy, with many small country banks still pressed for funds but more confident than ever of working out of tangles with the good crop prospects. Many Western bankers began to revolt against low rates on commercial paper, and more bonds were taken by them for employing surplus funds. The funds in the hands of banks in the large cities, especially, are of a volume that is gradually encouraging bankers to manifest a friendlier disposition toward bringing in borrowers. In some quarters there is talk of firmer rates but the West as a whole sees too much money awaiting investment to agree with such a forecast. The action of the Federal Land banks in reducing their loan rates from six to five and one-half per cent. was in line with the trend of money in general, bankers feel. Little assistance will

be required from the East for financing the movement of new wheat, but that territory is active in soliciting loans and will therefore share in more of the grain business than many Western banks want outside institutions to share this season.



CONVENTION DATES

Montana—at Missoula, August 18-19.
New Mexico—at Las Vegas, Sept. 22-28.
Nebraska—at Omaha, Sept. 26-27.

UTAH BANKS CONSOLIDATE

The State Bank of Brigham City and the Security Savings Bank of Brigham have completed plans for consolidation. The new bank will be known as the State and Security Bank, and will have a capital of \$100,000. It will occupy the quarters formerly used by the State Bank.

“IT is not an essay on banking and currency, nor a discussion of financial or economic theories. It is a simple narrative of events of more or less importance and interest in the history of the National Currency Bureau with some original deductions and comments. It contains many unvarnished truths, plainly told, with no attempt at literary excellence. It deals with men and measures, methods and motives in connection with the administration of the bureau. It endeavors to right some wrongs where injustice has been done and to correct some erroneous impressions as to the powers and duties of the Comptroller of the Currency.”

From “The Romance and Tragedy of Banking” by T. P. Kane, Deputy Comptroller of the Currency. To be published this fall by THE BANKERS PUBLISHING COMPANY, 71 Murray Street, New York.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

BUSINESS in most lines is showing good progress and general expansion. Among general merchandise jobbers conditions are nearly normal and the confidence being shown has brought about more stability to the market. The unemployment situation has been taken care of by seasonal demand and there is no over-supply of even common labor. In the Northwest there is a big demand for skilled workers in the saw mills and spring planting by farmers has taken large numbers of transient labor from the cities.

Building operations continue on a large scale and the lumber industry shows a corresponding stimulation. The volume of orders is heavy, mills reporting orders for a great deal more lumber than they are producing. Stocks in manufacturers' hands have been materially reduced. A number of manufacturers are out of the market temporarily and are concentrating their efforts upon making shipments so that they may reënter the market as soon as possible. Production has been increasing but the increase from now on will be slower as most big mills are running and many of them are operating night and day shifts.

Loans, discounts and investments of the sixty-eight member banks reporting to the Federal Reserve Bank of San Francisco increased \$4,209,000 during the year ended May 31. The reserve balance increased from \$68,181,000 to \$76,779,000 during the same time.

For the benefit of Pacific Coast farmers several joint stock land banks are in prospect and these will undoubtedly be certain to benefit agricultural interests. Favorable weather conditions for crops have recently prevailed. Cool, foggy weather has greatly promoted the growth and maturing of grain in the coast counties of California and harvesting of barley has already begun.

Hot, dry weather is having its inevitable effect upon pasturage. Practically all valley pastures are reported to be drying up,

causing a movement of livestock to the hills where grass is said to be in fine condition. Indications are that there will be ample pasture to carry livestock through to marketing time. Livestock is in good condition; fed cattle are being worked off and grass fattened cattle are just coming in. Prices continue favorable on all classes of livestock.

All records for deciduous fruits are expected to be broken during the coming season. The situation was never more favorable for both growers and shippers. Canners of peaches have received a set back by the growers association setting prices considerably above what was paid last year and as a result they are late in making quotations on their pack to the trade. The opening prices on grapes for the year are the highest in the history of California. The best grapes will open at \$105 a ton. In some instances prices are nearly three times what they were in 1918, the first year of prohibition.

In all probability the Hawaiian sugar crop will exceed original estimates. Up to May 1 a total of 248,558 tons had been manufactured, which is decidedly encouraging in comparison with the fact that last year at the same date less than 200,000 had been manufactured.



CONVENTION DATES

American Institute of Banking, Portland, Ore., July 17-20.

Investment Bankers Association, Del Monte, Oct. 7-10.

Oregon—at Portland, July 17-20.

Arizona—at Bisbee, Nov. 10-11.

Nevada—at Lake Tahoe, Aug. 25-26.

OUTLET FOR COTTON IN JAPAN

One of the most important announcements in regard to the cotton industry of the Pacific-Southwest was made on May 25 by J. Dabney Day, vice-president of the First National Bank of Los Angeles. Mr. Day stated that a new outlet for the long staple cotton of the Pacific-Southwest is being developed in Japan, and already S. Shima,

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manager of the Southern Products Company, of Dallas, which is the American organization of the Mitsui interests of Japan, has arranged to make two shipments of long staple cotton to Japan through the port of Los Angeles for experimental purposes in the production of Japanese cloths.

That these experiments will be carried on on the widest possible scale is evidenced by the fact that the first shipment totaled 250 bales, while an additional shipment of 1000 bales has been ordered.

If the present experiments prove successful there is every expectation that the Mitsui ships will make Los Angeles a regular port of call, since the Japanese operations of this company alone are of such magnitude that they could easily absorb all of the long staple cotton now being produced in the Pacific-Southwest.

The continuance of the present experiments will, however, depend upon the prices at which long staple cotton is offered for export.

OSCAR THOMPSON APPOINTED JUNIOR VICE-PRESIDENT

Announcement is made of the selection of Oscar Thompson, Federal Bank Examiner, to be junior vice-president of the Los Angeles Trust and Savings Bank.

Following the merger of the twenty banks which will be brought into the First National Bank-Los Angeles Trust and Savings Bank System at the close of business June 30, Mr. Thompson will represent the merged banks primarily in connection with the operations outside of the city of Los Angeles, and will head the organization in the Los Angeles Trust and Savings Bank dealing with the problems of the banks outside of

Los Angeles that are coming into the merger.

Mr. Thompson is peculiarly fitted for this work, since for fifteen years he has been connected with the Comptroller of the Currency in the matter of bank examinations west of Colorado.

PASADENA BANK IN NEW HOME

The First National Bank of Pasadena, Cal., is now occupying its new building at East Colorado and Garfield streets. The building is of Greek design, with heavy columns and a simply ornamented portal.

In the public space at the front of the building are two marble benches. At the right are desks for women customers and in the center of the lobby are the marble check desks. On the left as one enters are the stairway and elevator, both leading to the safe deposit department.

On the right of the lobby are the officers' desks behind an open counter. Along the left side of the lobby, at the rear and along a portion of the right side are the tellers' cages. These banking quarters are furnished throughout in walnut. The tellers' cages are of bronze and steel, the steel parts being enameled to match the walnut of the furniture.

The bookkeeping department is housed in light and commodious quarters on a third floor which rises above the service quarters at the rear of the main banking room.

The safe deposit department and vault is situated on the basement floor. Here also are the record vault, the book vault, the cash vault and the storage vault. Adjacent to the storage vault is a private room. The directors' room is also situated on the basement floor.

The First National Bank of Pasadena moves to its new quarters with deposits of approximately \$5,000,000, these deposits having grown consistently with the growth of Pasadena over a period of **thirty-seven** years. The combined deposits of the First National Bank and its affiliated institution, the First Trust and Savings Bank have doubled in the past three years and are now approximately \$11,000,000.

With the opening of the new building the affiliated banks will have three complete banking houses. At the new building will be conducted the entire business of the First National and the business of the Garfield branch of the First Trust and Savings. The headquarters of the First Trust and Savings will continue to be maintained in the present building at the corner of Colorado and Fair Oaks. The third banking



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A service which visitors and newcomers to California appreciate has been provided by this bank through its Department of Research and Service.

Accurate and authentic information relative to any line of business in Southern California is furnished free upon request. Persons coming to California to engage in business find this invaluable.

If you direct the attention of your patrons who come West to this service, you are assured that they will receive our careful attention.

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SAVINGS COMMERCIAL TRUST

Capital & Surplus - - \$ 10,000,000
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house is the Lake avenue branch of the First Trust and Savings Bank, situated at Colorado street and Lake avenue. This branch has been in successful operation for nearly two years.

PAN-PACIFIC COMMERCIAL CONFERENCE

The Pan-Pacific Commercial Conference will be held in Honolulu in October under the auspices of the Pan-Pacific Union. This is the fourth of the series of conferences; the first was a conference of scientists from about the Pacific; the second, of educators; and the third of journalists.

Following the precedent set in calling the conference of educators, it is expected that invitations to Pacific governments will be transmitted by the Department of State. In addition to delegates sent by each government, invitations are extended to business, civic, and professional organizations, to submit to the Union the names of persons who can attend and who are qualified to discuss the topics outlined. From the names submitted, as many delegates will be chosen as can be accommodated, to each of whom a formal, official invitation will be sent.

The expenses of all delegates attending the conference will be borne either by themselves or by the organization or governments they represent.

The Pan-Pacific Union is incorporated with an international board of trustees, representing every race and nation of the Pacific. The trustees may be added to or replaced by appointed representatives of the different countries cooperating in the Pan-Pacific Union. The following are the main objects set forth in the charter of the Pan-Pacific Union:

1. To call in conference delegates from all Pacific peoples for the purpose of discussing and furthering the interests common to Pacific nations.
2. To maintain in Hawaii and other Pacific lands bureaus of information and education concerning matters of interest to the people of the Pacific, and to disseminate to the world information of every kind of progress and opportunity in Pacific lands, and to promote the comfort and interests of all visitors.
3. To aid and assist those in all Pacific communities to better understand each other, and to work together for the furtherance of the best interests of the land of their adoption, and, through them, to spread abroad the Pacific the friendly spirit of inter-racial cooperation.
4. To assist and to aid the different races in lands of the Pacific to cooperate in local affairs, to raise produce, and to create home manufactured goods.
5. To own real estate, erect buildings needed for housing exhibits; provided and maintained by the respective local committees.

6. To maintain a Pan-Pacific commercial museum, and art gallery.
7. To create dioramas, gather exhibits, books and other Pan-Pacific material of educational or instructive value.
8. To promote and conduct a Pan-Pacific Exposition of the handicrafts of the Pacific peoples, of their works of art, and scenic dioramas of the most beautiful bits of Pacific lands, or illustrating great Pacific industries.
9. To establish and maintain a permanent college and "clearing house" of information, (printed and otherwise) concerning the lands, commerce, peoples, and trade opportunities in countries of the Pacific, creating libraries of commercial knowledge, and training men in this commercial knowledge of Pacific lands.
10. To secure the cooperation and support of Federal and State governments, chambers of commerce, city governments, and of individuals.
11. To enlist for this work of publicity in behalf of Alaska, the Territory of Hawaii, and the Philippines, Federal aid and financial support, as well as similar cooperation and support from all Pacific governments.
12. To bring all nations and peoples about the Pacific Ocean into closer friendly and commercial contact and relationship.

JOINT STOCK LAND BANKS IN THE PACIFIC STATES

A comprehensive movement to promote the agricultural development of the Pacific states was begun on June 5, when a group of nine of the largest banks in four larger cities of the Twelfth Federal Reserve District, with combined resources close to \$600,000,000, perfected plans for the formation of four joint stock land banks, with an initial lending capacity of \$16,500,000, to serve the farmers of California, Arizona, Oregon, Idaho, Washington and Utah.

Banks in San Francisco, Los Angeles, Portland and Salt Lake City are affiliated in the move to create the big reservoir of farm credits. The plan was announced by John S. Drum, president of the Mercantile Trust Company of San Francisco.

One of the four joint stock land banks, with a capital of \$250,000, a paid in surplus of \$25,000 and the ability at the start to lend \$4,125,000 to the farmers of California and Oregon, will be established in San Francisco. Headquarters of the other three banks will be in Los Angeles, Portland and Salt Lake City.

The joint stock land banks will be part of the Federal Farm Loan system, and will operate under charters issued by the Federal Farm Loan board. It is expected they will be in operation within thirty days.

It is planned to increase the capital stock of the chain of banks and therefore their lending powers from time to time as the need arises.

Under the provisions of the Federal Farm Loan act each of the joint stock land banks may lend to farmers up to fifty per cent. of the appraised value of their land, and

up to twenty per cent. of the appraised value of the insured permanent improvements. Appraisers representing the Federal Farm Loan Board, determine the lending values. Farmers may borrow to pay off existing loans, or as part of the purchase price of the land, for improvements or for other purposes. Loans are repayable on amortization plan. Annual installments cover interest and part of the principal so as to wipe out the whole loan in not less than five nor more than forty years.

The joint stock land banks deposit the farm land mortgages securing their loans with the Federal Farm Loan Board, and then are permitted to issue bonds up to the full value of the mortgages, but not in excess of fifteen times the capital and surplus of the joint stock land banks. These bonds bear interest at a rate not in excess of five per cent. and farm mortgages bear interest at a rate not to exceed six per cent.

E. A. BROWN VICE-PRESIDENT CALIFORNIA FINANCE AND TRADING CORPORATION

Egbert A. Brown, vice-president of the First National Bank of Berkeley and the Berkeley Bank of Savings and Trust Company for the past year and a half, and holding the same position with the Mercantile Trust Company of San Francisco as successor, has resigned to become director and vice-president of the California Finance and Trading Corporation, a financing company recently organized in San Francisco with an authorized capital of \$7,500,000.

The head office of the concern with which Mr. Brown is connected will be in San Francisco. Branch offices will be maintained in Los Angeles.

The new company will finance wholesalers, retailers and manufacturers throughout the western states through the purchase of their bills receivable, notes, commercial paper, etc. There are a number of concerns of similar nature in New York, Chicago, and Philadelphia, which have been a big factor in building up commercial and industrial enterprises.

Before coming to Berkeley, Mr. Brown for twenty years was connected with the California National Bank and the California Trust and Savings Bank of Sacramento, the last three years of which he was cashier.

Mr. Brown has been prominently connected with the California Bankers Association and recently was elected vice-president for California to the American Bankers Association.

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 feeling of the business community that the King government would not go far in the direction of free trade in its fiscal policy, despite pre-election talk, was justified in the budget of Hon. W. S. Fielding. Such changes as were suggested in the general tariff were evidently with the idea of satisfying certain factions in a complex political situation without materially affecting revenue. Some concessions were made with an idea of securing the support of the Progressives (farmers) but not to the extent which might have been expected in view of the pre-election talk and evidently not to the extent which had been hoped in Western Canada. The increase in the British preference was to be expected in view of the Liberal policy, particularly when the recent tariff legislation in the United States is taken into consideration. Both high and low tariff elements—Progressives and Conservatives—took a critical attitude but there appears little chance that they can bridge their extreme views to oppose the government program.

Altogether the tariff policy of the government was regarded as indicating that business need have no serious apprehension so far as protection is concerned. On the other hand the proposal for a tax on checks—two cents on every \$50 of the face value—raised a storm of protest from many directions. The Minister of Finance was forced to admit that he had no idea how it would work out in revenue and the representations made from many sources indicated that no scientific methods had been employed in connection with the proposal. This situation has again led to an agitation in favor of a standing commission on taxation to act in an advisory capacity to the Minister of Finance and to devote itself to a study of the tariff and other taxes as they affect the manufacturers, the workers, the farmers and the community as a whole.

The chief objections to the proposed tax on checks came from the financial community, the banks contenting themselves with

protesting that the idea was practically unworkable from the standpoint of providing the actual machinery of collecting a tax of this kind. Trust and loan company officials, investment bankers and insurance men made strenuous protests, pointing out that some companies would pay as much as \$85,000 a year in stamp taxes although in the financial community there would be thousands of checks issued in transactions involving no profit to any parties; in big bond deals the check tax would be collected several times when there was no actual increase in wealth indicated.

The developments in the transportation situation in the United States with lower wages and lower freight rates being brought into effect will reflect on conditions in Canada and should bring similar advantages. Manufacturers, workers, farmers and consumers should benefit and it is generally accepted that the proposed reductions in wages will still leave the railroad workers with an income on a par with the purchasing power of other classes. At the same time there is a growing realization that this reduction in the cost of transportation should not be brought about at the expense of efficiency. Particularly is this the case when it is realized that reduced profits to the railroads would increase the enormous deficits of the National system and add to the millions of the annual burden of taxation.

Continued increase in current loans and a considerable expansion of assets in the monthly statement of the chartered banks indicate that business is again expanding. Current loans increased nearly \$14,000,000 during the month, but were still more than \$118,000,000 less than a year ago, while gross assets which increased over \$41,000,000 and now total \$2,663,824,458, were \$41,000,000 more than for the previous month, but nearly \$195,000,000 less than a year before. The increase in current loans was more pronounced since the decline which started in October, but which was checked during February. The high point of \$1,243,748,818 reported at the end of October was reduced to \$1,138,151,455 in the January state-



THOMAS F. HOW
Retiring general manager Bank of Toronto

Mr. How has been the general manager of the Bank of Toronto, and is retiring from that position on July 1. Mr. How was born in 1860 and entered the service of the Bank of Toronto in 1876. He was manager successively of the branches at Gananoque, Brockville, London and of the Montreal branch for seventeen years. He was appointed general manager in 1911. He is a member of the York, Toronto Hunt and Ontario Jockey clubs.

ment and has now expanded to \$1,162,975,833.

Another important increase during the month was one of nearly \$12,500,000 in call loans abroad, while call loans in Canada were reduced by about \$1,500,000. As compared with one year ago call loans are \$22,000,000 greater and Canadian call loans \$8,250,000 less.

At least three Canadian chartered banks have apparently initiated a program to interest intending settlers in Canada. The Royal Bank and the Bank of Commerce are advertising in American financial and agricultural magazines, informative of the Dominion and directing the enquiries of probable new-comers to special departments of the bank. The Union Bank of Canada supplementing its publicity in this connection has issued a bulletin to immigrants, in which

the merits of the Canadian banking system and innumerable testimonial letters from American farmers who have come to Canada and prospered are published, to offer incentive for further settlement of the Canadian West.

The direct coöperation of the banks, in this way with the various colonization workers of the railways and the government is significant. It is probably the first time the banks have entered directly into any program linking up with the bringing in of the new settlers, and is presumably indicative of the opinion of Canadian bankers that a more aggressive attempt to secure immigrants should be made. It is noticeable that the text of this banking publicity is uniformly directed toward farmer settlers.

In the House of Commons, Mr. Coote asked the following questions regarding the chartered banks notes, deposits, etc.:

1. What was the largest amount of notes, of Canadian chartered banks, in circulation in each of the years 1901, 1911 and 1921?
2. What was the largest amount of deposits of these banks with the Minister of Finance for security of note circulation during each of these years?
3. What was the largest amount of deposits of these banks in central gold reserves during each of the said years?
4. What was the largest amount of railway and other bonds, debentures and stock held by these banks in each of said years?
5. What was the largest amount of call and short loans in Canada of said banks in each of these years?

And Hon. Mr. Fielding, Minister of Finance, replied:

	1901	1911	1921
1	\$60,397,097	\$111,943,580	\$229,608,213
2	2,568,918	5,815,000	6,529,310
3			95,302,533
4	33,061,712	64,889,452	46,605,691
5	39,324,335	72,640,526	113,818,308
6	60,963,477	104,009,030	193,001,119
7	1,078,810	1,575,328	4,582,328
8	12,834,058	10,348,216	11,130,653

The return specified by the Bank Act is of the "aggregate amount of loans to directors and firms of which they are partners."

In the announcement from E. A. Weir, chairman of the Board of Trustees, that the Manitoba Provincial Savings Offices, for the June interest date paid 10,000 depositors \$70,000, stress is laid on the fact that the Manitoba Government allows four per cent. interest. Mr. Weir is quoted in the Manitoba Free Press as saying that the present indications are that the four per cent. interest rate will be "maintained". According to Mr. Weir, after eighteen months' operation the Provincial Savings Bank has funds sufficient to repay all advances made by the Manitoba Government and a small surplus together with furnishings amounting to \$7000.

"The office at the end of May had not

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cost the people of Manitoba one dollar," according to Mr. Weir. The director of the government's banking experiment presumably takes no responsibility for the funds loaned by the bank to the government and which the government in turn loans under its rural credit program. Apparently he leaves the question of the liquidity of these loans "up to" the Provincial Government. The Provincial Minister of Finance cannot get far away from the question or the quality of the security behind the loans and their liquidity. In short is the "paper" held by the rural credit department which secures the funds of the Provincial Bank "good" in the ordinary banking sense of the term? Basing their assumption upon their own business experiences, Western chartered banks continue sceptical, and no amount of general congratulations it is felt by business men should be allowed to obscure the facts of the situation.

IMPERIAL BANK'S YEAR

The small reduction shown in the net profits of the Imperial Bank for the year ending April 29, might have been anticipated in view of the industrial and commercial conditions which have prevailed. The total of \$1,265,839 compared with \$1,287,061 in the previous year, and \$1,379,319 in the year ending in 1920. After the payment of dividends a special reserve for bank premises of \$200,000 was made. Following are comparative figures of the profit and loss account:

	1921-22	1920-21	1919-20
Net profits.....	\$1,265,839	\$1,287,061	\$1,379,319
Balance forward..	1,171,839	1,062,278	865,469
	\$2,437,678	\$2,349,339	\$2,244,778
Dividends	910,000	910,000	910,000
Pension fund	42,500	142,500	142,500
Taxes	110,000	125,000	125,000
Premises	200,000		
Repatriation			5,000
Balance	1,175,178	1,171,839	1,062,278
	\$2,437,678	\$2,349,339	\$2,224,778
Earn. in cap.	18.07	18.38	19.70
*Earn. rate	8.1	8.3	9.0
Dividend	12+1	12+1	12+1

*On aggregate of the average capital reserves and balance forward.

The balance sheet and the whole statement indicate that, while there has been a general shrinking in the business of banks as shown in the public government returns, the affairs of the Imperial Bank have been well maintained.

BANK OF MONTREAL'S HALF YEAR

The Bank of Montreal, in its half-yearly statement up to April 29, shows that the situation arising through the absorption of the Merchants Bank has been taken care of while the Bank of Montreal has maintained its cash-in-hand position and liquid assets, as compared with liabilities to the public. The total assets stand at \$335,866,697, while current loans to cities, towns and school districts total \$301,568,129. Of these total loans, current loans, and discounts in Canada reach a total of \$255,425,892; loans to cities, towns and municipalities \$28,032,607; and current loans outside of Canada \$15,819,832.

Total deposits amount to \$544,428,406 of which \$401,852,088 are interest bearing and the remainder non-interest bearing. The

profits for the half year after making full provision for bad and doubtful debts amounts to \$221,426 which added to the balance brought forward from the profit and loss for the past year of \$1,501,646, make available for distribution \$3,723,072. After payment of dividends, war tax and the sum of \$500,000 reserved for bank premises, there is left \$1,629,675. Of this \$1,050,000 has been transferred to rest account, which with the sum of \$4,200,000 representing the net value over par of Bank of Montreal new stock issued in exchange for Merchants Bank shares, places the rest account at \$27,250,000. The balance of profit and loss carried forward is \$579,675.

STERLING BANK OF CANADA

That despite the industrial and commercial depression the Sterling Bank was able to report a substantial increase in net profits for the year ending April 30, was undoubtedly welcome news to the shareholders of that institution. The net figures stood at \$260,694 as compared with \$255,796 in the previous year and \$251,347 for the year ending in 1920. In addition to the payment of the usual dividends and taxes the very substantial sum of \$130,000 was added to contingent fund. Following are figures showing the distribution of the available profits:

	1922	1921	1920
Balance forward	\$37,565	\$42,943	\$40,909
Net profits	260,694	255,976	251,347
	298,259	298,919	292,256
Dividends	98,618	98,418	85,884
Reserve		50,000	50,000
Taxes	31,606	29,935	23,429
Contingent	130,000	83,000	70,000
Balance	38,035	37,564	42,943

The bank was evidently able to make such a splendid showing because, despite the industrial and commercial depression, current loans were not only maintained but showed an increase, standing at \$7,053,386 as compared with \$6,754,095 in the previous annual report.

L.A. BANQUE NATIONALE

The profit and loss account of the annual statement of Le Banque Nationale shows up well, with net profits amounting to over \$401,000 as compared with \$544,000 one year ago. Out of these dividends of \$210,000 were paid, and depreciation reserve of \$150,000, the latter \$50,000 more than that of one year before. There remained a surplus on the year's account of nearly \$22,000, which was added to a surplus carried for-

ward of \$35,456, bringing the total to \$57,379.

PROFIT AND LOSS ACCOUNT

	1922	1921
Profits for year	\$401,923	\$544,945
Bal. at prof. and loss.....	35,456	74,219
Total	\$437,379	\$619,165
Disposed of thus:		
Dividends	\$210,000	\$240,000
Deprec. sec. and cont.....	150,000	100,000
Reserve fund		100,000
Deprec. of prem.		40,000
Deprec. of fixtures.....		25,000
Rebate int. on disc.....		20,000
Pension fund		20,000
Taxes for Dom. Govt.....	20,000	26,703
*Subscriptions		12,000
Profit and loss bal.....	57,379	35,456

*To Laval University and Ste. Anne de la Pocatiere.

It is in the reduction of call loans that special drastic steps have been taken, these being reduced from \$8,211,000 one year ago to the comparatively small amount of \$280,000 in the present statement. Government securities have also been disposed of so that a small amount now remains.



An American Bank on Shipboard

THE Bankers Trust Company, New York, loaned two men to the Raymond and Whitcomb Company, to operate a bank on board the S. S. George Washington on a cruise around the Mediterranean last winter. This bank was in operation from the sailing of the liner on February 14, until its return to New York on April 29.

This procedure marks a new step in American banking. The London Joint City and Midland Bank, Limited, has branch banks aboard three of the Cunard Line trans-Atlantic liners, but this is the first time that an American bank has been put into operation on shipboard.

HOTEL



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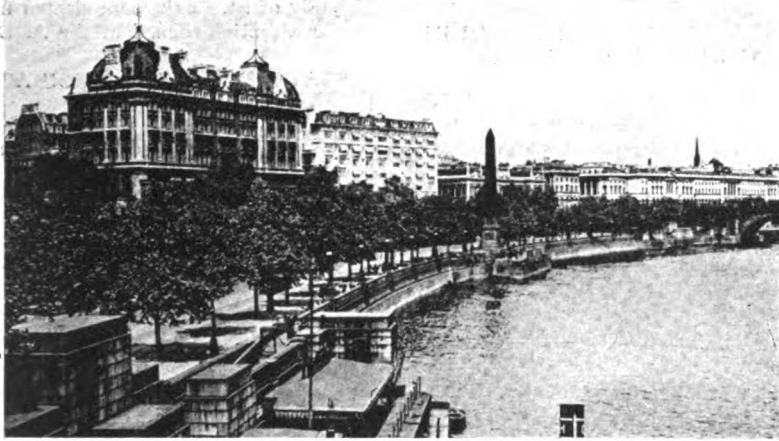
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With the Bankers Associations

CAPE MAY COUNTY BANKERS ASSOCIATION

The Cape May County Bankers Association, New Jersey, held its annual election recently at Wildwood, and Everett Jerrell, cashier of the Merchants' National Bank of Cape May, was elected president; C. G. Eldredge, cashier Marine National Bank of Wildwood, vice-president; W. S. Savage, teller in the Security Trust Company at Cape May, secretary and treasurer. The meeting then adjourned to the Hotel Brighton, where the first annual banquet was held. Cashier H. S. Mowrer, of the First National Bank of Ocean City, the retiring president, presided.

RESERVE CITY BANKERS ELECT OFFICERS

At the annual convention of the Association of Reserve City Bankers in Kansas City, the Association elected the following officers: President, George R. Rodgers, vice-president Manufacturers and Traders Na-

tional Bank, Buffalo; vice-president, J. A. Lewis, president Republic National Bank, St. Louis; secretary-treasurer, G. H. Mueller, vice-president Fletcher-American National Bank, Indianapolis; directors: C. H. Ayers, vice-president Peoples State Bank, Detroit; C. B. Hazlewood, vice-president Union Trust Co., Chicago; L. C. Humes, vice-president Guaranty Bank and Trust Co., Memphis; H. Y. Lemon, vice-president Commerce Trust Co., Kansas City; Geo. H. S. Soule, assistant cashier National Shawmut Bank, Boston.

The convention by far was the best in the history of the organization. The principal addresses were delivered by President Thomas B. McAdams of the American Bankers Association; Walter W. Head, vice-president American Bankers Association, P. C. Towers of the Royal Bank of Canada; Arthur H. Titus, president First Federal Foreign Banking Association of New York; Fred W. Gehle, Mechanics and Metals National Bank, New York; Nathan Adams, vice-president American Exchange National

Bank, Dallas; R. F. McNally, vice-president National Bank of Commerce, St. Louis.

The Association has a limited membership of 400, and the Secretary reported that the vacancies that have occurred during the year by deaths and resignations have been filled and that there remains a substantial waiting list.

The Association decided to hold its annual 1922 convention at French Lick, Indiana, where the annual mid-winter meeting of the board of directors will also be held.

ELECTED TREASURER MISSOURI BANKERS ASSOCIATION

Myron R. Sturtevant, vice-president, Liberty Central Trust Company of St. Louis, who was recently elected treasurer of Missouri Bankers Association at their annual



M. R. STURTEVANT

Vice-president Liberty Central Trust Company,
St. Louis

convention held at Excelsior Springs, Missouri.

Mr. Sturtevant was vice-chairman of Group 5, and vice-president of the A. B. A. during 1921 and 1922. His active work in building up the membership of the A. B. A. was the result of his being elected treasurer of the Missouri Bankers Association. As is

customary in this latter association, the treasurer will automatically be promoted to vice-presidency and presidency. So that in two years, Mr. Sturtevant will no doubt, be honored with the presidency of the association.

Other officers elected were: President, Dale S. Flowers, Gentry County Bank, Albany, Missouri; and vice-president, Sam E. Trimble, vice-president Union National Bank, Springfield, Mo.

W. F. Keyser of Sedalia and Ray F. McNally of St. Louis were elected members of the executive council of the A. B. A.

STATE BANKERS ASSOCIATION ELECTIONS

The newly elected officers of the state bankers associations that held their conventions during the past few weeks are given below:

Tennessee Bankers Association: President, Thomas B. Carroll, Peoples Saving Bank, Jackson; vice-presidents, C. R. Hathaway, Holston National Bank, Elizabethtown; Robert T. Bell, Jr., Murfreesboro Bank and Trust Co., George T. Lewis, Bank of Crockett at Bells; treasurer, Harry L. Williamson, Fourth and First National Bank of Nashville; secretary, H. Grady Huddleston, Nashville.

Georgia Bankers Association: President, H. P. Hunter, cashier First National Bank, Elberton; vice-presidents, J. S. Peters, vice-president Bank of Manchester, Manchester; J. S. Kennedy, cashier Atlanta National Bank, Atlanta; C. E. Martin, vice-president Citizens Bank, Fort Valley; Abial Winn, vice-president First National Bank, Valdosta; secretary, Haynes McFadden, Atlanta, reflected; treasurer, E. L. Henderson, cashier Commercial Bank, Cedartown, elected for three years; general counsel, Orville A. Park, Macon.

Ohio State Bankers Association: W. H. Yeasting, president Commercial Savings Bank and Trust Co., Toledo, was elected president. The other officers are as follows: Vice-president, W. L. Allendorf, president Sandusky Commercial Bank and Trust Co.; treasurer, O. P. Norris, cashier National Bank of Barnesville.

Chicago and Cook County Association: President, Murray MacLeod, vice-president Irving Park National Bank; vice-president, William J. Rathje, president Mid-City Trust and Savings Bank; treasurer, Thomas J. Harper, president West Town State Bank; secretary, Donald R. Bryant, cashier Pullman Trust and Savings Bank.

New Jersey Bankers Association: President, Rufus Keisler, Jr., vice-president Iron-

bound Trust Co., Newark; vice-president, Frederick F. Schock, vice-president First National Bank, Spring Lake; treasurer, Spencer S. Marsh, vice-president and cashier National Newark and Essex Banking Co.

Members of the executive committee: Howard Biddulph, treasurer Bloomfield Savings Bank; F. Norse Archer, president National State Bank, Camden; E. Z. Halsted, president Patterson National Bank.



A. I. B. Notes

OGDEN ORGANIZES CHAPTER

A chapter of the American Institute of Banking has been organized at Ogden, Utah. Oliver Ellis is president; Frank Foulger, vice-president; John Walker, secretary; Harmon Barton, treasurer. The executive committee is composed of Arthur Budge, Herbert Hinley, and Thomas Irvine.

RECENT CHAPTER ELECTIONS

New officers for the coming year have been elected by the following chapters of the A. I. B. throughout the country:

Albany chapter: President, J. Raymond Roos, National Commercial Bank and Trust Company; vice-presidents, Ellis F. Auer, Union National Bank of Schenectady, J. Howard La Chapelle, Albany Savings Bank, Clarence J. Ryan, National City Bank of Troy; secretary, Frederick Lamb, City Savings Bank of Albany; treasurer, Joseph Bulger, National Commercial Bank and Trust Company. Four members of the board of governors were elected. They are: Louis F. Hartman, City Savings Bank; C. Edward Van Auken, Schenectady Savings Bank; William Leifke, Citizens Trust Co. of Schenectady, and George F. Barrett, Troy Trust Co.

Essex County Chapter: P. B. Menagh of the National Newark and Essex Banking Company, Newark, president; Charles F. Ellery of the Fidelity Union Trust Company, Newark, first vice-president; D. A. Inglis, Savings Investment and Trust Company, East Orange, N. J., second vice-president; Charles Niebling, American National Bank, Newark, treasurer.

Des Moines chapter: President, Frank R. Warden, Central State Bank; vice-president, Arthur Oppedahl, Iowa Loan and Trust; secretary, James E. Bradbury, Bankers Trust; treasurer, Kenneth Greenlee, Capital City State Bank.

Atlanta chapter: President, Henry S. Cohen, Citizens and Southern Bank; vice-

presidents, Joseph M. Slattery, Federal Reserve Bank, E. H. Camp, Central Bank and Trust Corp., C. C. Chamberlain, Atlanta National Bank, Miss Nettie K. Johnson, Fulton National Bank, Albert Pritchard, Trust Co. of Georgia, W. R. Roberts, Lowry National Bank, Miss Helen Stanley, Atlanta Trust Co., and R. E. Walker, Fourth National Bank; treasurer, Miss Mamie Floyd Shipp, Atlanta National Bank; secretary, Miss Edith McDonald, Citizens and Southern Bank.

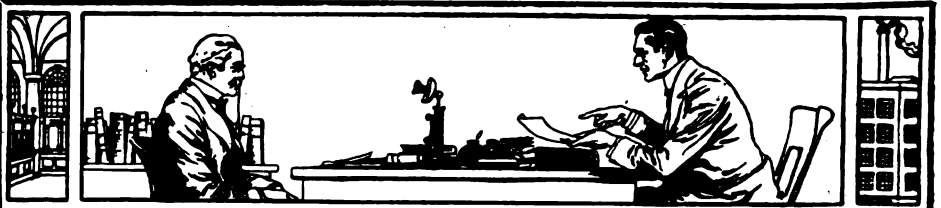
Philadelphia chapter: President, Carson J. Tully, Jr.; vice-president, E. Raymond Scott; secretary, Henry E. Sharp; treasurer, Herbert S. White; educational director, William A. Nickert.

Richmond chapter: President, Wilson M. Brown; vice-president, C. W. Roper; secretary, J. M. Wharton; treasurer, S. W. Phillips. New members of the board of governors are G. S. Sloan and R. D. Curtis.

Washington, D. C. chapter: President, W. A. Dexter, Riggs National Bank; vice-president, James C. Dulin, Jr., American Security and Trust Co.; secretary, T. Hutton Leith, Security Savings and Commercial; treasurer, R. Jesse Chaney, Commercial National Bank. The following were elected to the board of governors: W. J. Walker, Charles D. Boyer, P. M. Garnett, Edward J. McQuade and Mrs. Helen D. Reed.

Buffalo chapter: The following have been elected to serve three year terms on the board of governors: James T. Gunning, Marine Trust; James H. Ives, Liberty Bank; A. Warren Anderson, Citizens Trust; Robert R. Covert, Federal Reserve. Elected to two year terms were: Charles W. Cary, Peoples Bank; J. Donald Ellinwood, Jr., Manufacturers and Traders National; Leon W. DuFlon, Citizens Trust. Elected to one year terms were: Henry H. Halm, Jr., Citizens Trust; Harvey C. Halliday, Liberty Bank; Peter C. Jansen, Bank of Depew; George B. Hartley, Marine Trust.

Denver chapter: President, T. B. Estill



The New Business Department

By T. D. MacGREGOR

THE "intensive" cultivation of present customers of a bank and the systematizing of efforts to secure new ones are the keynotes of this book by T. D. MacGregor, the well-known writer on thrift and financial advertising.

The author's long and successful experience in every phase of financial advertising has brought him into contact with many bankers and advertising men. He is familiar with the many problems of getting new business for financial institutions and has a first-hand knowledge of how to solve them.

Besides Mr. MacGregor's text, the book contains the prize paper on "New Business and Analysis of Accounts" by James B. Birmingham of the National City Bank.

This paper won the 1917 Cannon Prize given by New York Chapter, American Institute of Banking, for the best two-thousand-word paper on this subject.

"The New Business Department" is unique in its field. There is absolutely no other published work on this subject. If you want to have a concise yet complete idea of how to conduct a Publicity and New Business Department in your bank, large or small, you will need this book as an inspiration and guide. It is worth many times its price—\$1.25—to any bank or trust company that wants to make the most of its opportunities both in developing present customers and in getting new ones.

BANKERS PUBLISHING COMPANY, NEW YORK

I am enclosing \$1.25 for a copy of "The New Business Department." It is understood that if the book is not satisfactory I may return it and you will refund the money.

NAME

BANK

ADDRESS

of the Merchants Bank; vice-president, H. E. Gail, United States National Bank; secretary, C. C. Copeland, International Trust Co.; financial secretary, H. W. Rives, Merchants Bank; treasurer, J. W. Ballard, International Trust Co.

Tulsa chapter: President, H. B. Shaber, Security National Bank; vice-president, E. P. Jennings, Exchange Trust Co.; treasurer, A. B. Coddling, National Bank of Commerce; secretary, Elizabeth Bushoor, Producers National Bank.



Careless Money Habits

By Raleigh E. Ross

THE business man lighted his cigar and looked quizzically across the table at his friend the cashier.

"Something ought to be done about it," he declared.

The cashier refused to be trapped into a question.

"Something ought to be done to teach people better money habits. Listen to these stories—all clipped within the last few months."

The cashier listened while the business man read extracts from a few clippings produced from his wallet.

"Arthur Knight reported the loss of \$1120 to the police last night. He said he had hid the money in a coffee can in the cold air section of his furnace."

"Charles Lowrey, 50, stepped into a tent to have his fortune told. The seer informed him that he was considered handsome, would live long and would suffer a financial loss soon. He paid the fortune teller fifty cents and went on his way not knowing how soon the last part of the prophecy would come true. A little later he found that his wallet containing \$400 was missing."

"George Dumbrosky took an old pair of boots when he left the boarding house to go to Austria. The boots belonged to his friend Alex and he merely took them to show folks at home the kind of boots worn in America. Finding that the tax on boots was high he threw them from the steamer on nearing Rotterdam. On landing he found a cable-

gram from the frantic Alex who had hidden \$2870 in the toes of the old boots."

"One of the detectives in last night's Chinatown raid found \$40,000 in bills in an old pair of shoes. The Chinese owner smiled his gratitude when the money was returned to him."

"A farmer, fatally gored by a bull, had just time to reveal the secret hiding place of his money before he died."

The business man stopped and blew a cloud of smoke toward the ceiling.

"And this is 1922," he said dryly.

The banker lit a cigar himself. He was relieved that the case against him seemed about closed.

"We're doing out best," he said in defense. "Banks are advertising more freely than ever. We realize that vast sums are still hoarded, often bringing loss to the hoarders, besides slowing up business in general. But our campaigns of education are bringing golden streams from cellars, jugs, old teapots, the ground and other hiding places for money. We use not only American newspapers and magazines in our campaigns, but also foreign language papers."

"True," admitted the business man thoughtfully, "but what do you do to instruct people in wise money ways after they have built a substantial balance"?

The cashier was silent for a moment. Here was another point of attack.

"We send them a great deal of direct

mail matter," he finally replied. "Of course, I'll admit much of it is inspirational rather than educational."

"Let me tell you a few true stories to illustrate the need," rejoined the business man.

"A year or so ago a New York widow with two invalid children drew from the bank the \$18,500 her husband had left her. She proposed to transfer it to another institution. She put the bills in an envelope and the envelope in her handbag and took the subway. When she left the subway the money was gone."

"A man in a Northwest city drew \$1100 from his bank and took the street car down town. When he left the car his life savings were missing—lost or stolen."

"A Duluth woman drew about \$1800 from her bank to buy a small store. On her way to keep her business appointment, she entered a five and ten cent store to make a few purchases. Somewhere in the store her money disappeared."

"In every case," objected the banker, "a certified check would have been as good as the money".

"Of course," agreed the business man, "but all these people did not know that. Perhaps, even though they thought there might be some way, aside from carrying the money, they hated to ask. Result: life savings swept away".

"You are going to suggest a remedy?" questioned the cashier.

"Yes," snapped the business man. "Instruct every teller that when large sums are withdrawn, it is his duty to

inquire diplomatically if a certified check would not do as well. He could relate briefly some true story similar to those I have told and emphasize the risk of carrying one's life savings around in cash."

"I believe that's a good suggestion," said the cashier. "After all we should do our best for the customer who had built his balance with us even when he draws it out."

"That's it," rejoined the business man, "protect the savings of your depositors even when they withdraw their balance. In ninety per cent. of the cases, you can do it, if you will. Saving is one thing, handling money another. You cannot always protect depositors against speculation and fraud, but you can aid them to avoid accidental loss and theft."

"True," said the cashier, "and I agree with you that this is part of the bankers duty. We should not content ourselves merely with giving counsel to those who request it."

"Exactly. You cannot prevent some people from losing in a lump sum the savings of a lifetime. But the majority, if handled rightly, will listen to your advice—and later be grateful. Bankers' counsel thus extended beyond the paying tellers window will prove a mighty wholesome influence. I wish every banker could read these stories and this conversation we have just had."

"I'll write it down and send it to THE BANKERS MAGAZINE," said the cashier.

And he did.



THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

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Our Foreign Investment Policy

SOME of the leading bankers of the country express their views in this number of **THE BANKERS MAGAZINE** respecting the future policy of the United States in making investments of capital in foreign countries. It will be seen that there is a practical unanimity of opinion that such investments must continue. While the number of bankers expressing their views is not large, their conclusions may be considered as fairly representative of the banking sentiment of the country in regard to this matter. The bankers were invited to contribute to this symposium without advance knowledge of what views they held. It was the aim to secure an impartial expression of opinion, and not to support any preconceived attitude on the subject.

The chief ground on which the bankers reach the conclusion that we must continue to make foreign investments is that such a policy is necessary in order to support our foreign trade. This undoubtedly affords the most practical justification of our making foreign loans, and is likely to make a stronger general appeal than any other reason that can be adduced. The American farmer or manufacturer would not be likely to respond with any great degree of enthusiasm to the suggestion that American capital should be invested abroad on the score of profit, or because the reconstruction of Europe would thus be assisted. The answer would be made that there are plenty of opportunities for profitable investing at home, and that the development of our own resources should precede European reconstruction. But when the farmer finds that he can not market his wheat, corn, pork and beef, and the manufacturer sees his market curtailed, if we do not extend loans to foreign countries—then the matter takes on another aspect. It is this practical aspect of the problem which bids fair to gain a support for our present loan policy that it could hardly hope for under other conditions.

The reminder has been put forth that it is not in the usual order of things for a country that is still young and undeveloped, like the United States, to furnish capital to older countries. This is true enough, but the "usual order of things" has been pretty well upset

by the war, whose destruction of capital in the European countries has left a gap, temporarily at least, which they are no longer able to fill. Under the circumstances this duty devolves upon the United States, as the bankers clearly see.



Taxing the Banks for the Soldiers' Bonus

AN easy way of finding money to pay the soldiers' bonus has been discovered by Senator Ladd of North Dakota. He proposes to issue \$2,500,000,000 or less of legal-tender Treasury notes, to be retired over a period of twenty-five years out of proceeds of special taxes on banks and interest received from the foreign indebtedness.

The banks of the United States, like other business institutions, are subject to taxation, and the burdens already imposed upon them are by no means light. Senator Ladd, if one may judge by his speech when he introduced his amendment in the Senate, seems to regard the banks of the country with intense hostility. His language is so violent that it may well be put on record as a sample of that political enmity towards banks which exists in the United States as nowhere else in the world, notwithstanding the fact that our banking system is the freest known anywhere. Here is what Senator Ladd is reported to have said:

"It is my belief that most of this opposition to the soldiers' compensation has been fathered by the big banks. I do not mean to say that a great many men have not reached independent conclusions; but, doubtless, a great many other conscientious men have been influenced by the propaganda against this proposition and are conscientiously opposed to adjusted compensation.

"May I venture another opinion? Instead of being so zealous of the public interest and so fearful of the consequences upon the Federal Treasury, the bankers are more worried at this time lest there shall be some actual cash distributed among the people of the country that will for a time restore business in such a manner as to result in their temporarily losing control of the situation.

"We behold in America a most untenable condition. We have a small coterie of bankers that are patently more powerful than the Government. They control the financial situation.

"One of the greatest stains that has been placed upon American honor has been the persistent attempt to blacken and besmirch the patriotic boys who faced hell and death on the battlefields of France. The banker who sits in his palatial residence, or his marble office, and prospers by reason of his operations under a delegation of

sovereign governmental functions by act of Congress may doubtless feel that the soldier has been well treated and is not entitled to anything. While these soldiers were sacrificing, the great banks of this country were piling up surplus and distributing dividends and increasing the salaries of bank officials.

“It is one of the greatest crimes of the age that we have not used the strong arm of this Government to reach into the gold-laden coffers of these war profiteers and compel them to divide, in an equitable manner, their outrageous profits with the boys who suffered, sacrificed, bled, and who have lost hope and business opportunity, and who re-entered domestic life facing new conditions and were compelled to start all over again.”

The fact that bankers may see that the imposition of the tax necessary to meet the bonus may prove a serious burden upon the business and industry of the country, does not appear to have occurred to Mr. Ladd. His plan for adding billions of legal-tender paper to the circulation is as unreasonable as his mental attitude toward the banks.



Labor Co-operative Banks

THE success of the Brotherhood of Locomotive Engineers National Bank, the story of which was told in last month's issue of **THE BANKERS MAGAZINE**, may well furnish food for thought. If this movement to organize coöperative labor banks should spread, and if these institutions demonstrate their ability to sustain themselves, the business of the existing banks may encounter serious competition.

So far as the plans of these banks rest upon dividing earnings with depositors, they are not novel. Mutual savings banks go beyond this, since they have no capital and all the earnings go to depositors. The plan has also been tried, to a limited extent and heretofore with not much success, as applicable to banks having capital stock and doing a discount business.

If a bank can earn satisfactory returns to shareholders, build up an adequate surplus and have something left over for depositors, it has discovered a magical banking formula heretofore unknown. Of course, it may accomplish this result by gaining a greater degree of public good will than the ordinary banks have been able to secure, or by more economical and skillful management than the ordinary stock banks. It is rather a safe guess that they can not rely on the latter factor.

It would be regrettable if what is called “labor” should feel itself compelled to organize banks to make war on the existing banks

as representatives of capital or because the "laborers" feel themselves to be inadequately cared for by the ordinary banks of the country. Probably this would not afford safe grounds on which to build up the business of a bank, which needs the confidence and good will of all classes in the community.

The movement to establish coöperative labor banks will bear careful study. It may reveal possibilities in banking heretofore unsuspected, for with all the remarkable developments in the business in recent years it by no means follows that the future contains nothing new.



Criticism of the Use of Bank Acceptances

A BUSE of the bank acceptance is made the subject of extended and severe criticism in a statement recently put forth by a group of chief examiners of national banks in the Eastern district. This statement appears in a report presented to the Comptroller of the Currency. The criticisms are rather too voluminous to present in their entirety. Boiled down, they amount to the charge that acceptances are too often renewed, and that they are frequently issued against transactions which should have been financed by a direct loan.

To counteract these criticisms, it must be said that some of the banks to whose attention they have been brought insist that they represent past delinquencies which have now been corrected.

By transforming an ordinary debt into an acceptance, its immediate utility for procuring fresh credit is enhanced; but this apparent advantage turns into an absolute detriment if the theoretical transformation has effected no actual change in the character of the credit. Relying upon its supposed liquid nature, fresh engagements and transactions have been entered into that could not have been effected had the form of the debt remained unchanged.

We are perhaps putting rather too much faith in the magical character of credit in these times. An indefinite storing of products for advance in price is being advocated, and the tendency of credit instruments is toward a constantly lengthier life.

Trade and bank acceptances, confined to their legitimate uses, constitute an element of great strength and convenience in the money market; but when the employment of these instruments is stretched to cover transactions indefinite as to time and to take the place of direct bank advances, a situation arises that may tend to discredit the acceptance. By calling attention to the abuses that have developed, the national bank examiners have made it possible to correct them before they reach this undesirable culmination.

Branches of National Banks

THE announcement made by the First National Bank of St. Louis that it was planning to open a number of city branches, as reported in *THE BANKERS MAGAZINE* for June, will undoubtedly attract widespread interest. This action represents virtually a new departure in national banking. Under previous rulings of the Comptroller of the Currency such branches or agencies were held to be unauthorized. The National Banking Act permitted state banks having branches to retain them when entering the national system. Several national banks in the large cities have been converted into state institutions, acquiring branches, and then going back into the national system. If the view of the law entertained by the First National Bank of St. Louis is upheld, this roundabout procedure will no longer be necessary. The position of this bank, that the existing law permits branches within the city where the parent bank is located, is sustained by an opinion of the present Comptroller of the Currency.

The provision of law applicable to the location of national banks is as follows (Sec. 5190 R. S.):

“The usual business of each national banking association shall be transacted at an office or banking-house located in the place specified in its organization certificate.”

Apparently, from the language employed, it was not contemplated by Congress that more than one banking-house or office would be used. But the statute does not prohibit branches, except by implication. The matter does not appear to have been settled by judicial determination, although as already stated branches have been prohibited by the interpretations of the law heretofore made by the Comptrollers of the Currency. Since Comptroller Crissinger has made a different interpretation of the statute, the First National Bank is acting with entire propriety in establishing branches. Whether its action will be legally challenged by some of the smaller national banks in St. Louis or by the state banks, remains to be seen.

The remarkable growth of cities affords the national banks a good reason for wishing to increase the number of their offices, for by so doing they can offer much more convenient service to the public. Furthermore, many of the states permit branches; and if a national bank is restricted to a single office, it will be at a serious disadvantage.

In taking this action the First National Bank of St. Louis has done an important piece of pioneer work whose development will be closely watched and no doubt similar action will now be taken by other banks.

The opening of additional branches within the limits of the

larger cities does not necessarily mean that the branch banking system will be extended until it finally supersedes the country banks. Such a development would encounter serious opposition. Our independent banking system composed of numerous local banks has been an important factor in the growth and prosperity of the United States, and its preservation will be stoutly fought for by the owners and operators of these numerous institutions. Testimony to the usefulness of such a banking system from a rather unexpected source was furnished by Sir Felix Schuster, chairman of the National Provincial and Union Bank of England, Ltd., on the occasion of his recent visit to New York. He declared, in some remarks to bankers, that a country with a wide area and strongly diversified interests, such as prevailed in the United States, might better be served by independent banking institutions rather than a few large banks with a vast network of branches.

As already pointed out, the action of the First National Bank of St. Louis does not in any respect promise to lead to a change in our system of numerous independent banks. It does, however, make it possible for a national bank located in a large city, through a number of branches, to serve the business community much more economically and efficiently than would be possible if a head office bank had to be organized in the respective localities.



Tentative Mexican Debt Settlement

THE committee of international bankers in session at New York in June to consider the Mexican debt reached an agreement, which was signed by Thomas W. Lamont, chairman of the committee, and by Senor de la Huerta, Mexican Minister of Finance. The agreement was only tentative in form, requiring the assent of interested security holders and of President Obregon of Mexico.

This plan calls for cash payments on the various bond issues after January 2, 1923; cash payments of back interest to be waived, and overdue coupons deposited with a trustee. The railways of the country are to be operated by private management, the Government to assume by indorsement all of the railway debt not previously guaranteed. All classes of bondholders are to agree to temporary suspension of sinking fund requirements during a five-year period, after which all contract clauses will become effective.

The plan of adjustment relates to the total external Mexican debt, amounting to over \$500,000,000 gold, with interest arrears of about \$200,000,000.

Whether the plan receives final approval of the interested parties or not, it is of importance as representing a definite desire upon the part of the Mexican Government to put its financial house in order. Should the plan be carried out, there still remains the question of recognition of the Obregon government by the United States, Great Britain, France, Belgium, Switzerland, Holland and Germany. Presumably, if the debt plan becomes effective, this will be a help in obtaining recognition, though some important questions remain to be cleared up to the satisfaction of the American Government before recognition can be accorded by it. Mexico has been in the throes of political and economic disorder for over a decade, and it would be to the advantage of that country and of the United States as well if the situation could be cleared up, and it would seem that the New York agreement marks a beginning in that direction.



To Study European Economic Conditions

ELMER H. YOUNGMAN, editor of THE BANKERS MAGAZINE, sailed for Europe July 22, on the "Rotterdam", accompanied by his wife and son. Mr. Youngman will visit most of the leading European countries, and will make a study of financial and economic conditions. Before sailing he declared that, in his opinion, Europe's ills had been too much stressed, and thought it would serve a good purpose to show what has been accomplished in the way of reconstruction and recovery since the

signing of the armistice. He also expressed the view that the best remedy for depressed international trade was for all concerned to put forth their best energies in increasing their business with other countries.

In his European work Mr. Youngman will have the assistance of several experienced economic observers and writers. It is his intention to remain abroad for two years, returning by way of the Orient.





JEROME THRALLS

Vice-president and treasurer Discount Corporation of New York

MR. THRALLS was born in 1881 in Mendon, Mo. His business experience has been in banking and the mercantile and real estate lines. For eleven years he was treasurer and secretary of the Kansas City Clearing-house Association, and for two years cashier and treasurer of the Federal Reserve Bank of Kansas City. While in Kansas City he was also secretary and treasurer of the National Currency Association of Kansas City and St. Joseph for five years, holding the same offices in the Bankers Club there for three years. He was secretary of the clearing-house and national bank sections of the American Bankers Association for two and a half years.

He has been with the Discount Corporation since its organization. This corporation has discounted and distributed among investors throughout the United States during the past 36 months an aggregate of \$4,621,512,610 of bankers acceptances and approved trade acceptances, over 85 per cent. of which was based on export and import business. Thus it has made available this volume of funds for use in financing America's foreign commerce.

A Symposium on Foreign Investment

What Some Leading Bankers Think About the Policy of Exporting American Capital

A CONSIDERABLE difference of opinion seems to have developed among economists and bankers as to our ability as a nation to continue to make investments in Europe and at the same time to adequately provide for our own domestic needs.

As an organ of American banking opinion THE BANKERS MAGAZINE has asked for the views of a number of prominent bankers and publishes them herewith in an endeavor to throw some light on an important problem.

It is gratifying and at the same time significant to note that most bankers are convinced of the necessity of America's playing a leading part in the reconstruction of world affairs.

The opinions follow:

George M. Reynolds, president Continental and Commercial National Bank of Chicago

The question asked is whether we should continue to make reasonable investments in Europe or strictly conserve our capital for home demands.

In discussing some phases of this subject a year ago I began by saying: "Foreign trade for the United States is both necessary and desirable. There is no disagreement on this point among bankers, business men, economists, statesmen. However, in seeking a lead for the revival of American business, attention should not be focussed on foreign trade to the exclusion of domestic business. The American market is definitely under American control, to be revived if proper thought and action be taken. A clear ray of hope offers in the thought that measures looking toward business revival can be taken at home and at once. This does not mean that foreign trade, particularly in certain commodities, is not important. It does mean that the key to business revival lies in the domestic market and

a more normal foreign trade than that of the calendar years 1915-1920."

In view of the misinterpretations of what I said in the course of that discussion, and the misunderstandings, I



GEORGE M. REYNOLDS
President Continental and Commercial National
Bank of Chicago

will quote also the following lines from it:

"The prospect for the revival of American business lies in the increase of business in the domestic markets and in a foreign trade maintained along more natural lines and developed in a more normal way than is sometimes urged by the proponents of plans for the artificial stimulation of foreign trade.

"Before developing the remaining

points in this paper, that Europe should take steps to help herself and that the export of capital has a distinct effect on business revival, it is necessary to sound the warning that such arguments set up no brief against the position that a natural, normal foreign trade is necessary to the United States.

"The United States owes to Europe, as well as itself, the duty of keeping its house in order. If the United States does not do the best it can with its own resources, it will do less than is possible for Europe. In considering foreign trade and the export of American capital, not only the needs or demands of Europe must be taken into account, but also the capacity of Americans to export capital without seriously affecting domestic industry. Europe would not gain in the long run from the impairment of American resources and capital. Too much emphasis can be placed on what America can do for Europe and not enough on what Europe can and must do for herself."

In the year that has passed since the paper, from which the foregoing quotations were taken, was written, there have been many changes. Justification for the suggestion that our domestic business be first considered, is found in the results. Europe has undertaken to set her economic house in order and has made some progress.

In considering any situation involving the play of economic forces, wisdom dictates that conditions as they actually exist be first studied and given a proper valuation. This must be done now as it was done a year ago. In the study of a world situation a great many factors come up for appraisal. Political and economic forces have relations that must be carefully weighed because the political forces are always disposed to interfere with the economic and the economic always resent the interference. If carried too far, the economic forces will overthrow the political and chaos will result as it has in Russia. In a general way, if political conditions are stable and certain, the movement toward better economic conditions may be

guided and patience, tact and good management will bring their rewards in improvement.

In discussing the world situation, it is necessary to take things as they are. The business world cannot operate successfully on hunches, assumptions or sentimentality.

It must have facts—precise knowledge of actual conditions, human intentions, present capacity to utilize and future capacity to pay.

It may be stated here that, so far as the export of our capital is concerned, it is the same thing whether we make loans against long time bonds, ship merchandise on long time credit, or make loans with or without the condition that the proceeds of them be expended in this country. In the first two cases we would be trading capital in gold or goods for promises to pay, and in the third we would do the same thing with a restriction which would hinder the free play of international economic forces—the exact thing we are striving to restore.

When it was proposed, more than a year ago, that we extend all kinds of credit to Europe, the objections were numerous and cogent. They were of great variety, but all were well summed up in the statement that, before we could do anything of consequence for Europe, there was very much Europe would have to do for itself.

At that time false leadership was sending American producers and American bankers astray. The resultant losses were great but the experience was valuable; it was invaluable. What else was to be expected under the circumstances? This country did what should always be done when in doubt—moved cautiously.

Now Europe has been setting its house in order. The situation has cleared. Not everything has been done but we know just about what has not been done. We know the things for which Europe has a legitimate demand—that is, what she needs to start the business movement along a course that

will lead ultimately to soundness and perhaps, prosperity.

We know what we should do not only for Europe—if Europe can give the necessary guarantees—but for ourselves. A year or more ago advice to finance Europe in any way and to any extent was advice to exchange our capital—either money or goods, for promises to pay of doubtful value. With the doubt removed or reduced to a minimum, we may say that we have two duties to perform—one to Europe and one to ourselves. Perhaps, it is only a duty to ourselves, and selfish accordingly.

The most self-contained of countries may well blink the fact that foreign trade is of moment when foreign nations are in a state of bankruptcy or rapidly approaching it through failure to heed the rules of political and economic sanity. But the most self-contained of countries, with this obstacle removed, may reassert the beliefs that a well-proportioned foreign trade is necessary to its complete economic functioning and that the maximum of prosperity is not attainable otherwise.

But, today, it is not necessary to express an opinion as to the desirability of exporting capital. Capital will be exported when the conditions are favorable. It is sometimes necessary—and it was necessary a year ago—to point a warning finger to the fallacies being advanced by those interested to promote an artificial and unsound foreign trade. It was necessary then to point out the incongruities and lack of relationship between the assumptions of the promoters and the facts.

Just at present there is no such necessity. The situation has been worn threadbare by exposition and discussion. The facts are pretty generally known. Where the facts have not been uncovered is also known. The single need of those who wish to trade with Europe or buy European securities is to bring their knowledge of conditions and their desires into harmony. Are the bills Europe incurs for goods to be paid and how and when? Are the securities Eu-

rope may issue going to be paid and on what terms?

The trading and investing public can answer these questions once the conditions of the contracts have been disclosed.

America can afford to help herself by helping Europe if Europe can make contracts of the kind which business men of prudence and of vision approve.

Charles A. Hinsch, president Fifth-Third National Bank, Cincinnati

In my opinion if we are to do our full part in the rehabilitation of the devastated countries of Europe, we must buy from them, so that they can buy from us, and by buying I think we should buy not only their merchan-



CHARLES A. HINSCH

President Fifth-Third National Bank, Cincinnati

dise but also buy liberally of their high grade securities, and by high grade I mean securities that have been thoroughly investigated by competent and trustworthy banking houses.

Prior to the war, England, France and Germany were creditor nations and carried large stocks of gold. They made investments in North and South America, but the fortunes of war have changed the whole situation, and we

now find ourselves instead of the debtor nation, the creditor nation of the world, with the bulk of the world's gold supply in the hands of the Federal Reserve Banks.

Under the circumstances, I feel that there is a moral obligation upon the United States as a nation to do its full part in an effort to restore a more stable economic situation.

*Dr. J. T. Holdsworth, vice-president
The Bank of Pittsburgh, N. A.*

We have always thought of the United States as a borrowing, a debtor nation, the development of whose natural resources would require all the



DR. J. T. HOLDSWORTH
Vice-president Bank of Pittsburgh, N. A.

capital available for decades to come. But owing to the war's destruction of capital and the disruption of Europe's economic structure we have suddenly been thrust into the position of chief creditor nation and banker-capitalist of the world. Not only is the stream of

investment capital from the old surplus countries of Europe shut off, but also we are finding it necessary to refund the Allied debt, to postpone the collection of a vast total of commercial indebtedness due us from Europe, and to invest heavily in foreign securities.

Aside from the eleven or more billions of Allied debt due not to individuals but to the Government, which may or may not be paid in whole or in part, the outside world, Europe largely, owes our manufacturers, exporters and bankers a total variously estimated from two to five billion dollars, while the "visible" balance of trade, even with totals greatly reduced from the previous two years, will run this year to about one billion dollars. As a partial offset to these huge balances in favor of the United States, foreign countries have sent us gold amounting to about a billion dollars in the last few months, until we have piled up—fortunately in the Federal Reserve Banks largely, where its flow can be controlled—the colossal total of three billions gold.

But now an entirely new financial phenomenon is appearing in our "invisible" import trade—the importation of foreign securities. During the last seventeen months our banks and other investors have absorbed over a billion dollars of these foreign securities, and scarcely a week passes now without public notice of some foreign security issue. Our investment in foreign securities is running at the rate of one and a half billion dollars a year. And some of our people, some leaders in the business world even, as this symposium may disclose, are worrying about it. Some are fearful that when domestic business resumes its wonted pace there will not be enough capital to take care of our home needs.

Apart from the common confusion between capital and credit, the bulk of current business being done on the basis of the latter, of which with reserves of the Federal Reserve Banks standing at about seventy-eight per cent. there is an ample supply to meet every possible legitimate demand, there is an apparent basis for concern over the possible short-

age of actual capital required for the continuous and orderly development of our railroads, mines, public utilities and the rest.

Here we need to remind ourselves of some of the outstanding financial phenomena of the war. When the war broke out, foreign investors, British largely, held something like four billion dollars of American securities—municipals, rails, industrials, etc. England needed that money badly and for a time there was grave concern as to how we were to pay these obligations. And now less than eight years afterwards all the world owes us—owes us the colossal total of some fifteen or twenty billion dollars, and they cannot send us, as we sent to Europe for four years, war munitions and supplies at war prices in settlement. We need to remind ourselves, too, that after we got into the war our people purchased in a few months war bonds totalling twenty billion dollars. That we have not lost the power to save—and it is through this power only that investment capital can arise—despite our nation-wide “spree” of 1920, is attested by the fact that savings bank funds have been remarkably well-sustained even in the recent severe depression and by the continuous public demand for sound securities.

If it be said that the capital needs of our great business enterprises have been quiescent because of the depression and will presently reassert themselves with the return of good times, we reply that investors put their capital into enterprises which promise safety and a fair return. If the railroads, for example, have been “starved” for lack of capital it is because the public has not had confidence, though it may not be the fault of the railroads, that these desiderata were assured. Given these assurances the necessary capital will be forthcoming.

But this argument overlooks the big, outstanding consideration, namely, that our business enterprises will not enjoy “good times” permanently unless the rest of the world, debilitated, disordered, distraught, be restored to nor-

mal economic health. Such restoration requires the replacement of vast amounts of investment capital blown away by the folly of war. Given time Europe can make these necessary replacements, but the process of capital accumulation would necessarily be painfully slow. And America would suffer measurably with the rest. Lloyd George was eternally right when he said at Genoa, “the world has become an economic unit”. Whether we will or will not, we have got to share our capital with Europe in her economic distress even though it slows up temporarily our own domestic development. We have got to adopt a broad international loan policy which will include the extension of long-time credits, the adoption of a tariff policy that will permit Europe and the rest of the world to sell us in order that we may sell to them our surplus production, and the absorption of sound, well-protected foreign securities by our investing public. Self-interest, dictates the adoption of such a policy.

F. O. Watts, president First National Bank in St. Louis

It does not seem advisable, in my opinion, to attempt by artificial means to control the investment of American capital in foreign countries. Under the present conditions, it would seem that there is accumulating sufficient capital in the United States to take care of all probable demands, and at the same time, leave a surplus for investment abroad.

In any event, attempts to regulate the flow of capital have never been very successful, for the best determinant is to be found in the judgment of investors under conditions which will permit the free flow of capital to that market which promises the safest and best return. There is no occasion to fear but that a country such as the United States will be able to offer as attractive terms as those of any other nation for the funds available for investment in this country.

It is also desirable in connection with



F. O. WATTS
President First National Bank in St. Louis



WILLIAM T. KEMPER
Chairman of board Commerce Trust Company,
Kansas City

the extension of our foreign trade that American capital be invested in foreign lands.

William T. Kemper, chairman of board Commerce Trust Company, Kansas City, Mo.

We believe we should encourage trade with Europe. Without the help of America how can we hope for a rehabilitation of European industries, or expect to establish the trade relation between our country and theirs that is necessary for the prosperity and happiness of the people who inhabit those countries and for our own people.

I have always been a strong advocate of a league to enforce peace and if the program as outlined by President Wilson had been carried out, in my opinion we would have had a very different situation in Europe, and very different conditions as related to trade between the European countries and ours.

John G. Lonsdale, president National Bank of Commerce in St. Louis

I believe the first duty of American capital is at home. I cannot, however, subscribe to a policy of isolation for American capital. Whether we will or not, these United States are part of one international economic unit and it is going to be increasingly hard for us to speak in the language of boundary lines from now on.

We hail ourselves as a world nation—a world creditor nation. If we are to fully live up to this reputation, forming the basis for the interchange of commerce necessary to a full measure of prosperity here at home, America should consider doing her share toward the resuscitation of Europe through financial channels.

America has the wealth; the greatest wealth of any nation in the world. Whether it has immediately available sufficient capital for our needs and Europe's is problematical. But we in

this country, as they have been in Europe for years, must become a greater nation of savers. Funds necessary for our industrial growth, as well as for European investments, will not originate entirely with the big interests or professional investor, but from the thrifty accumulation of our citizenry. This source of wealth, properly cultivated and applied to world progress, is limitless.

We have everything to gain from fulfilling the obligations that confront us as to succor, financial assistance and statesmanly help in Europe. It is hardly a question of whether we shall or shall not, but how can we avoid doing it. Where the greatest need is for money, there capital will be attracted by rates and earning conditions, all opinion to the contrary.

I would never counsel against supplying the full quota of American investment needs. However, we are rich enough and resourceful enough as Americans to meet this—our big opportunity. The United States today stands upon the threshold of a world commercial dominance comparable with the golden, Victorian era that came to England following the Napoleonic war. Aloofness will not supply the leadership to such greatness.

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

The prevailing ease in the money market, both in New York and in London, with great ease in certain other markets such as Switzerland, should not mislead us into supposing that there is any abundance of free capital in the world. The world has spent seven years in destroying capital. Real capital consists in the accumulated surplus of production over consumption and its fundamental manifestation is not in figures for bank deposits, but rather in the volume of goods on shelves, cattle and other live stocks, roads, bridges, houses, and other stored up products of human labor. The world cannot afford to waste capital and the United States can-

not afford to send their capital abroad recklessly or imprudently.

None the less, it is important that we should make such investments of capital in Europe as will really do Europe



JOHN G. LONSDALE

President National Bank of Commerce in St. Louis

good. Too much of our loans to Europe in the past has merely served to strengthen the exchange rates, with the result that European importers were able to obtain goods from us which would not otherwise have been bought, without any discrimination as to whether these goods were really needed by Europe or not. Since the armistice Europe has bought a large volume of consumption goods from us, including luxuries and finished manufactures, which she should have produced herself, and has bought too little of raw materials and other things which would have helped in setting industry going. Any large scale policy of loans to Europe in the future should be made part of a comprehensive plan, which will involve drastic reforms in currency and public finance on the continent of Eu-



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BENJAMIN M. ANDERSON, JR.

Economist Chase National Bank, New York

rope as well as a rational settlement of the German reparations question and the removal of artificial trade barriers among the states of Europe. If American investors and bankers in providing new funds for Europe can be instrumental in aiding Europe to accomplish these reforms, and if further they can retain control over the new funds lent in such a way as to make sure that they are really used for necessary purposes, then new money lent by the United States to Europe will be productive of enormous good. Loans made under these conditions, moreover, will be good safe loans of a sort which American investors may properly be advised to buy. America will gain greatly by this course, first, in that she will aid in the restoration of her best customer, and, second, in that she will validate the obligations of her greatest debtor.

It is proper to note that a policy of this sort would be very seriously handi-

capped if we accompany it by putting up protective tariffs against European goods. It should also be noted that control by American lenders over the new funds loaned to Continental Europe should not involve the condition that these funds be spent in the United States. Europe should be left free to buy the things she really needs wherever they are cheapest. We cannot really help Europe unless we adopt a generous international policy which aims at world revival. Restrictions designed to let America do all of the selling and none of the buying, whether protective tariffs, discriminations against foreign shipping, selfish strings tied to foreign loans, or other similar practices, should be rigorously frowned upon.

The second query as to whether we shall be able to meet both foreign and domestic capital requirements is to be answered affirmatively, with the qualification that the world must not expect to use capital as lavishly as it could in pre-war days. With economy we can satisfy the more urgent requirements for capital, both at home and abroad, provided good security is offered, and provided proper and adequate inducements are offered to investors to make them increase their savings. It is not a simple problem in arithmetic. With conditions deranged, as they are in Europe, and with slow business in the United States, we seem to have temporarily even an excess of capital. With, however, a business revival which would grow out of a sound policy in dealing with Europe, the domestic demand for capital would be much increased at the same time that we were sending more capital to Europe. We proved during the war that if sufficient inducements were offered we could tighten our belts and supply a very great deal of capital. Both supply and demand of capital are elastic, depending on interest rates, conditions, the security offered, and the prospects of business.

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

I think it is most desirable, from every point of view, for America to

help in the reconstruction of financial matters over there. America certainly has plenty of credit for its own uses today, and in fact could finance much larger transactions in interior development, as well as extend to foreign coun-



CHARLES S. CALWELL
President Corn Exchange National Bank,
Philadelphia

tries the help that is so greatly needed. The extension of credit should not be placed on a charitable basis, but simply on business lines and to good credit risks. Such a policy, in view of the changed conditions pertaining to the financial situation throughout the world, which makes the United States its greatest financial power, is essential from the standpoint of enlightened self-interest alone, irrespective of any moral obligations in the premises.

The trouble with America is that we have not yet realized our tremendous wealth and strength, and as an illustration I would simply call attention to a meeting that was held in New York City a few days after war was declared between England and Germany to dis-

cuss means as to the best way to protect ourselves against the withdrawal of some five hundred millions of dollars which was then owed to Europe. The Secretary of the Treasury, the Comptroller of the Currency, and prominent bankers of New York and Philadelphia were there to study the question, and at the time it was felt necessary to issue Clearing House Certificates in order to protect the banks' reserves.

Within a few months' time America was selling billions of dollars of securities without much effort, and we not only financed foreign war requirements, but loaned billions of dollars to European countries. To some degree, the same conditions exist today. We do not recognize our strength, but I believe there is plenty of money—not only to carry on a good business development in America, but also to help in re-financing many projects in South America, Europe and even China.

The best way to conserve America's capital is to get it working with fair interest returns.

Henry M. Robinson, president First National Bank, Los Angeles, Cal.

Reasonable investments of American funds in foreign countries, restricted to private loans made by Americans to private concerns in foreign countries, would appear to be the logical and desirable course for the United States to follow at the present moment.

This because, on the continent particularly, the production and commerce cannot return to a normal balance until the disturbance due to the war and more particularly the dislocation of the normal functioning of transport and movements of credits have been re-established, and because the United States, through the flow to it of gold during the war and since, is the one country that is in a position to advance the necessary credits and again because if credits are advanced they in turn will speed up the return to normal and this in turn will result beneficially to this country through the re-opening of old markets and gradually the open-



HENRY M. ROBINSON
President First National Bank, Los Angeles

ing of new foreign markets for American produced goods.

It does not seem wise to extend any immediate further credits to European governments. Their great need is the balancing of budgets so that governmental expenditures are held within governmental income. The extension of further credits to European governments will simply tend to defer the balancing of governmental expenditures and receipts.

The greatest present need of Europe is the readjustment of normal movements of products and credits and the replacement of productive capital destroyed by the war. Consequently any loans to be made by people in the United States should be in the form of private loans to private concerns engaged in the production of goods. Of course if the government endorsement of these private loans will add to the security of the investments, there is no reason for opposing such endorsement.

It is obvious that properly safe-

guarded investments in foreign countries are desirable if the United States has sufficient supplies of credit to make such investments and at the same time take care of all legitimate demands for investment funds arising in the United States. That the United States is in a position to do this is well evidenced by the fact that our gold supplies, which are the basis of credit, have doubled during the past decade while our physical production has not increased more than from twenty to thirty per cent., thereby leaving a material margin of credit available either for the furthering of additional production in the United States or for investment in foreign countries.

Production cannot be materially increased in this country until the foreign markets for our surplus goods are rehabilitated. Since the United States is the one country in the world that has the supplies of capital necessary for the economic rehabilitation of Europe, it is necessary that we invest reasonable amounts of our own supplies of capital in Europe in order to permit Europe to absorb increasing supplies of American made goods, thereby furthering production and prosperity in the United States.

It would appear that American funds could be invested to a reasonable extent with safety of principal and a fair interest return. European countries are, generally speaking, improving their condition and increasing their production and such reasonable assistance should expedite this improvement, which in turn would give increased security to any investments or advancements made as suggested.

The proper type of foreign investment, which will further production in foreign countries, which will permit foreign rehabilitation to proceed at a more rapid pace and which will tend to stabilize exchanges will in turn insure comparative safety of principal and fair interest return upon sanely conceived foreign investments, and, at the same time, increase the foreign trade of the United States.

England has been the preëminent

financial power of the world, due largely to wise investments in private enterprises in foreign countries, at times when the future of these countries was no more certain than the future of Europe is today. Much of the reconstruction of the United States following the Civil War was accomplished through the use of English investment funds.

It would appear logical that the United States is in a sufficiently strong position to care for its own requirements and at the same time in a safe way to assist in improving the situation generally in the world and to the advantage of the United States, through judicious advances to and private investments in private industries in foreign countries.

*Thomas W. Lamont, J. P. Morgan & Co., New York**

American investors are today making loans on a considerable scale to European and other foreign railroads, industrial corporations and governments. In connection with these loans there exists, I find, much public misunderstanding. In fact, there are current today several misconceptions that may be worth discussing briefly.

The first of these is the idea that, when American investors, acting through banks or bond-issuing houses, extend credit to foreign enterprises or governments, an equivalent amount of such credit is withdrawn from commercial channels in America. Possibly there might be some ground for such a theory if we were in a period of tight money. But we are not. Owing to the let-up in business and, therefore, in the demand for temporary or seasonal borrowing, our surplus reserves are very great. This country holds today sixty per cent. of the entire world supply of gold. Based on this holding, our Federal Reserve banks could today extend fresh credits to the amount of \$3,750,000,000, without falling below an average reserve ratio of forty per cent.

In other words, there is ample credit in our money markets today for every commercial enterprise that is legitimately entitled to it. Of course, farming communities may complain that they are unable to sell their mortgages freely to American investors, but if there is



THOMAS W. LAMONT
J. P. Morgan & Co. New York

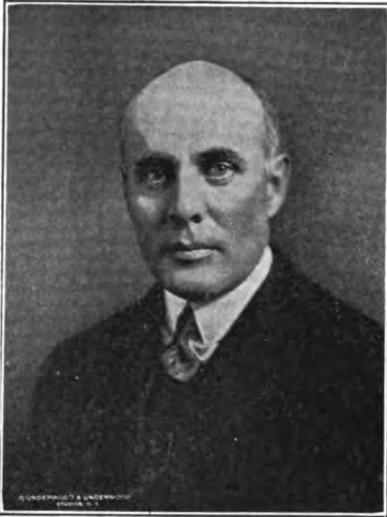
limited market for some such form of obligation it is because investors prefer to put their savings into some form of security that has a quoted and ready market.

A second fallacy that I find prevalent today is the idea that, unless a foreign borrower himself utilizes his American credits for direct American purchases, then the American commercial community is deprived of benefit from the proceeds of such credits. Many business men have gone so far as to say that no American banking house should father a loan to a foreign obligor unless the borrower agreed to earmark and spend here the very dollars that he borrowed. This theory, this fallacy, en-

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tirely ignores the fact that, with America the heavy creditor nation that she is today, any credits obtained here by foreign borrowers must necessarily be utilized here, either by the borrower direct or by those to whom he assigns the credit.

Take a familiar and concrete example: The Government of Belgium sells to American investors \$25,000,000 of its bonds and so establishes in New York a credit for that amount. Belgium



FRANCIS H. SISSON
Vice-president Guaranty Trust Company,
New York

proceeds to buy in the Argentine (because she can buy more cheaply there) wheat to the amount of the \$25,000,000. To pay for her Argentine wheat Belgium transfers her New York credit to Argentine exporters. Those Argentinians in turn utilize a part of that credit to pay for American manufactures and a part they transfer to British manufacturers for goods which the Argentine has bought in England. Those British manufacturers in turn utilize that New York credit to pay for American copper, which they can purchase here cheaper than anywhere else in the world.

This process that I have just described is elementary. From the work-

ings of it the fact must be obvious that all such foreign credits established in this country must necessarily be utilized here (i. e., the money must be spent here) unless we ship gold in lieu of giving a book credit in dollars. This process that I have described should disprove the theory that American trade is not getting the benefit of these foreign loans. The main considerations for American investors to have in mind would appear to be to have assurances that the foreign loans they buy are soundly and safely secured, and that the proceeds of those loans are being devoted to some constructive purpose that will improve the condition and debt-paying capacity of the community in question.

George S. Mumford, president Commonwealth Trust Company, Boston

The investment of our capital in Europe takes on such a variety of forms that it is impossible to make any general and sweeping conclusion as to our ability to continue it to an increasing extent and at the same time take care of our own capital needs.

Our capital is used to a comparatively small extent in direct loans to European Governments or in loans to European business enterprises controlled by natives. It is through credits granted European customers and investments that we make in Europe in American-controlled enterprises carried on there with our capital and under our management that really cause great sums of American capital to be withdrawn from this country.

If the sums invested in the securities of financially sound nations—for to buy the bonds or notes of unsound nations is obviously foolish—are not poured out by us at any faster rate than at present, we will never lose enough capital to cause the slightest ripple. All the arguments in favor of being a creditor nation are too familiar to require repetition here. The simplest and best of these is that over there they need our money to use in paying us for our goods that they buy, and doubtless one way reasonable and conservative for both

sides to put our money in their hands is through the sale of their bonds to us.

There is no question that granting of commercial credits and exploitation of foreign business fields by our merchants and capitalists is what really absorbs the chief bulk of our capital that goes abroad, and this certainly can be dangerously overdone. It does withdraw good money from home uses, but it may within reasonable limits be used safely and profitably in foreign fields, profitably both as an investment and as creating new uses and demands for American products; but this may well be carried so far as to defeat its own ends and weaken the capital resources at home. Right here is the real point of delicate adjustment.

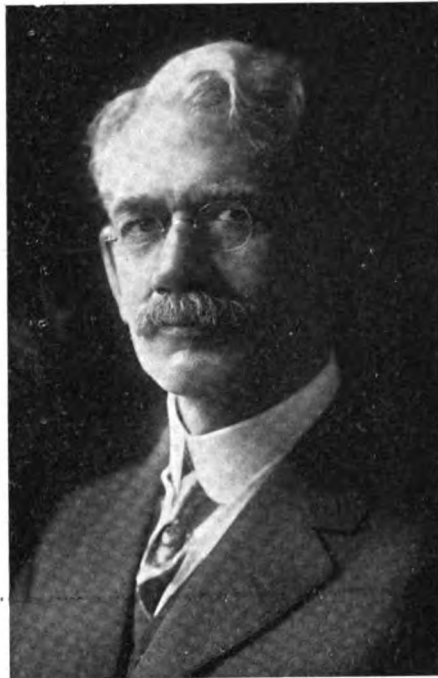
Francis H. Sisson, vice-president Guaranty Trust Company, New York

The question, "Should we continue to make reasonable investments in Europe?" is not identical with the question whether in general foreign investments of American capital are advisable. It might be argued that preferable opportunities can be found outside Europe for whatever American capital should seek investment abroad.

Generally speaking, there is no good reason for the discontinuance of investment of American capital abroad, on account of a presumed necessity to "strictly conserve our capital for home demands." The complex changes wrought by the war which affect the international economic situation of the United States have accentuated rather than diminished the need for American foreign investments. In general, the world's capital was used up at a rate exceeding its production and upkeep during the war. But in no other of the principal countries was there proportionately so large an addition to capital equipment as in the United States. Much of the war-time addition to producing capacity in this country has proved excessive, measured by present market requirements for the products. It is recognized, of course, that in part this extraordinary provision of plant capacity in some lines was obtained by

foregoing maintenance, replacement, or normal additions in other fields of domestic enterprise. Nevertheless, there is evidence that, for the present and immediate future, on the whole, the mining and manufacturing capacity of the country is overbuilt.

This accords with a relatively reduced need at present for new investment capital in domestic industries, and with correspondingly increased incen-

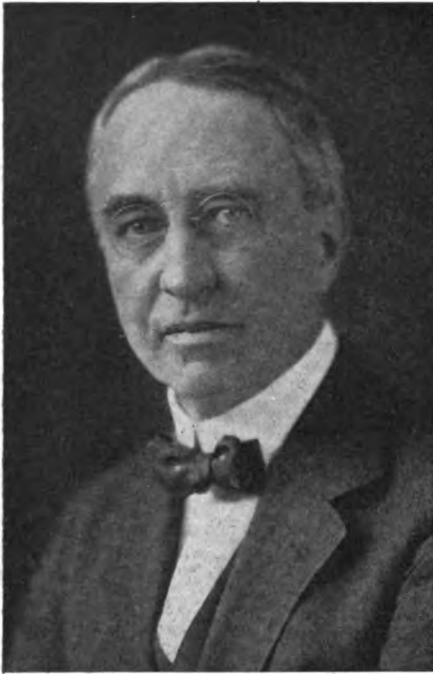


E. D. HULBERT
President Merchants Loan and Trust Company,
Chicago

tives to find profitable employment abroad for a part of our capital.

Moreover, the ability to find markets for our products in excess of domestic needs is enhanced by capital investments outside the country. In many cases there is a direct sale of commodities in connection with foreign borrowings here, and even when the connection between loans and exports is not immediate or obvious, the long-time effects on trade are essentially the same.

If then, from our own viewpoint of



F. O. WETMORE
President First National Bank, Chicago

enlightened selfishness, reasonable investments of American capital abroad should be encouraged, the investors should be free to seek what in their judgment are the best fields for such capital as they wish to employ abroad. It is not strange that in the exercise of this freedom, considerable of our capital has been placed in European investments. Once something like normal economic conditions are restored in Western Europe, probably there will be little need there for additional American capital. On the other hand, in the less highly industrialized sections of the continent the next decade may bring occasion for greatly increased investments from this country.

The point which needs emphasis is that Americans with capital to employ should be encouraged to study carefully the fields which are open to them and to invest with discriminating foresight. In this matter, their best interests and those of the country as a whole are in harmony.



JOHN W. STALEY
President Peoples State Bank, Detroit

E. D. Hulbert, president Merchants Loan and Trust Company, Chicago

I am very strongly of the opinion that we should continue to make loans in Europe and not endeavor to conserve our capital for home demand. I believe the future prosperity of this country depends largely on the prosperity of Europe. We are now world bankers whether we want to be or not, and we must meet our responsibilities as such.

F. O. Wetmore, president First National Bank, Chicago

It would seem to me that for our own sake we must lend amounts to Europe sufficient to put it in working condition again. The problem appears to me to be much the same as in the case of a temporarily insolvent business concern, to which creditors lend money to enable it to reorganize and start afresh. This is often good business, not merely for the debtor but also for the creditor, who in this wise keeps a good customer in the market and out of the profits may

reimburse himself for the losses which he has suffered.

On the other hand, I question the advisability of attempting to do for Europe in the twentieth century what Europe did for us in the nineteenth century. In my opinion, John Maynard Keynes is right in pointing out in his recent work, "A Revision of the Treaty", the difference between making loans to an old country and to a new one. In the latter case the margin of profit is sufficiently large to take care of both interest and principal, while I doubt whether in Europe there is sufficient possibility of further development of industry to permit an ultimate repayment of loans, if these reach the proportions which have been some times mentioned.

John W. Staley, president Peoples State Bank, Detroit

The question of the investment of American capital in Europe today is dependent primarily on the security offered. In other words, if it is possible to work out a plan of securing such loans in a manner fully acceptable to the investors of this country, it is my opinion that there is a very large amount of capital ready to go into foreign investments.

While a large amount of capital is being used, and will continue to be used to meet the requirements in this country, the readiness with which issues have been absorbed during the past eight months is evidence of a surplus of large proportions available for the foreign field.

It is my opinion that advances made by American investors on loans properly secured will prove in the long run to be distinctly helpful to this country and should be encouraged. Aside from the moral obligation to do everything in our power to help in the reconstruction of Europe, if we were to consult our own selfish interests, we should be led to this view.

While there are many things which enter in besides the mere matter of physical security, the fact remains that



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JOHN McHUGH

President Mechanics and Metals National Bank,
New York

those elements, such as proper taxation, balancing of budgets, and adjustment of the exchanges, are important factors in the shaping of a security which the individual American investor will recognize as acceptable. Until it is so recognized as absolutely sound, it is my opinion that the exploitation of such issues by syndicates, or otherwise, will meet with very limited response.

John McHugh, president Mechanics and Metals National Bank, New York

By helping Europe and other parts of the world we should increase our own wealth, improve our own values, and have more instead of less capital as one of the results.

John N. Eaton, manager credit department Merchants National Bank, Boston

If the United States is to maintain its financial prestige in world affairs it must have more than provincial ideas

in investment fields. Current low interest rates directly reflect the need of broader investment fields than can be found in our own country. I believe we should continue to make investments

in Europe and South America, and that we have sufficient financial reserves to meet our entire domestic capital requirements and more than our share of foreign capital requirements.



The Relationship of the Bank Employee to His Position

By Murray Wilson

This essay was awarded the James G. Cannon prize. This prize was instituted by the late James G. Cannon as a reward for the best essay written each year on some current banking topic by a member of the New York Chapter of the American Institute of Banking. This year the following prominent bankers acted as judges: Herman D. Kountze, president, Atlantic National Bank; Horace F. Poor, vice-president, Garfield National Bank; A. F. Maxwell, vice-president, National Bank of Commerce.—THE EDITOR.

DURING the past two years we have witnessed a very definite turn in the cycle of trade. From a period of feverish business activity, large bank clearings, rising prices, and what appeared to be a never ending demand for our export products we have come into a comparative lull in business. How long the condition will last is not for discussion here, but it is certain that the condition exists, and that because of its readjustments have been made in the personnel of almost every business house, whether it be bank, store or factory.

The result has been productive of uneasiness and unrest among employees. The banks have been affected in practically the same degree as have other business organizations on the average. It is particularly relevant that bank managers should at this time give thought to methods of cementing the relationship between the bank and its employees. It is of no less importance to the individual employee that he find the tie that will bind the bank management to him.

The bank desires to build up an organization of virile men and women. It wants employees who are dependable. It wants those who know the work as-

signed, and who are capable of development. In proper organization there is strength. No bank manager can make a marked success of his institution by his individual efforts alone. Without an efficient organization behind him he is doomed to mediocrity in success, if not to failure.

It is extremely difficult to build an efficient organization from a constantly changing personnel. Presumably the wheat has been separated from the chaff in the reduction of bank staffs during the past year. The problem of the bank manager now is to quiet the unrest among those employees retained, and through some plan to tie the employees to the bank in a way that will convert the personnel into a corps whose one thought and purpose is to fully safeguard the interests of the institution, to build up its business, and to qualify individually for advancement in the bank.

The methods proposed by bank managers to bring about the desired result may be classified: 1. Encouragement of stock ownership in the bank by the employees. 2. Payment of bonuses to employees. 3. Development of profit sharing plans for the benefit of em-

ployees. 4. A broad classification which may be termed "Welfare Work".

Under certain conditions stock ownership by employees would appear desirable, from the viewpoint of the bank, the employee, and the public. Let us consider the case of the bank in a small town. The capital of the bank is necessarily small. The employee even when holding only a few shares of stock is a relatively sizeable shareholder. The personnel of the bank is also naturally small. Under such circumstances the individual efforts of each member of the staff count for a good deal in the success of the business. In the spirit of self interest the employee stockholder is inspired to give his utmost efforts, whether it be in the procuring of new business, watching out for the interests of old customers so that the present business might be retained, or guarding the bank against loss. Such loss might be in transactions with customers, dishonesty of other employees, or, also important, in the stopping of the small leaks. As a stockholder in a small institution the employee receives in dividends the result of his own individual efforts; in no small measure does he bear the responsibility for there being dividends. He has the feeling of proprietorship. Such a feeling would normally encourage one to qualify himself for greater responsibilities. And in the small town the depositing public has a live interest in the bank's list of stockholders. In some states the stockholders list is public property. If the employees are holders of the bank's stock the condition helps to create confidence in the solvency of the institution. The theory is that if those behind the bank screen, knowing the inside facts about the institution, are investors in the stock the bank must be "all right". The stock of the small bank is not listed on any exchange so there is no disturbing fluctuation in the price. The price of such stock ordinarily closely follows the book value, so the employee is stimulated to cooperate fully in hastening the growth of the sur-

plus and undivided profits accounts of the bank.

In a large city bank the importance of the principles mentioned above is minimized. The average employee could be but an infinitesimal stockholder. His personal efforts could influence dividends but little. The public probably doesn't know him, and has little or no interest in whether he is a stockholder. Who is to take the responsibility of advising employees to become stockholders in their bank? In most of the larger institutions the individual officer can do little more than keep his own particular department in order. He cannot well govern losses in other departments. If an officer were to advise each member of his department to invest in the bank's stock, and offer to provide easy terms of payment, many of the employees would doubtless make an effort to follow the suggestion. Let us consider the result.

As long as the business progressed and the market price of the stock advanced, all would be well. But losses or some other reason might cause the price of the stock to drop. This would be reflected in the published market reports, and the resulting tendency would be to undermine confidence of the employees in their officers. Even if the price recession were due to an economic tendency over which the bank management had no control some employees would feel that they had been taken advantage of, that the officers should have known such a condition was coming and should never have advised investment in the stock. Some might even feel that the management had unloaded high priced stock in anticipation of the slump. Such a situation would be decidedly an undesirable one.

There is no question but that some of the more seriously intentioned employees really desire to own stock in the bank that affords them employment. Such an attitude is commendable. It would appear to be the better part of wisdom, however, to let each employee make such a decision for himself, and to make his

purchase purely as a market investment rather than for the large bank to advise that their employees as a class become stockholders.

Three types of bonuses are customarily used by banks. One plan is really added salary, based on a percentage of the stipulated salary and paid in a lump sum at the end of the year. Another plan is payment of the stipulated salary, plus the monthly payment of an amount based on a standard index number which reflects the relative cost of living. The third form is a gratuity paid generally around the Christmas period.

Some employees feel that where the bonus represents added salary the amount of bonus should be included in the regular pay envelope and not considered as a bonus at all. There is some justification for this attitude, but it is none the less true that in many cases the bank is performing a real service by forcing the employee to live within the limits of his regular pay, and then handing over in a lump sum what under any circumstances should have been saved by the employee. One who has seen employees receive a bonus of this character knows that as a class they are delighted to have it in just the form it comes. From the bank's point of view this form of bonus is a desirable one. In the first place such a bonus is usually paid during times when prices are high and the bank is endeavoring to help the employee meet the increased cost of living. The bank's profits would normally increase because of the very reasons that the cost of living had gone up for the employee. The bank management knows full well, however, that in due time there will be a reaction in prices, and that the institution's volume of profits will decrease proportionately. Had the bonus been paid in the form of increased salary the bank management would be left with a high salary list when economic changes brought down the cost of living for the employee and lowered the bank's profits at the same time. It is far better for the bank to discontinue the payment of

a bonus than to make a sweeping reduction in salaries. The result in dollars and cents is the same, but the psychological effect on the employee is entirely different.

The bonus based on a standard index number is theoretically equitable and fair. In actual practice it is likely to cause dissatisfaction among employees in the end. The employees probably would welcome the idea if adopted in a period of rising prices. First, because it is a principle of economics that in such a period prices normally rise faster than wages. Therefore, if the index number bonus system is used the employees enjoy the advantage of receiving increased remuneration earlier than if wages took their normal course. And second, because in a period of rising prices real estate values, and therefore rents, are among the last items affected. So the employee would get the benefit of higher pay well before rentals were raised. When the peak of high prices passes, however, the story is different. It is also a principle of economics that in a period of falling prices the cost of living—and consequently the index number falls faster than wages. Therefore an employee receiving a bonus based on the index number will find a cut in his income before a decrease is reflected in the salaries of many other classes. Too, index numbers are based on wholesale commodity prices. It is almost always true that retail prices lag behind wholesale prices in following price recessions. Furthermore the item of rent does not go into the making up of an index number. And it is an economic fact that rents are frequently rising when wholesale commodity prices are falling. The employee is liable to find himself confronted with a notice from the landlord that his rent is raised on the very same day the bank issues a notice that the index number has dropped ten points, and the bonus payment is lowered accordingly. The effect on the employee would be far from stimulating. It would seem that a bonus based on a standard index number, however scientifically correct it may

appear, is not to be recommended as a practical method of keeping employees happy during a period of falling prices.

Christmas gratuities, or awards for especially meritorious service, are always pleasing to the employee. We all have that human trait that welcomes the note of encouragement. It is especially fitting in the holiday season to give the employee a hearty Christmas greeting. If the profits of the bank warrant the giving of a token of appreciation for good service rendered, such a payment, even if the gratuity be small, is a good investment from the bank's point of view. It strengthens the morale of the organization wonderfully.

There is much to be said in favor of profit sharing. The plan has the tendency to make the employee feel that he is more than a mere cog in a machine. It stimulates a lively interest on the part of every member of the organization in building up the business, and protecting the bank against loss. It may be argued that the employee would be enjoying benefits which accrue to the stockholder without having the investment or taking the risk of an owner of the bank's shares. There is ground for this contention. On the other hand it is not expected that employees would share either in the proportion or on the basis of the shareholder. It is quite likely that an arrangement whereby a relatively small percentage of the profits be divided among the employees on an equitable basis *after* the payment of the regular dividend to the stockholders would result in the stockholder being surer of his dividend. Also, that there would be a greater aggregate amount of profits than where no profit sharing plan was in effect. However, the plan should be such as to make it necessary for the employees to merit what they get. There would be little advantage to the bank if it were a case of dividing up profits that would be made whether or not the employees took an active interest in helping to make profits. As previously mentioned, the individual employee of a large bank can have little direct influence on profits. But concerted action on the part of a large

number of employees could do much in stopping the small leaks, such as in the waste of supplies, and in the weeding out of other employees who do not take a proper interest in their work.

Most banks recognize that to get the maximum returns from employees' service it is essential that the employee should be in good physical and mental trim. To this end some institutions have found it a good investment to provide dining rooms where luncheons are daily served gratis to employees. Unless the body is kept well nourished the brain cannot function properly. When the employees go out to lunch it is too often that through either the desire to cut down expense or to satisfy a distorted taste an insufficient amount of the proper kind of food is assimilated. It is true that the employees do not always welcome an interest on the part of the bank in the subject, however. In some instances, where it has been left to a vote of the employees themselves as to whether luncheon is to be served by the bank or the employees be allotted a nominal lunch fee to purchase their luncheon outside, the result has been a decision to go outside. The theory behind such a vote probably is that the employee wishes an opportunity for a breath of fresh air and sunshine in the middle of the day. Such a desire is quite understandable, but in any event the employee owes it to the bank as well as to himself to keep himself in proper physical condition to turn out a full quota of work.

Many banks maintain a medical department within the institution. This department furnishes free physical examination, medical advice, and medicine to employees who have some minor ailment. Experience has shown that the medical department is a valuable one, from the viewpoint both of bank managers and employees.

Some banks assist their employees to buy homes. A certain percentage of the purchase price is advanced by the bank, repayments being made through amortized sums being deducted from the monthly salary. It is obvious that such a plan ties the employee tightly to the

bank, and at the same time it furnishes the employee with the much desired opportunity to own his home. Also, some of the banks arrange an investment fund as an incentive for the employees to save. This investment fund is usually managed by a committee of the bank's officers, and provides a larger return on savings than may be had through savings banks. The plan is desirable, from the point of view of all concerned. Social and athletic organizations are frequently encouraged within the ranks of the employees of banks. Such organizations promote wholesome recreation and healthy bodies. They meet with favor among the employees themselves, and for the bank they make for morale in the ranks.

But when all is said and done, no bank can well afford to give an employee something for nothing. No right thinking employee expects it. The most beneficial thing a bank can do for itself and for its employees is to help the employee help himself to the greatest advantage. This can be accomplished by encouraging the employee to qualify himself for advancement in the banking profession. Some banks have classes for instruction within their own institutions. In more general use is the plan whereby the bank encourages the employee to take up a

systematic course of study of proper subjects in some outside institution of learning by refunding to the employee a portion of the tuition fee upon the successful completion of each half year or year of study. These plans have the advantage of qualifying the student for greater responsibilities in the bank. The bank benefits in that the mental capacity and character of the employee are strengthened. Coming up through the ranks of the organization will be these students who will have not only practical bank training but the correct theory of banking and other commercial subjects as well. The results accruing to the employee are obvious. Eventually he will reap his material reward, for there is always room at the top for the man who is qualified to assume large responsibilities. The terms, "stockholder", "bonus", and "profit sharing" all have an interesting and enticing sound for the employee. But in the last analysis probably the one best thing the bank can do for itself and its employees is to provide this scholastic or other opportunity of preparation for advancement. And the very best thing the employee can do for himself and for the bank is to take advantage of such an opportunity.



All in the Day's Work

THE branch manager of a city bank runs into all kinds of experiences and meets all kinds and conditions of people. Walter Myers, manager of the Fulton Road office of the Cleveland Trust Company, has the faculty of telling of these experiences in a most entertaining manner. Here is what he writes in the *Cleveland Trust Monthly*:

How often as we ride the street cars, do we see people engrossed in a novel. The thrill of the story has so gripped them that the whole outside world is forgotten for the time.

Entertaining though a novel may be, we

have today the world before us with all its events making a story so interesting that we have little time for reading the tales of story writers, but find the events of life so exciting we just have to weave them into a novel all our own.

In the course of a day we have all types of people entering Fulton Road office. Were we but to say, "How do you do," "Nice day," "Good-bye," how little would we find out about them. It is an easy matter to discover the troubles, hopes and ambitions of people as they come before us. A question tactfully asked gives us an insight into the events of the day as they are happening in the lives of our customers.

Some time ago a middle-aged business man told me about an unrequited love affair.

Another related how he quit a steady job to get another which paid more money. He worked a short time and was laid off. The fellow wanted to work and needed it and had a right to feel discouraged. He was going to take out all his money but I persuaded him to leave \$1 and we hope he finds a job as he used to deposit a little every week when he was working.

Yet another man told me how he had been laid off. He didn't seem to want to work as he said some one offered him \$85 a week and he wouldn't "work for that." I tried to keep a "drunk" from drawing out a lot of his funds, but he handed me their usual line, "easy come, easy go."

A woman complained because her husband was only getting \$200 a month working at the steel mills. He only earned \$400 during and after the war. I comforted her by telling her that when he was getting \$400 I was getting \$85 for nearly freezing while pacing the storm-tossed bridge of the old battleship Iowa at all hours of the day and night.

While out for business I stopped in to see a grocer. He was reading a letter at the time so I waited till he had finished and then to my surprise he handed it to me. It was a notice of a stockholders' meeting of a company which was in the hands of a receiver. I asked as diplomatically as possible how much he had involved and found that he had invested \$5000 in the concern.

Similar situations arise numerous times and I try to show people that if they had put their money in a savings account they would have something to show for their work besides a nice piece of engraved paper.

Rents have not decreased much around here. The desirable locations go very quickly and the less desirable stand vacant for some time. These have come down some, but not much as yet. Where renters have been out of employment they have managed to get along by moving in with relatives and in some cases have not paid their rent.

The young married couples have been living with their parents in order to cut down expenses. In the foreign neighborhoods rents are low and as several families live in a little house, the rent problem doesn't worry them so much. We have no apartments around here and consequently do not have a "moving class" of people.

All people, whether working or not, are more saving than ever. The moving picture people tell me that business is rather quiet. Some of the shows are running every night, but others still are closed two or three nights a week. A photographer told me that people were not having their pictures taken as that was a luxury they could get along without.

Quite a number of women are working, while husbands keep house.

The grocery stores have been hit rather hard. Most of our customers do not give

credit to any extent. Some people pay cash for a time and then come in and buy more than they can pay for, so ask for a day's credit and a good many never come back.

We notice that whenever the weather is good on a Saturday we are not nearly so busy as when it is rainy. People go to the market on nice afternoons and purchase a lot of things there, especially in the fruit line.

All in this neighborhood do not have to depend on one industry for their living, and as some members in each family are working or others have some money, conditions are not as bad here as in many other places. We all hope that it will improve, but we are thankful that things are as good as they are.

In talking with the merchants while prospecting for business, I find they seem more cheerful than a while ago. Some tell me how much they lost on inventory and a good many give me prices of different articles, when they bought, and their present retail price. Most all my prospects say they will be in when they get things in better shape. In a good many cases I would rather wait till a man can carry a decent account than have him open a small account and run short and then have to return checks, etc.

Some of the people who come in are in mighty good spirits. Things are going better now than some time ago. We try to get them to remember to make hay while the sun shines.

Over the first of the month we were very busy. Have had numerous small savings deposits. We find that people who have been paying light and gas bills here are opening accounts now. We have obtained some commercial accounts for which we have been working for some time. I spent several evenings straightening some trouble in other offices and in doing so saved \$1000 from being drawn out of my office.

I do not feel pessimistic as might be construed from the above references but we know that if we realize conditions we may help the world to right itself more quickly.

The new clock has attracted a lot of attention. It is a good advertisement for the bank. Lots of people want to know how it goes. I have lots of fun making them examine it.

We get a lot of information from the press; by keeping our eyes open every day we can learn a lot about the conditions from people whom we meet every minute. Perhaps it will make one better prepared to cope with new situations as they arise; at least it won't do any damage. We are often asked to give our opinion of business conditions and I find you can't hand a customer a "line" unless you have some facts to back it up.



GEORGE S. MUMFORD

President Commonwealth Trust Company, Boston

MR. MUMFORD was born in Rochester, N. Y., in 1866. He was graduated from Harvard in 1887. His banking career began in 1898 with a private bank which organized in 1902 as the City Trust Company of Boston of which he was made secretary. In 1909, Mr. Mumford effected a consolidation of the Commonwealth Trust Company and the New England National Bank and became president of the institution.

He has steadily broadened his reputation as an exceptionally keen and clear headed banker of the conservative type. The deposits of the bank have grown under his hand from \$8,000,000 in 1909 to \$32,000,000 in 1922, and individual accounts have increased from 4,000 to 23,000 in the same period.

At present Mr. Mumford is also president of the Security Safe Deposit Company; treasurer Boston Association for Relief and Control of Tuberculosis and of the Florence Crittenden Home. During the war he was a leader in financial, charitable and patriotic enterprises, and has since been closely concerned in the rehabilitation of European nations and the restoration of world activity.

Future Bankers—A Word of Advice to Students of Banking

By Russell Tweed

This article is a reprint of an address delivered by Russell Tweed to the graduating class of 1922 of the New York Chapter of the American Institute of Banking. Mr. Tweed, who stood the highest in the class in scholarship, was selected to prepare and read this paper at the graduating exercises.—THE EDITOR.

BANKING, in the widest application of the term, is not an economic institution familiar only to the modern world. The results of old world research show that many of the typical banking operations of today were common among the Assyrians, the Greeks, and the Romans at least eight hundred years before the Christian era, though it was not until the twelfth century A. D., or later that so-called modern banking history began.

Even as late as a century ago the banking unit was simple in its construction. One person frequently handled from beginning to end many important banking transactions. As the bank expanded it became necessary to delegate to others some of the less important operations. In time a further segregation was effected. This process continued with the growth and development of the bank until little by little a very definite line of demarcation between supervision and physical detail was discernible.

The process of specialization did not end there. Evolution forced a more wide-spread division of labor and caused both the supervision and the physical detail to be further standardized and specialized. This movement continued until today we find the supervision in the largest institutions in the hands of presidents, assistants to presidents, vice-presidents, assistants to vice-presidents, cashiers, assistant cashiers and department heads. As this superintendence is farther and farther extended its field of action becomes smaller and more specialized. Some idea of the type of problem each officer has to solve may be gained from an exposition of their familiar titles. There are the credit, discount, new business,



RUSSELL TWEED

Who stood highest in the graduating class of the New York Chapter of the A. I. B.

publicity, and collection men; the personnel managers, investment experts, accountants, lawyers, statisticians, auditors, and foreign exchange traders. Recently, due to the increasing degree of standardization and specialization, with the clumsy functioning of the banking machine we have seen the addition of the correspondence critic and the efficiency expert to the list already so long. Physical detail has been divided also, and in that category we discover bookkeepers, stenographers, typists, draftsmen, cartographers, correspondents, porters, money counters,

adding machine operators, tellers, pages and file clerks. Even this is a very general and therefore incomplete list. Each of these classifications is subject to further and in some instances minute separation.

This condition of specialization is the outgrowth of large scale production, and it is found not only in banking but in practically every other important line of business activity. It has permeated some industries and professions to a greater degree than others. For instance, in our textile mills there are, exclusive of the finishing of the cloth which is in itself a separate industry, almost one hundred different minute operations. Meat packing furnishes another outstanding example; automobile and clothing production, and in the professional field, medicine, are still others. Many industries and professions of equal importance could be mentioned in order further to illustrate the principle here involved.

We live in an age of specialization, an age which demands almost perfect knowledge of but one phase of a total process, and so the question arises—since most of us are destined to be specialists—why should we not confine our efforts entirely to that branch of work in which we are directly interested? If our time is occupied in connection with credit work why then should we not confine our study to credits? Or, if the personnel department happens to be our special field why not make a study of only this branch of the work? This same question may be asked in connection with the legal, accounting, foreign exchange and all the other departmental followings.

The answer is just this: A specialist is nothing more nor less than just a specialist. He may be an excellent accountant, a first-class statistician, or an admirable lawyer, but that is exactly where his usefulness and value to the banking institution begins and ends. If it should happen that the volume of business were insufficient to support all of the specialists then on the payroll,

those persons who, in the last analysis, would find themselves in the uncomfortable position of being "out of a job," would be, all things equal, those who could be used least advantageously in some other capacity. On the other hand a banker may at the same time be an excellent specialist. His broad general knowledge gives him a decided advantage over those persons whose knowledge is confined to but one line. The reason for following a diversified course of study in the banking profession is therefore apparent. By being widely versed in all the ramifications of the business our value to the particular banking institutions in which we are employed increases, our positions are thus made more secure and our future as a natural consequence looms brighter.

How should a person follow out this program of trying to serve, figuratively, more than one master? The answer is: begin by studying thoroughly the specialized field wherein you are employed. Know it to the core. Do not be discouraged by, but give your undivided attention to, the daily routine. The president of your bank is as much a routine worker as are you and while you might suppose that your duties are tiresomely uniform, still, if you will give the question your careful attention, you will find that the type of work required of the highest officer is many times more monotonous than that required of you. The practical side of your job should, with careful study, disclose to you its theoretical angles, but in any event recourse should also be made to the material written by others on the subject. After thorough knowledge of the special field has been acquired attention should be directed to the other branches of the business. In those fields however, a knowledge of the general principles usually suffices.

The student should remember that the banker's knowledge is not narrowed down merely to banking problems but that it is co-extensive with the breadth and scope of the entire economic and social community. The banker is a leader, a captain of industry. It is

within his power through careful leadership to foster and perpetuate industrial prosperity or through unwise management to accentuate business depressions. In order to retain the respect and power due to him as a leader he must be educated in a wide field. Too much importance must not be placed upon book education for this is but the foundation, and it requires sometimes lifelong application of these principles before success can be said to have been reached. The interpretation of present day economic and social phenomena is the most important single function of the banker. As a practical matter, therefore, he must be well versed in the general conditions of the local community, whether it be a village, town, township or city. It is important for him to know a great deal about state-wide conditions while national problems must be understood with equal thoroughness. Foreign affairs have an important bearing upon the economic and social life of the people of our country and a fair knowledge of these conditions during normal times is essential, while a more specific knowledge is necessary during periods of public discussion such as that which we now face.

We are specialists now. Our position as time goes on will perhaps be further divided and subdivided. A vital part of our education is the realization that the specialist is not a banker nor can he ever claim to be such, although the banker may simultaneously be an excellent specialist. Very few of us, if indeed there be any, would be willing or satisfied to remain indefinitely in our present specialized capacities. All look forward to the day when we shall take over the reins and drive the lumbering financial caravan on until age robs us of our vitality and enthusiasm and we are forced to relinquish the whip and retire from the seat behind the dashboard. We know that this leadership means the heaping upon us of added responsibilities and that the driver must be endowed with courage and skill in order fittingly to guide the team. To prepare for this leadership we must

devote much time to study. Attendance at class sessions is desirable, and for all those who are fortunate enough to be permitted to drink of the knowledge dispensed at our own New York Chapter of the American Institute of Banking, the Class of 1922 wishes to go on record as saying that with a strong determination to succeed and the proper application of the principles taught there, nothing can prevent our reaching the goal which we placed before ourselves at the beginning of our educational careers.



What the Banker Can Do to Prevent Grain Rust

IN an effort to prevent the upper Mississippi Valley States from being driven out of the grain-growing business by the inroads of black stem rust, a Conference for the Prevention of Grain Rust with headquarters at 512 First National-Soo Line Building, Minneapolis, is carrying on an educational campaign among bankers. A circular letter issued by them says:

Eradication of the common barberry bush will save the farmers of your state—your customers—millions of dollars every year. The enclosed loss statement shows what has been happening to grain in your state as a result of rust during the last few years.

You can be of immediate assistance by urging farmers with whom you come in contact to get rid of their barberries and by helping them to identify the bushes. Railroad companies of the Northwest are instructing their agents to obtain samples of the barberry and display them in their stations. If bankers can likewise display samples, it will be of inestimable value to our campaign. Barberry eradication workers, operating under the direction of the state leaders named on the enclosed leaflet, have been instructed to cooperate in the obtaining of the necessary samples and county agricultural agents are also assisting.

The little warning bulletins, prepared in a hurry in an effort to make some impression on this year's crop, should be displayed at once. Later we plan to distribute large colored posters to facilitate identification of "the wheat man's burden".

Talk barberry eradication to your farmer customers.

Show them what the common barberry looks like.

Credit and Its Development

By George A. Gehrken

Manager New Business Department Seaboard National Bank, New York

THE progress of mankind has ever been marked by cycles or periods of action along given lines, and each succeeding period bears evidence of the reflection taken, and that produced confidence in a new order of things. Thus the world has gone on and on until this reflection has become so customary in every line of endeavor that each one of us is apt to lose sight of the bird's-eye view, although conscious of the many changes going on all around us. It is because of this tendency and the lessons to be learned from economic events of the past few years, that a discussion on the subject of credit, with special reference to its development and the factors governing an over expansion of it, may perhaps, not be amiss at this time.

Credit may be defined in a general way as a right to demand money. This right is represented by various instruments or evidences of debt implying either directly or indirectly a promise to pay. In most cases they are negotiable or assignable and therefore effect business transactions. The use of credit has grown to such an extent that probably ninety per cent. of present day exchanges are made through the use of this medium.

We have learned to classify credit as Personal, Commercial, Agricultural, Investment and Banking. By personal credit we mean the power of an individual to secure something he desires now in exchange for his promise to pay in the future. Commercial credit is the principal medium used for the exchange of commodities and trade relations. Agricultural credit is based upon crops, farm implements and land, either of which may act as collateral to the promises of payment issued. Investment credit is represented by bonds, and other promises to pay issued by governments and corporations. Banking credit is the power of a bank to

issue promises to pay in exchange for funds and other rights to demand money offered by its customers.

Some of our historians say that credit originated in the Dark Ages among the Babylonians and Phoenicians. Antiquarian researchers have found clay tablets upon which were acknowledged evidences of debt and in the British Museum today there may be found some of these baked clay notes, covering loans of gold and silver.

Banking credit came to us in the Middle Ages and was introduced by the Romans, about the time that writing became general. The laws of these people required each family to maintain a family ledger in which the head of the house had to keep a record of all moneys borrowed or lent, all profits or losses, and receipts or disbursements of any kind. These family ledgers were considered the only legal evidence of debt in a court of justice and it was from this custom that the modern system of bookkeeping and credit developed. In this way obligations were created, transfer of credits or debts were made and upon maturity liquidated. The Romans learned to regard the use of credit the same as money and goods purchased by means of it were absolute sales. It was during the twelfth century that banking credit appeared in the shape of an organization called the Bank of Venice. In its beginning this bank merely acted as an office for the credit of funds received from wealthy citizens as loans to the government. The governments in those days had not learned the art of issuing bonds and so the amount of money borrowed was credited at the Bank of Venice for account of each lender. Withdrawal of these funds was not allowed but transfers from one lender to another could be made. The convenience of this method of payment for goods exchanged was soon realized by the Venetian business

men and instead of handling the coin as heretofore, they voluntarily made deposits in the bank in order to obtain these bank credits. Toward the close of the sixteenth century, this system was altered and when a deposit of specie was made, the bank would issue a certificate which entitled the holder to a return of specie having the same value. In 1609 the Bank of Amsterdam was founded and it began by receiving clipped coins (gold and silver) and purchased them by weight, giving credit in return. The Bank of England was founded in 1694 and was especially charged with the duty of providing funds for the Government, assistance to commerce and business being a secondary function. The use of credit instruments and the banking system has probably developed to its highest extent in the United States. Here we find about 40,000 banks organized under State and National charters and encouraging more and more the use of checks in the payment of bills.

Credit methods during the early history of this country when business was more or less local, were rather loose. As there were only a few notes issued through business transactions and they being of a local character, the bankers easily informed themselves of the probability of payment. Other loans were made against collateral or were given on "accommodation paper", which simply required a satisfactory endorser and the banker would never turn down a loan as long as the negotiator would meet his request for more endorsements. As business began to expand, however, the banker found it more difficult to secure his information, especially on other than local business houses. In 1841 the first known movement in New York City for the issue of organized credit information was established in the form of R. G. Dun and Company and in 1848, John M. Bradstreet, a lawyer living in Cincinnati who was familiar with affairs of bankers, manufacturers and members of the mercantile community and who also had a close contact with leading merchants in New

York, gave information in regard to concerns located in the Middle West. In 1849 he opened an office in New York, styling his business as "Bradstreet's Improved Mercantile Agency". This was incorporated in 1876 and has been serving the public ever since. The banker then placed great reliance upon these agency reports as they were his only sources of information.

After the Civil War business began to expand in all directions. Two great American institutions resulted—the traveling salesman and open credit accommodation. Paper bearing accommodation endorsements was gradually replaced through the development of trade and cash discounts. If a customer could not pay cash immediately, an account was opened in his name upon the seller's books, providing his credit standing justified it. The seller in order to finance himself would borrow against book accounts, and thus replenish his stock.

As stated above, there was no organized effort made by customers to give information concerning their business, before the organization of Dun's and Bradstreet's. Until the late '90's exchange of credit information between competing houses was a rare thing. Indeed, wrong information was often given for fear of losing a customer. Before 1880, it was an insult to ask anyone for a statement and not until about 1890 was a willingness shown to furnish information regarding assets and liabilities. Even then the banker was not safe in basing his judgment for a line of credit upon the figures submitted, as sometimes the statements were deliberately falsified and a wrong impression given as to the true status of a business. Such practice naturally led to the custom of demanding signatures on these statements and laws were passed invoking penalties for incorrect information sworn to by signature.

The panic of 1894 showed the necessity for revising credit department methods and banks followed the example of mercantile houses in the establishment of such departments. One

of the pioneers of those days, the late James G. Cannon, saw very early that the loose, unsystematic credit extensions, whether made by banks or mercantile houses, must be replaced by a credit system based on well ordered information of permanent record, giving facts pertaining to the character, capital, history and capacity of a given concern. The old-fashioned banker who boasted that he had a better credit department under his hat than most bankers had in their files had some justification as long as credit problems were local. In 1902 it was estimated that out of 250 banks whose volume of business entitled them to be called large, less than one-tenth had credit departments. The organization of the New York Credit Men's Association in 1895 and later, the National Association of Credit Men, formed in 1896, heralded the advent of men engaged in a new profession, and now there is hardly an institution in the country which does not number among its staff someone who pays special attention to the credit standing of the institution's customers and keeps written information thereon. From 1895 to the close of the nineteenth century, the various associations, bankers and others, adopted resolutions to request their borrowers for a written statement of their assets and liabilities over an official signature. The justification for this new requirement may be borne out by an incident which happened in 1896 and in which it is related that the head of one of the large mercantile houses had a man imprisoned for deceiving him in regard to his financial affairs, with the surprising result that several parties on the verge of making assignment to him paid up and squared accounts immediately. Thus we have reached the point where analysis of statements is a very important function of credit departments. Standard forms which divide the assets and liabilities into more intelligent classifications have been adopted by the American Bankers Association and the Federal Reserve Bank.

Credit today actually takes the place

of money and therefore the creation of it should be guarded most carefully by those having the matter in charge. Perhaps this statement, unless explained, will give a false impression. When we say credit actually takes the place of money, we mean credit which is certain of being paid. If the reservoir of credit becomes too full from over-expansion, it will naturally overflow and if the walls surrounding the rest of it are not strong, the whole system may break through and fall to the valley beneath. Let us justify this theory by considering for a moment the effect of credit on prices. Some people argue that prices are not influenced by credit and that only the supply of and demand for standard money determines the general level of prices, and as credit transactions are based on this price level, the credit instruments arising from such transactions are finally liquidated without having influenced prices at all. There are other people who maintain that credit influences prices as much as money does in view of its function as purchasing power. To argue against the first theory we can suppose that a merchant sells a bill of goods to a customer with a provision for sixty days time allowance in the payment of it. The merchant, not having ready funds himself and wishing to keep his counters full, goes to his bank and borrows an almost equal amount as is owed to him with which he proceeds to bid for new goods against his competitor. They both having borrowed a line of credit from their banks and there being a demand for this particular kind of goods, the price will naturally be affected. It is true that the credit granted by the bank runs only for a period of time when it should be liquidated by the payment of money, but as is more often the case, it is usually paid by an offset credit, especially through our highly developed clearing-house system. In the foregoing we stated that credit which is certain of being paid has exactly the same value as gold itself. This may be borne out by the example of two persons, one with

a high credit standing and another with cash, who are going to bid for some goods which has been put up for sale. The price of these goods will be affected quite the same by both of these individuals. The effect of credit upon prices has been demonstrated very clearly in the period we have just passed through. During the war when the governments of the various nations issued their bonds and other promises to pay in the future for the immediate use of funds necessary in the prosecution of the war, and the public in their commercial transaction issued larger amounts of credit to their customers and in turn borrowed more heavily from the banks which through the institution in 1913 of the Federal Reserve System, were enabled to further increase their credit accommodations by borrowing at the Federal Reserve Bank, and together with the shortage of labor which resulted in concerns out-bidding each other in meeting the demands of the worker, there was an immediate increase in the general price level, and when the highest point was reached in the latter part of 1918 and the early part of 1919, the relation of credit to prices could readily be noted.

During the past year or two, when it was found wise and necessary that the banks reduce the amount of credit upon their books by discouraging renewals of

those transactions that matured and in any event to call for partial payments, the effect of the liquidation immediately exercised an influence on prices, which came tumbling down in many commodities and as is usual in such cases, was not void of serious effects. Many of the banks have felt these effects and it was only those bankers who scrutinized the statements of their customers with special attention to the item marked "inventory" and its relation to normal prices, who could look with satisfaction upon the results of their judgment. Business people too, as well as bankers, are awakening to the importance of the exercise of care in granting credit. Bankers who had the courage to decline a line of credit to a company during the period of falling prices, even though the company had the highest credit standing, often did their customer the greatest service, as otherwise the customer might have found himself in a position where he would have been unable to pay his obligations and with a large inventory on hand which had been purchased with the credit granted by the bank. A word of caution as to the use of credit should not be amiss as it has been most clearly demonstrated that prices rise and fall in response to the increased or lessened credit demand for goods. The banker should ever guard against over-expansion and speculation.



IT is a common saying that in America a young man has ten chances to one of becoming a millionaire. That may be true, but for heaven's sake let him find it out for himself. Industrial relations have been poisoned by this teaching of easy riches, and strikes have never been marked by greater bitterness. There may be such a thing as failure in success, and the truth of the Bible saying, "He that saveth his life shall lose it" has been again and again enforced.—*Agnes Repplier.*

Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable bank 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 person asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or 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 would appreciate hearing from you as to your opinion of the practice of selling open accounts to the so-called discount companies. To what extent should this effect the bank line of the companies selling their accounts? Personally I have always been under the impression that selling open accounts is a sign of weakness, and if any of our customers used this method of financing, I immediately reduced their line of credit, and in most instances, would discontinue the credit entirely. I recently discussed this question with the manager of a discount company, and he takes the stand that the discounting of open accounts should not in any way effect the credit standing of the company selling the accounts, inasmuch as the book accounts are replaced by the cash proceeds of the sale, and the company is in reality placed in a stronger position on account of having available cash, instead of open book accounts. How would you answer this argument? I assure you that any light that you may throw on this entire subject will be very much appreciated.—W. M. H.

ANSWER: This question offers a very interesting subject for discussion. Bankers at the present time generally feel that a company should not sell its accounts receivable and borrow on its single name paper at the same time. They argue that a business house should either finance itself one way or the other; if it prefers to pay the higher discount charge of the credit company, that is entirely up to the concern in question; but then it should not expect the bank to continue extending accommo-

dation on its single name obligation when the credit company is secured by one of the concern's most liquid assets, its accounts receivable. The credit company, on the other hand, presents some very interesting arguments in refutation of this, which are certainly worthy of serious consideration and study. They claim that the selling of accounts receivable differs practically not at all from the discounting of notes receivable or trade acceptances, which practice is in use generally among banks throughout the country; and that if the latter practice is not considered bad finance there is no reason why the former should be frowned upon. They further claim that their charges are not excessive, that the selling of accounts receivable simply substitutes a more liquid asset, cash, in their place and that the net worth of the company is not in any way changed by the procedure. It is quite evident that there are two sides to the question and that there is a considerable amount of misinformation current generally on the subject. It is therefore only fair to discuss the matter fully from both viewpoints, without being influenced by prior bias or prejudice.

In taking up the subject it is first necessary to explain the actual conditions and terms under which accounts receivable are generally sold by a trade house to a credit company. The methods which we discuss here are those in use by one of the largest and most reputable credit companies in the country.

When accounts receivable are assigned to a credit company, the latter usually advances about seventy-seven per cent. cash to the concern owning the accounts. The credit company also sets aside a reserve from the accounts sufficient to cover its charges, which generally amount to about three per cent., although it may be higher or lower, according to the degree of collectibility of the accounts and the consequent length of time they are liable to be outstanding. The remaining twenty per cent. of accounts receivable are assigned to the

credit company, on the same basis as the first eighty per cent., serving simply as a margin in case the eighty per cent. cannot be collected. The usual charge made by the credit company for its services amounts to one twenty-fifth of one per cent. per day on the face amount of each account from date of purchase by the credit company to date of payment to the credit company, plus a flat charge of \$5 per \$1000 only on the first \$100,000 of accounts purchased during any twelve successive months with no obligation from a concern as to either time or volume of business. In accepting as collateral the assigned accounts receivable, the credit company generally requires that the first eighty per cent. of these be rated as first or second credit in Dun's or Bradstreet's, but makes no particular specifications as to the marginal twenty per cent.

From the above it can be seen that when a concern sells \$100,000 in accounts receivable, its books give effect to the following changes:

Cash	\$77,000
Three per cent. reserve to cover credit company's charges	3,000
Accounts receivable (pledged).....	20,000

There also exists, of course, a contingent liability for \$80,000, as the concern in question is liable for that amount in case the accounts can not be collected.

Collection of the accounts receivable pledged may be made either directly by the credit company under what is known as the "Notification" plan, or by the concern itself under what is called the "Non-Notification" plan. Under the former plan the original invoices are sent direct to the debtors, with notice thereon of the assignment and instructions that payment must be made direct to the credit company. Under the non-notification plan, which is the one generally in use among credit companies, no notice of the assignment of the accounts is made on the invoices sent to the debtors and the concern originally owning the accounts is allowed to collect them in the usual way, although it is required to deposit all remittances received in payment of the accounts with the credit company instead of with its bank.

In condemning the practice of hypothecating accounts receivable, bankers generally feel that strong business houses do not *have* to employ this method of financing, and that weak concerns can not *afford* it. They argue that if a company is sound financially and presents a good statement, there is no reason why it should go to a credit company and sell its accounts receivable, when it can borrow money from its own bank at a cheaper rate on its single name paper. They claim that a weak company had better be nursed along by bankers who understand thoroughly its financial condition rather than

allow its financing to be entrusted to the care of the officials of a credit company, who require large fees for their services and perhaps are not in a position to offer as competent advice as the officials of the local banking institution.

As to the matter of a trade house borrowing money from its bank on its single name paper, and at the same time obtaining additional funds from a credit company through the hypothecation of accounts receivable, bankers are generally quite positive in their condemnation of this practice. They feel that by such action the mercantile house places itself in the position of asking the bank to loan it on an unsecured basis while the credit company is receiving the security of one of the concern's most liquid assets, its accounts receivable. The credit company in case of bankruptcy is a preferred creditor on the receivables pledged, whereas the bank is simply one of the general creditors.

From the point of view of sound finance, bankers argue that borrowing both against receivables and on single name paper is an indication of over-trading and is consequently bad practice. It is a generally accepted theory of banking that a business organization should be able to finance without aid its merchandise requirements, but is entitled to single name banking accommodation in order to carry its receivables. Theoretically, then, when accommodation on a secured basis in addition to that obtained on straight paper is required, there is something wrong in the concern's financial system and the remedy should be sought in the reduction of general selling and merchandising expenses, or by the acquirement of additional permanent capital, rather than in the seeking of new avenues for borrowing.

Bankers very often decline to loan companies which are selling their accounts purely because of the general prejudice felt in banking circles against concerns making use of this method of financing. Mercantile houses which hypothecate their accounts have sometimes been proven to be on the verge of bankruptcy, or to have obtained the additional money for fraudulent or speculative purposes, with the result that bankers are inclined to distrust instinctively the dealings of companies which follow this practice.

In meeting the above arguments and presenting their own case, credit companies offer some interesting facts for consideration. They state that the present feeling among bankers against companies which sell their accounts receivable is largely based on prejudice and is merely an example of the time-worn condemnation among bankers of any method of financing which is new and which does not follow the accepted customs of the past, even though modern methods may necessitate the introduction of new

practices. They call the banker's attention to the fact that fifty years ago, when note brokers first began to sell paper on the open market, many banks refused to make loans on single name paper to any house allowing its notes to be handled by a broker. This was then considered bad practice and the banker condemned it just as he is now condemning the practice of selling accounts receivable. Yet custom has gradually changed the banker's viewpoint and today many of the strongest houses in the country sell their notes in the open market through commercial paper brokers, with the complete approval of bankers generally as to the soundness of this method of finance.

Credit companies state that a trade acceptance or a note receivable is nothing more than an open account closed; that banks generally countenance the practice of discounting trade acceptances or notes receivable, and that therefore their condemning the practice of borrowing against accounts receivable is in itself an anomaly. If the former practice is legitimate then no sound argument can be advanced against the latter. If it is overtrading to borrow on both single name paper and against accounts receivable, then it is overtrading to borrow on both single name paper and against notes receivable or trade acceptances. All the so-called "evils" of one apply with equal force to the other.

Credit companies state that the selling of accounts receivable does not alter the net worth of a company or affect the liquidity of its statement; that it actually makes the statement more loanable in that it substitutes for almost eighty per cent. of the accounts receivable, cash, and leaves the remainder of the receivables as they were, subject only to prior claim by the credit company in case the eighty per cent. can not be collected. If any of these receivables can not be collected under this plan, they also could not have been collected under the old plan, so that they would be equally valueless in either case. As soon as the credit company receives from the collection of accounts the amount of \$77,000 to cover the cash which it has advanced and the \$3000 which has been deemed a sufficient reserve to cover its own charges, the concern originally owning the accounts will be paid the money accruing from the remaining receivables directly as they are collected.

Regarding the banker's accusation that the sale of open accounts is sometimes used to obtain money for fraudulent purposes against unsecured creditors, the credit companies claim that their own experience with thousands of accounts proves exactly the contrary. They state that funds obtained through the sale of accounts receivable have almost never been used to commit frauds against unsecured creditors, although they have frequently been used to the detriment

of the credit companies themselves, in that funds so obtained are almost always used to pay off debts to unsecured creditors, with the result that, if the receivables pledged do not provide sufficient security, the credit company is left the loser by the transaction.

In reply to the banker's argument that a business house is beginning to overtrade when it borrows against its receivables, the credit company asks this question: Can a company ever overtrade if it sells eighty per cent. of its merchandise for cash? This, according to the credit companies, is literally what they enable a concern to do. They also add that by enabling the company to take advantage of all discounts offered in the trade, (because of the ready cash available through the sale of accounts) the concern is able to offset considerably the fees paid to the credit company.

In considering further this charge of overtrading the credit company presents this proposition to the banker: Let us assume that a mercantile house is in a line of business which necessitates long selling terms, such as sixty or ninety days and that its statement consequently shows a rather large item of accounts receivable; let us also assume that its bank is extending it a reasonable line of accommodation on its straight paper. Now suppose that this company were able, for sake of argument, to change its selling terms to eighty per cent. cash against shipping documents. Would the bank be justified in withdrawing its line of credit to this company? What possible argument could be advanced to support such a notion? Yet when a company is able to receive eighty per cent. cash for its accounts receivable, and the balance as soon as collected, by selling them to a credit company, is not practically an analogous case presented? The only essential difference is the contingent liability or risk of loss on such accounts, which according to credit companies is usually less than one per cent. of the sales.

Credit companies claim that their charges are not excessive. They point out that in most lines of business it is the custom to offer trade debtors discounts for cash and that selling terms such as 2%/10/net 30, 2%/10/net 60, 3%/10/net 70, etc., etc., are common in practically every industry. The charges of the credit company are about equal to or less than these discounts, and the argument is thus advanced that it can not make any possible difference to a concern whether the credit company or the concern's customers discount their bills. The credit company's charge on accounts discounted in ten days is practically nominal, so that the customers who do not discount their bills or pay spot cash really pay the charges anyway.

In the above discussion we have en-

cleavored to present fairly both sides of the question at issue. The specific question asked by W. M. H. is whether a company, selling its accounts receivable, is not in reality placed in a stronger position financially on account of having available cash in its possession instead of open book accounts. Our answer to this is that, as far as its *immediate* ability to pay off its obligations is concerned, it is in a stronger position. Cash is the medium used to pay debts, and any move on the part of a concern which increases its cash position increases proportionately its *immediate* ability to meet its obligations. However, in order to temporarily secure this loan of \$77,000 in cash the subject concern had definitely pledged \$100,000 of its accounts receivable. The credit company has thus become a preferred creditor against this amount and has appropriated a portion of the concern's most liquid assets as security for its loan, whereas the bank is asked to extend accommodation on an entirely unsecured basis. Moreover the company's quick assets, viewed from the standpoint of the banker, have been reduced from \$100,000 to \$77,000. We must also take into consideration another factor that enters into the discussion: How long will this \$77,000 remain cash and for what purpose will it be used? It is quite possible that the concern in question may have sold its receivables in order to take advantage of some sudden apparently favorable opportunity to speculate in merchandise, which puts the company in the position of now having a smaller portion of a slower asset in its possession, whereas it formerly had \$100,000 in accounts. This argument of course assumes that the company in question is selling its accounts in order to speculate with the cash obtained, which is perhaps an unwarranted assumption. Nevertheless, bankers generally feel that concerns attempting to obtain additional funds through the sale of accounts receivable very often do so in order to speculate, or at least with no conservative end in view.

Personally the editor is inclined to agree with the credit companies that there is no actual difference in the practices of discounting trade acceptances or notes receivable, and of selling accounts receivable. Most of the evils of the one may be applied with like force to the other. The salient point to be kept in mind, however, is that both practices constitute overtrading, and that neither (at least theoretically in the majority of cases) is justified. The banker is willing to go along with the former practice however, where he will not condone the latter, for the very good reason that he has the entire situation in his own hands and is himself regulating both the amount of acceptances to be discounted as well as the extent of accommodation to be granted on

single name paper; thus he is the sole and final controller of the concern's ability to "overtrade". On the other hand, when a company sells its accounts receivable it places this portion of its borrowing in entirely outside hands over which the bank has no control; therefore the banker does not care to continue extending a line of credit on the concern's single name paper. Perhaps the time will come when banks and credit companies will understand each other's methods so well that they will be able to cooperate together in such matters, just as the banks cooperate with one another today in handling various mutual accounts. When that time does come it is quite possible that credit companies will be looked upon in the same light as commercial paper houses are at the present time.

We do not feel, however, that this time is here yet and we are inclined to look with disfavor on the practice of borrowing on single name paper and sellings accounts receivable at the same time. We believe that the vast majority of concerns today which sell their accounts receivable are too weak financially to secure accommodation on any other basis. We do not believe that any of the leading credit companies would be willing to extend accommodation to a majority of their own customers on anything but a secured basis. Why, then, should they ask that banks make unsecured loans? If a mercantile house is able to finance its business profitably by selling its accounts receivable and if it does not conceal this fact from its various creditors, there is nothing that can be objected to in this method of finance from an outsider's point of view. Undoubtedly credit companies have built up to a sound financial position various concerns which, when they first applied for credit, were unable to secure it from banks on single name paper. Is it not a fact, nevertheless, that when the majority of these concerns arrive in a sound position financially they abandon the credit companies and turn to their banks for financing, where they are able to borrow on single name paper at more moderate discount charges?

QUESTION: In the statement of a finishing plant, should the copper rolls, at metal value, be carried as part of the fixed assets or should they be included in the quick assets? Would it be correct to include these in inventory under any conditions? In the case of a publishing house, these same questions apply to the type at metal value. How should they be handled?—H. L.

ANSWER: This question brings up a distinction that is occasionally made between

"current" assets and "quick" assets. Ordinarily these two terms are used interchangeably among bankers, as meaning one and the same thing. If a distinction is made, however, it permits of our defining liquid assets more accurately than would ordinarily be possible, and in this case we therefore will call attention to this distinction.

"Current" assets are the liquid assets of a *going* concern, those which will be turned into cash in the ordinary turnover of business, such as cash, accounts receivable, merchandise, etc. Raw material is purchased and made up into the finished product, and when sold, receivables and cash take its place. A bank loan is made in anticipation of the proceeds of such current business transactions. "Quick" assets, however, are the liquid assets of a concern which, although not actually used in the turnover of the business, are nevertheless quick in nature and could be readily liquidated if necessary. Such items include high grade stocks and bonds enjoying an active market, cash surrender values of life insurance policies, and similar assets.

Copper rolls at metal value can of course be readily disposed of at the melting price of scrap copper. Since a finishing plant would have to shut down or liquidate its business, however, if it were to dispose of these rolls, it is quite obvious that they cannot be termed "current" assets. They may be classed, on the other hand, as "quick" assets. In view of the fact, however, that bank statement or comparison forms do not distinguish between "current" and "quick" assets, copper rolls ordinarily should be carried as part of the fixed assets of a concern, i. e. as slow.

Copper rolls in reality are an essential part of a company's machinery and usually have quite a long life. When a pattern imprinted on a copper roll becomes obsolete, the roll is not discarded or sold, but is merely shaved and a new pattern put on in place of the old. This process can be repeated a number of times, and where patterns do not become obsolete quickly, rolls have been known to last as long as thirty years; ordinarily, of course, they do not last as long as this, but are usually good for a number of years. The only case in which copper rolls could be included in a concern's inventory as a "current" asset is where there happens to be a certain amount of these rolls that have been discarded and which are to be sold as scrap copper. In such a case this lot of rolls could be set aside on the company's statement from the live rolls in use in the business, and carried as a "current" asset at their metal value.

The above answer also applies to the item of type appearing on the statement of a publishing house. This is a "quick" asset

if carried at metal value, but in view of the fact that bank statement or comparison forms do not distinguish between "current" and "quick" assets, it should be carried as part of the company's fixed assets, i. e. as slow.



No Promotion Fees Allowed in National Bank Organizations

THE Comptroller of the Currency will refuse to approve any application for the organization of a national bank that contemplates or provides for any promotion fees, and the Comptroller will not approve or permit the opening or starting of any bank in the District of Columbia, organized under the laws of any State of the United States, that sets apart or applies any part of the money collected from subscribers for the payment of promoters' fees, for the sale of stock, or for service in starting and opening any such bank, whether the same is provided for by contract with proposed bank, or by contract with the subscribers to the stock of the proposed bank.

The organization division of this bureau is ordered and directed to see that the foregoing regulation is rigidly enforced.

The chief national bank examiners of the various Federal Reserve Districts will before the opening of any new bank in their respective districts or within the District of Columbia attend in person, or have a competent bank examiner present to see that this regulation is strictly complied with before said bank shall be permitted to open for business and thereafter to see that no promotion fee shall be paid from the resources of the bank.

This order shall be in force and effect from and after this date and shall apply to all pending applications for national banks and all State banks in the District of Columbia requiring the approval of the Comptroller of the Currency before opening for business.

Banking and Commercial Law

SPECIAL

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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

Bank Liable in Sending Bonds by Unregistered Mail

Citizens National Bank of Jasper v. Ratcliff
& Lanier, Court of Appeals of Texas.
238 S. W. Rep. 362.

WHERE bonds are delivered to a bank for the purpose of sale and the bank, in carrying out its instructions, sends the bonds to another place, it should be careful to register the letter in which they are sent.

In this case, the plaintiffs delivered two \$500 Liberty bonds to the defendant bank for sale. The cashier of the bank delivered a letter containing the bonds to an employee of the bank, with instructions to take the letter to the post-office and have it registered. Arriving at the post-office, the employee found the registry window closed. She placed the required amount of postage for registry upon the envelope and deposited the letter in the post-office, expecting the postmaster would register the letter and send a registry receipt to the bank. This was in accordance with a custom usually followed by the bank where mail was delivered at the post-office too late for registry. In this instance, however, the postmaster neglected to register the letter and the bonds were lost in the mail. It was held that the bank was liable for the amount of the loss.

OPINION

Suit by Ratcliff & Lanier against the Citizens' National Bank of Jasper and another judgment for plaintiffs against named defendant and named defendant appeals. Affirmed.

HIGHTOWER, C. J.—The appellees, Ratcliff & Lanier, a mercantile co-partnership composed of B. S. Ratcliff and T. B. Lanier, filed this suit in the district court of Jasper county against appellant, Citizens' National Bank, of that place, and John H. Seale, Sr., who is the cashier of said bank, seeking to

recover the value of two Liberty bonds issued by the National Government, and being of the class known as the fourth loan issue, and each bond being for the amount of \$500, and made payable to bearer. There are two counts in the plaintiff's petition, the first claiming liability against defendants as for conversion of said bonds, and second, alleging that, in the event it should be determined upon trial that the bonds were not converted, then both the bank and Seale were liable as bailees to the plaintiffs for the value of said bonds, in consequence of negligence on their part which resulted in the loss of the bonds.

The defendants filed a joint answer, consisting of general demurrer and general denial, and the bank pleaded specially that the transaction between the parties made the basis of this suit was, so far as the bank is concerned, ultra vires, and that therefore no liability upon either count of the petition could be established against the bank.

The facts upon which the judgment rests are wholly without dispute, and the only issue submitted for the jury's consideration was as to the value of the bonds.

On February 27, 1920, appellees were the owners of the above-mentioned bonds, and for some time prior to that date kept them in a safety deposit box in appellant bank, to which appellees had free access, and over which they exercised complete control. On the day mentioned, Mr. Lanier of the firm went to the bank and took the bonds from the safety deposit box and turned them over to John H. Seale, in his capacity as cashier of the bank, with the request that the bank sell the bonds for appellees upon the best terms obtainable, and deposit the proceeds in the bank to the credit of the appellees. At that time appellees were regular customers of the bank, and regularly carried a deposit in the bank, and the bank was engaged in the regular banking business under

the banking laws of the United States. The bank was not in the market for purchasing such bonds, but Mr. Seale testified that the bank for some time had been handling such bonds for its customers in general, when requested to do so, and making sales of them where it could, and would deposit the proceeds in the bank to the credit of its customers. As to this particular transaction, Mr. Seale testified, substantially, that he told Mr. Lanier that the bank would send these two bonds to its correspondent bank at Houston, the First National Bank of Houston, with instructions to sell the same upon the best terms obtainable, and that, when such sale should be made and the proceeds received, the same would be deposited in the bank and the appellees credited therewith. Mr. Lanier testified that he did not remember whether Mr. Seale made any statement to him as to where or to whom the bonds would be shipped for sale, but that he did understand that they were to be sold by the bank as stated, and the proceeds deposited to the credit of his firm in the bank.

At the time of this transaction between Mr. Seale and Mr. Lanier, there was employed as bookkeeper and stenographer in the bank a young lady, Miss Henderson, about twenty years of age, and on the same day of the transaction between the parties, Mr. Seale, acting for the bank, dictated a letter to the First National Bank of Houston, in which he stated that he was inclosing the two bonds mentioned, and requested the Houston bank to make a sale of the bonds for the best market value, and to credit the account of the Citizens' National Bank of Jasper with such proceeds on the books of the Houston bank. Mr. Seale testified, and there is no dispute on the point, that he was careful to instruct Miss Henderson to register the letter in the post-office at Jasper before placing it in the mail. The young lady, Miss Henderson, testified by deposition, and stated, substantially, that she wrote the letter as dictated by Mr. Seale, and placed it, together with the bonds, in an envelope, and took it to the post-office at Jasper on the same

day, with the intention of having the same put in the registered mail and taking a receipt therefor; that the envelope was sufficiently stamped for registration and marked as a registered package before it left the bank's office, but that when she got to the post-office she found the registry window closed, and in keeping with the custom of the bank under such circumstances, she placed the envelope in the post-office box without taking any registry receipt therefor. She testified that on numerous occasions prior to this she had so deposited packages intended to be registered in the post-office, and that usually the postmaster at Jasper would issue a registry receipt to the bank and place it in the bank's mail box, and that with the next incoming mail to the bank the bank would receive such registry receipt. On this occasion, however, the testimony is undisputed to the effect that the post-office at Jasper did not issue any registry receipt for this mail package, and, when this was discovered a day or two later, appellant instituted an inquiry about the matter, and learned from the post-office employees that such registry receipt had not been issued, and on not hearing from the Houston bank within the expected time relative to these bonds, appellant instituted an active inquiry, with a view to locating them. The Houston bank denied receiving the bonds at all, or any letter concerning them, and after long and persistent inquiry and efforts to find these bonds or some trace of them appellant was unable to do so, and the bonds were never returned to appellees, and the appellant refused to credit appellees with the value thereof, as was agreed. This refusal on the part of the appellant to return the bonds or account to appellees for their value resulted in this suit.

The only issue submitted for the jury's consideration was as follows:

"Was the defendant the Citizens' National Bank, its cashier or employees, negligent in preparing for transmission and transmitting to the First National Bank of Houston the bonds described

in plaintiff's petition? You will answer this question Yes or No, as you find the fact to be."

To this issue the jury answered in the affirmative. In connection with the issue and as guiding the jury in its determination, the court defined negligence as follows:

"Negligence consists in doing something or omitting to do something which a person of ordinary care and prudence would not have done or would not have omitted to do under like or similar circumstances."

The court instructed the jury further that the burden of proof was upon the plaintiffs to establish by a preponderance of the evidence negligence on the part of the bank as claimed.

Upon the verdict of the jury, the court rendered judgment in favor of appellees against the Citizens' National Bank of Jasper for the sum of \$933.44, with interest on that amount from the 28th day of February, 1920, at the rate of six per cent. per annum. There is no contention as to the amount of the judgment, because in rendering judgment upon the jury's verdict the court based the amount of the judgment upon the value of the bonds at the time of their loss, as shown by the testimony of Mr. Seale himself. As to the defendant Seale individually, the judgment was in his favor, and the undisputed proof shows that he acted in the transaction solely as the cashier and agent of the bank, and not in his individual capacity. Appellant, the bank, filed its motion for a new trial, which was overruled, and the case comes here on five assignments of error.

The first four of these assignments relate to the same contention made by appellant, both below and here, which is, in substance, that the undisputed evidence in this case showed that the Citizens' National Bank, appellant, was wholly a gratuitous bailee in its contract to sell the two bonds for appellee, and that, being wholly a gratuitous bailee, there could be no liability against appellant in the absence of proof of

gross negligence or bad faith in its part in handling these bonds. If counsel for appellant were correct in their contention that appellant, under the facts of this case, was a gratuitous bailee in handling these bonds, they would also be correct in their contention, according to the weight of authority as we find it, that no liability could be established against appellant in the absence of proof of gross negligence or bad faith. This seems to be the general rule. 3 Am. & Eng. Enc. of Law (2d Ed.) 745. This rule seems to have been adopted by the Supreme Court of this state at an early date, as shown by the decision in *Fulton v. Alexander*, 21 Tex. 148. See, also, *Texas Central Railway Co. v. Flanary* (Tex. Civ. App.) 50 S. W. 726. But it is also well established as a general rule that where the bailment is for mutual benefit of the parties to the transaction, whatever may be the nature of the benefit to the bailee, the bailment is not gratuitous, and in such case the bailee is held to the exercise of ordinary care. In other words, where the bailment is for mutual benefit of the parties, the bailee must be responsible for breach if only ordinary negligence be shown. 5 Cyc. 184. The author cites in support of this rule authorities from practically every state in the Union.

Counsel for appellant, upon trial of the case, requested the trial judge to submit to the jury the issue as to whether appellant, upon the facts of this case, was guilty of gross negligence in failing to register the letter to the Houston bank containing these bonds; this request being made in keeping with appellant's contention that the bailment in this case was wholly gratuitous on its part, and was for the sole benefit of the appellees. The court refused to submit such issue for the jury's answer, and it is our conclusion that there was no error in this action. While Mr. Seale testified that the bank was to receive no commission on the sale of these bonds, nor any other compensation in the way of money for the bank's trouble and time in making the sale for appellees, and while this testimony on his

part is wholly uncontradicted, yet he further very frankly admitted that the appellees were regular customers of the bank at the time of this transaction, and carried a regular deposit there, and that it was the intention between the parties at the time of the transaction that, when the proceeds of the bonds should be received, they would be deposited with appellant, and that the bank expected to have, and would have had, the benefit of such deposit without the payment of any interest by the bank thereon, and that such deposit would have remained with the bank until checked out by appellees in the usual course of a banking business. Of course, Mr. Seale was unable to say how long the bank would have had the benefit of this deposit and use of the money without interest, but it certainly cannot be consistently held that a banking institution receives no benefit from a deposit of money by its customers, and especially where such deposits draw no interest in favor of the customer. On the contrary, it is probably true that large financial benefits are derived by banking institutions from such deposits. The fact that it could not be said how long such deposit may remain with the bank or in what amounts it would be checked out cannot, we think, have the effect to deny that the bank receives no financial benefit from such deposit. A great array of authorities is cited by the energetic and able counsel for appellant, supporting their proposition that a gratuitous bailee cannot be held liable for loss or damage in the absence of a showing of gross negligence or bad faith, and we have read many of such authorities, but none of them go so far as to hold that a banking institution is a gratuitous bailee upon facts parallel to those in this record. We, therefore, conclude that counsel for appellant are wrong in their contention that the ap-

pellees in this case were not entitled to recover for ordinary negligence as shown, but only upon a showing of gross negligence or bad faith, and therefore we hold that the court was not in error in its refusal to submit the issues of gross negligence to the jury.

The claimed negligence was based upon the failure on the part of the bank and its employees to register in the usual way and take a receipt for the letter containing these bonds, and the judgment is based upon the finding of the jury that such failure on the part of appellant and its employees was negligence, and this verdict of the jury finds sufficient support in the evidence of Mr. Seale himself. Mr. Seale frankly, while a witness on the stand, stated that he was careful to instruct Miss Henderson to register the letter containing these bonds, and stated that he knew it was not good business, and that it was unsafe to send bonds of this character and of such large denomination through the open mail, and it is very clear from his entire evidence that had his instructions been obeyed by Miss Henderson, these bonds would have been properly registered and a receipt taken before being placed in the mail. Now, it is, of course, unfortunate that the bank has to be responsible for this loss to appellees, after its cashier had been careful to instruct that these bonds should be registered, but under the law the bank is responsible for the act of Miss Henderson in failing to comply with Mr. Seale's instructions, upon the finding of the jury that Miss Henderson's failure to register the letter containing these bonds was negligence, and appellees were entitled to the recovery awarded them.

Finding no error in the record of which appellant could justly complain, the judgment will be in all things affirmed. It has been so ordered.



International Banking and Finance

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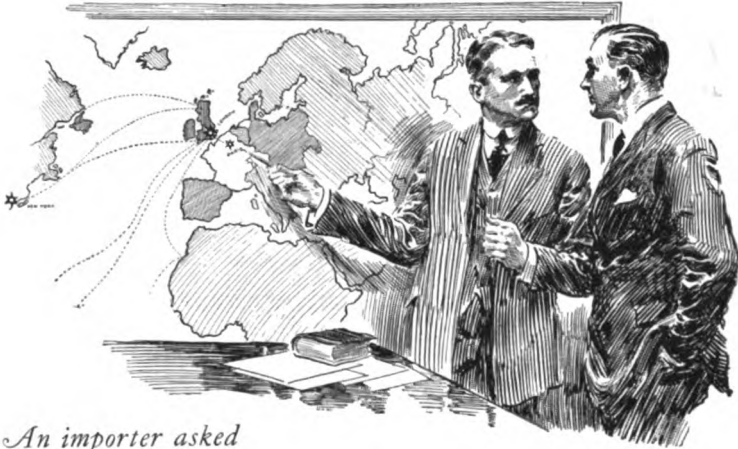
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Inter-Allied Debts and Reparations*

Leading British Banker Gives Views on Two of Most Important World Problems

By Frederick C. Goodenough

Chairman Barclays Bank, Limited, London

IT must, I think, be admitted that there is a fundamental difference between debts which owe their existence to the late war, and other debts which were created before the war and are still in existence. These pre-war debts, whether they were incurred for productive purposes and for adding to the world's wealth, or whether they represent the residue of debts incurred through former wars, have long since been merged and there has taken place an adjustment of the economic condition of the world which enables it to bear the interest on pre-war debts and to provide for their amortization, where such an operation is found to be necessary or desirable.

In the case, however, of debts incurred through the late war, no such adjustment has yet taken place and the object for which the money was raised or the debts incurred, was that of destruction. No increase of wealth has resulted from them—as happened when pre-war debts took the form of capital laid out for productive purposes—but on the contrary, already existing wealth and sources of income, have been largely depleted.

If, therefore,—notwithstanding the great increase in debt on the one hand with no corresponding increase, but even a decrease of wealth on the other—a debtor country is to meet its obligations and is also to regain its pre-war economic level or even remain at the level of today, the interest and amortization of debts can only be provided for by vastly greater efforts of production than before, that is to say, through more strenuous labor aided by improved methods and organization. The alternative is a lower standard of living which would vary in the case of each country according to the proportion of its debt to its population and resources.

A lower standard of living would ren-

der a country less able to buy from abroad.

Any scheme for a general adjustment of war debts would need careful consideration. There may be special circumstances affecting individual countries which would call for exceptional treatment. There may be natural advantages such as climate, or other conditions, or specific drawbacks or disadvantages, all of which might have to be taken into account and might either favor or prejudice one country as compared with another. Special allowances might, for instance, have to be made for the ruin and devastation which has befallen one country, which others may have escaped. This would be especially necessary in the case of France.

No one would argue when considering the basis of any possible scheme of adjustment that the debts arising from the war should be redistributed over the whole world, or even over those countries that were immediately concerned in the war, with a view to equalizing the burden. To do so would involve injustice and would weaken the sense of individual responsibility and of moral obligation. Such a principle would, moreover, tend towards making the consequences of war less deterring in the future.

On the other hand, apart from the point of view of humanity, if we admit that equality of distribution of war debts is impossible, common self-interest dictates that the burden to be imposed through them upon any particular people, or nation, even upon those who may have committed the greatest wrong, shall not be greater than they are able to bear or such as shall reduce them to a too low standard of living. It would not be to the advantage of the world

*Portion of an address recently delivered before the American Chamber of Commerce in London.

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as a whole that there should be a very low standard in any one country, more particularly, if the country is possessed of few natural resources and is dependent, therefore, upon its industry and exports to provide for the necessities of life and for the payment of its obligations. A condition of low wages, provided there is not a corresponding reduction in efficiency, might give to a country, not only the incentive, but also the ability to compete unduly with the rest of the world. This would apply to all countries dependent upon world markets even if they are not themselves trading directly with the country where the standard of living is reduced as I have indicated. It might have the effect of diverting trade out of their hands because they can no longer compete and in certain circumstances it might even sap the industrial vitality of the richer country and add to the industrial energy and enterprise of the poorer. Moreover, the markets gained as a result of such an expansion of

exports as would be inevitable to the payment of a large indemnity, or the repayment of a great war debt, might be retained after payment had been made, which would mean a more or less permanent loss to the recipients and to other exporting countries.

There is a limit to the extent to which the standard of living can be reduced, and a country which has to carry a burden of debt in excess of its capacity, will be unable to make revenue and expenditure meet, with the result that borrowing will become necessary to make good the deficit. Such borrowing might take place through external or internal loans so long as people can be found who are willing to subscribe for them, or it might take place through that form of borrowing which is the worst of all, that is to say, through the increase of paper currency or promises to pay, which is in fact, a forced loan from the people.

This would be followed in course of time by an automatic readjustment. An

unsound currency, through being increased in volume, will lose its value, prices of imported foodstuffs and raw materials must then rise, and this would be followed by a rise in costs of production and, if this process is carried too far, the ability to compete would be lost and bankruptcy and ruin must eventually follow. Such a condition would not only make payment of debt impossible but would also deprive the rest of the world of one of its markets. An example of this is furnished by what has taken place in Russia, and if Germany or any other country were forced to accept a burden of debt which is greater than she can bear, she might be in such a position as I have described, with corresponding loss to her creditors and to the rest of the world.

However, a low standard of living is not necessarily incompatible with a balanced budget and a sound currency and therein lies the chief danger to other countries in the competition for world markets. Unless such countries could themselves bring down prices and wages, their ability to compete would be lost, while if they could successfully compete with (say) Germany in every branch of industry, her ability to make large reparation payments would disappear. There are many things, however, which Germany can supply with advantage to the rest of the world and with profit to herself, and the broad solution of the problem of "reparation payments" seems to be through such channels, together with fair competition in general trade without any substantial inequality in the relative standards of living anywhere. This would involve reparation payments which are not excessive. I do not mean by this that France should be unduly cut down. She is entitled to all, and more than all, she is likely to receive. One is, however, forced to the conclusion that it is not to the world's interest that any considerable portion of the population in any area should be hampered by external debt as to be thereby reduced to such a relatively low standard of living

as compared with the rest of the world, that the industrial equilibrium is unduly disturbed, or that fair competition in trade is no longer possible.

TABLE "A"

COUNTRY	INTERNAL DEBT	
	Pre War Unit of Currency	Post War Internal Debt
	Millions	Millions
U. S. A. _____	\$ 1,028	23,251†
United Kingdom ____	£ 706	6,702
France _____	Franc 33,637	247,500
Italy _____	Lira 15,281	89,338
Russia _____	Rouble 8,846	_____
Belgium _____	Franc 4,627	34,703

†Excluding other than Federal debt.

COUNTRY	DEBT TO ALLIES*	
	(In the currencies in which contracted)	
	Millions	Approximate sterling equivalent at current rates Millions
U. S. A. _____	_____	_____
United Kingdom to U. S. A. _____	\$4,186	952
France to U. K. _____	£ 557	_____
France to U. S. A. _____	\$3,351	1,322
Italy to U. K. _____	£ 477	_____
Italy to U. S. A. _____	\$1,648	854
Russia to U. S. A. _____	£ 123	_____
Russia to U. K. _____	£ 561	_____
Russia to France _____	frs. 5,755	725
Belgium to U. K. _____	£ 103	_____
Belgium to U. S. A. _____	£ 375	252‡
Belgium to France _____	frs. 3,027	_____
Reparation payments (Gold)	_____	£4,105 6,600
		£10,705

*Excluding external debt not due to Governments, debts due to certain Colonies and Dependencies and other minor debts.

‡The Belgian debt is subject to special arrangement with the Allies.

TABLE "B"

PRE-WAR DEBT

(Expressed in units of commodities)

	Million units	Units per head
U. S. A. _____	211	2.8
United Kingdom ____	706	15.7
France _____	1,338	33.7
Italy _____	605	17.8
Russia _____	936	5.2
Belgium _____	183	24.4

POST WAR DEBTS

(Expressed in units of commodities)

	Internal to Allies million units	Debt million units	Total million units	Units per head
U. S. A. _____	3,232	_____	3,232	30.7
United Kingdom ____	4,215	596	4,811	101.3
France _____	3,125	805	3,927	98.2
Italy _____	614	481	1,095	27.4
Russia _____	_____	_____	_____	_____
Belgium _____	356	134	490	60.0

The unit represents the amount of commodities which could be purchased for £1 sterling before the war.

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Statement of Condition

As of June 30, 1922

RESOURCES

Stockholders' Liability for Uncalled	
Subscriptions	\$5,000,000.00
<hr/>	
Cash on Hand and Due from Banks	\$5,661,461.26
Acceptances of Other Banks	1,778,193.62
Loans and Discounts	2,451,591.05
U. S. Government Securities	10,940,385.67
Other Bonds and Securities	4,451,380.66
Customers' Liability for Acceptances (less Anticipations)	18,465,007.57
Customers' Liability Under Letters of Credit.....	5,808,049.86
Furniture and Fixtures	1.00
Accrued Interest Receivable and Other Assets.....	230,549.39
<hr/>	
Total	\$49,786,620.08

LIABILITIES

Capital and Surplus Fully Subscribed	
\$15,250,000.00	
<hr/>	
Capital Paid In	\$10,250,000.00
Undivided Profits	570,870.68
Due to Banks and Customers	13,012,294.33
Acceptances Outstanding	20,076,275.60
Letters of Credit	5,808,049.86
Reserve for Taxes, Unearned Discount and Other Liabilities	69,129.61
<hr/>	
Total	\$49,786,620.08

Contingent Liability Account of Endorsed
Acceptances, Foreign Bills, Etc., Sold \$7,307,158.61

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I now wish to draw your attention to the figures contained in tables A and B, which give the distribution of indebtedness and also the amount due from each country to each, besides the internal debts, so that you will see from the table upon which countries the burden falls most heavily both as regards the total and as regards the amount per head of the population.

The amounts due to each country are given in the currency of that country. You will understand how difficult it is to make an effective comparison, because of the constant fluctuations in exchanges which affect the value of the currencies shown in the table. There is also the difference between the internal and external value of a currency, and besides that, it must be borne in mind that any increase or decrease which may be made from time to time in the volume of paper currency in any one country, tends to complicate the position still further, by altering price levels, and therefore also the burden of debt.

To summarize quite briefly, you will see that the total due for inter-Allied debts is about £4,000,000,000, and this with the reparation payments (£6,600,000,000), makes a total of about £10,600,000,000. This figure includes what is due from Russia. It does not include the amount of debt due by each country to its own people for war expenditure nor does it include the amounts due to Great Britain from the Dominions and Colonies forming parts of the British Empire.

There is also left out of the table, the debt due from the smaller allied countries which took part in the war, such as Serbia, Rumania, Portugal, and certain non-European powers. The amounts in these cases are not really large and the consideration of them is not required since they do not materially affect the world's economic problem.

I would particularly draw your attention to one fact relating to the debt of £952,000,000 from Great Britain to the United States of America. This amount was borrowed from America after she entered the war and during



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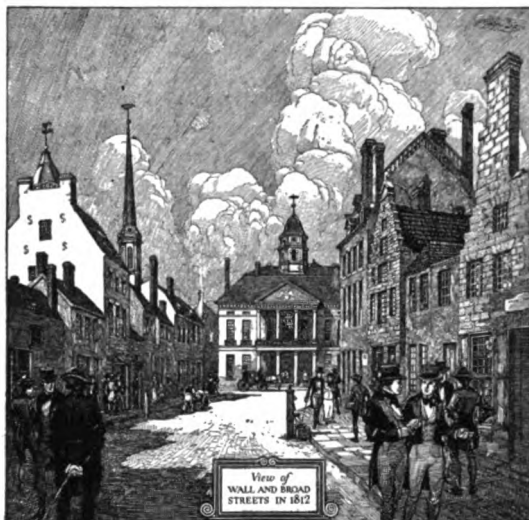
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the same period a somewhat larger sum was lent by Great Britain to the Allies in addition to that which she had already lent to them before that period. It is important to note that if Great Britain had not lent this sum to her other Allies, it would have been unnecessary for her to have borrowed one penny piece from the United States of America.

Everyone will agree that through the action of Great Britain, America is in a better position than if the money had been lent by her directly to the other Allied countries.

I do not, however, wish to suggest that Great Britain should not pay this debt of £952,000,000 for which she made herself liable. Indeed, my view is, and always has been, that Great Britain will inevitably pay her debts in full, even though they were incurred on behalf of others, but I feel that in



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such a case as this America should not press us, but should give ample time for payment, and should lend us a friendly hand in the matter of interest, by modifying the rates in the early days whilst we are still finding it a hard struggle to cope with the financial obligations which we have incurred through the part which we played in the war.

Nor do I suggest that Great Britain will refuse to remit some portion of what may be owing to her by her European Allies or by Germany unless the United States of America also make some remission in respect of some part of the debts which are owed to that country. I believe that Great Britain will act in this matter according to her own judgment as to what is sound or unsound.

Notwithstanding, however, it would be for the common good of the world if Great Britain and America should come to an agreement as to the economic aspect of the problem.

Reverting to table A, the amount of the inter-Allied debts is about £4,000,000,000, and the amount of the reparations debt from Germany is £6,600,000,000, the two making together a total of about £10,600,000,000. You will not forget that these debts represent purely Government indebtedness, and do not include the great volume of commercial debt, or debt not incurred directly between Governments. Table B is an endeavor to measure the present burden of debt in commodities, as this is in some ways a better basis of comparison. It must be remembered, however, that unless interest rates are adjusted accordingly, the real, *i.e.*, the commodity burden of the debt increases with every fall in prices and decreases with every rise in prices. In considering these figures you will bear in mind that in order to arrive at a correct opinion as to how far each country can sustain the amount of debt for which it is shown to be liable according to the table, due allowance must be given to the conditions, either favorable or otherwise, which affect that country. Thus, for example, in the case of Italy, her



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debt per head may appear to be relatively low, but it is actually higher than in the case of other countries which have a greater national income than Italy per head of the population, Italy being relatively a poor country.

I now pass on to table C, which gives the total international pre-war trade—that is to say, the amount of the exports and imports of the principal countries of the world for the year 1913. It does not include any estimate for invisible exports. The total figure, which includes a large amount of re-exports, is given at £7,988,500,000, and if this amount were adjusted so as to correspond with the values of today, the volumes represented by that figure might perhaps be put at £15,867,000,000.

It is perhaps unnecessary for me to say that debts can only be paid from one of two sources, that is to say, either

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STATEMENT OF CONDITION

June 30, 1922

ASSETS

Acceptances Discounted and United States Treasury Certificates	\$61,626,199.33	
New York State Bond, at Cost	985.00	
United States Treasury and Victory Notes at Par.....	20,187,850.00	
United States Liberty Bonds (Par Value \$1,272,950) at Cost	1,221,943.50	
Cash and Due from Banks	1,645,469.36	
Sundry Debits	204,128.88	
		<u>\$84,886,576.07</u>

LIABILITIES

Capital	\$5,000,000.00	
Surplus	1,000,000.00	
Undivided Profits	1,173,575.48	\$7,173,575.48
Reserve for Taxes, Etc.		86,614.31
Loans Payable and Deposits		46,965,298.24
Acceptances Rediscounted and Sold with Endorsement.....		30,484,157.52
Unearned Discount		83,407.85
Sundry Credits		93,522.67
		<u>\$84,886,576.07</u>

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TABLE "C"

WORLD COMMERCE

	Imports 1913 £	Exports 1913 £
Argentine	84,270,000	96,700,000
Austria-Hungary	141,483,000	115,129,000
Belgium	188,345,000	143,073,000
Brazil	67,170,000	64,612,000
Bulgaria	8,524,000	6,257,000
Chile	24,713,000	29,723,000
China	72,196,000	56,542,000
Denmark	45,417,000	37,893,000
France	340,335,000	275,012,000
Germany	534,750,000	495,630,000
Greece	6,162,000	5,800,000
Italy	145,511,000	100,157,000
Japan	72,945,000	63,240,000
Netherlands	301,083,000	259,250,000
Norway	31,155,000	20,596,000
Peru	6,088,000	9,137,000
Portugal	16,793,000	7,723,000
Rumania	22,789,000	27,268,000
Russia	129,150,000	150,355,000
Serbia	4,617,000	4,676,000
Spain	47,152,000	39,947,000
Sweden	44,095,000	42,256,000
Switzerland	77,030,000	55,037,000
Turkey	37,774,000	22,474,000
United Kingdom	768,734,000	634,820,000
British Dominions and India	566,392,000	541,824,000
United States	362,595,000	485,701,000
Total	£4,142,268,000	£3,791,232,000

out of capital (which in the case of a settlement between nations would include the surrender of territory and the transfer of accumulated wealth such as securities or industrial undertakings, or treasure or works of art) or in the alternative, out of income, and this method must resolve itself into payment through goods and services; in the case of goods, which would include both natural products as well as manufactured articles, and also in the case of services, payment can only be made out of profits.

It is quite clear that before goods can be exported to pay for a debt which is due, the cost of materials and labor have to be met first, and it is only the

surplus in value (if any), that is to say, the profit, which is available for payment of debts.

It is of course possible to bring about some settlement of debt by obtaining credit which is in fact a postponement, or by an inflation of currency, which is in a measure the same thing, but this latter must necessarily be followed by a corresponding alteration of the economic basis of the country which has recourse to that method.

So far as payment out of capital is concerned, we may reasonably conclude that, apart from any scheme for the mobilization of securities which may still exist in the hands of the debtor nations, or of cash balances standing to their credit abroad, little or nothing further remains to be effected under this head, but in order to form some opinion as to whether such an increase in international trade can be looked for as will provide for the payment of war debts out of income, it is useful to have before us not only the amount of those debts, as shown in table "A," but also the figures representing the normal volume of international trade, as shown in table "C," and to place the former side by side with the latter.

I think that the figures show how impossible it is to expect anything of the kind, and not only is this conclusion forced upon us by the relative figures in the two tables, but it is brought home to us with added force when we see how great has been the loss of productive power through the sacrifice of life in the war. Apart from

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Societe Anonyme

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HEAD OFFICE: 21 BOULEVARD HAUSSMANN, PARIS

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

Capital Subscribed 100,000,000 francs
 Capital Paid Up 50,000,000 francs
 Advanced by the French Government without interest . . . 25,000,000 francs

Chairman of the Board of Directors
 M. Charles Petit

General Manager
 M. Eugène Carpentier

United States Representative: Almé Dumaine, 21 East 40th Street, New York

The bank was organized in 1919 to perform in France all operations connected with foreign trade; in foreign countries and in the French Colonies and Protectorates all usual banking transactions, especially those connected with Exports and Imports.

the great number of the maimed and disabled; France lost in killed, 1,885,000 men, Italy 460,000, and the United Kingdom 748,000. Taking Europe as a whole, excluding Russia, it is estimated (see table D) that 6,951,648 men were killed, and 15,504,919 wounded. (I do not include the figures for the U. S. A., because she is not a debtor nation.) It only remains to add that those lives which were sacrificed were of an age when their powers of production were at their best, and that, speaking broadly, they were the pick of their generation. In confirmation of this statement, there is the fact that France lost fifty-seven per cent. of her male population between twenty and thirty-one years of age.

TABLE "D"
 WAR CASUALTIES

	Deaths	Wounded
United Kingdom	743,702	1,693,262
British Dominions	140,923	357,785
India	61,398	70,859
Total—British Empire.....	946,023	2,121,906
France	1,385,300	3,000,000
Belgium	38,172	44,686
Italy	460,000	947,000
Portugal	7,222	13,751
Rumania	335,706	*700,000
Serbia	127,535	133,148
Total—Allies (excluding U. S. A.).....	3,299,958	6,960,491
Germany	2,050,466	4,202,028
Austria-Hungary	1,200,000	3,620,000
Bulgaria	101,224	152,400
Turkey	300,000	570,000
Total	6,951,648	15,504,919

*Approximate estimate—no record available.
 (No reliable figure can be given for Russia, but probably the figures exceed—deaths, 1,700,000; wounded, 5,000,000.)

Another factor which has to be borne in mind is that it is no longer possible in the case of most of the countries of

Europe to look to any material amount of invisible exports, which have, to a large extent, disappeared since the war, and cannot be expected to return until the world has again settled down to normal conditions of trade and financial intercourse. It follows, therefore, that if these debts are to be paid in full, even if the payment is spread over a long period, either the economic basis of the whole world must be changed from what it is today, including a further general alteration in price levels, quite apart from the alteration which has already taken place since the war began, or, as I have said, there must be a general reduction in the standard of living, affecting some countries more than others, with the possible consequences I have indicated.

The profits of trade and other sources of income do not today suffice to provide more than is actually required for the service of today's pre-war debts, and up to the present no step has been taken towards payment of any really substantial proportion of war debts or reparation payments. Fresh sources of income will, therefore, be needed to meet the added charges for war debts, involving great capital outlay which will strain the world's supply of loanable capital, and this factor by itself alone may serve to bring about a fresh economic basis. In the alternative there must be a lower standard of living, and this, as I have said, may re-act to the disadvantage both of the debtor and of the creditor.

Moreover, it follows that the more

rapid the payments, the greater must be the economic dislocation.

I think you will agree that there is nothing which is more disturbing to mankind than such alterations in economic conditions as result from changes of price levels and of wages and other costs of production. The world has experienced this to the full since the war, and it is safe to say that the difficulties which now present themselves in all directions are largely due to causes of economic origin.

After the Franco-Prussian War, changes in economic conditions were similarly threatening, but were largely offset by increased production and by developments in organization which had an alleviating effect.

Today, although the future is unknown, we cannot count upon any factor of that kind presenting itself.

I think that I have said enough to show that some adjustment, some modification, must take place in regard to the amount of the war debts and reparation payments if the world is to escape from an impossible situation, and that it is in the interest of all that there should be no such low standard of living imposed upon any one population as will either give to it the power of undue competition or will force it into bankruptcy. I think that America is more concerned than any other country, because she alone is in the position of being solely a creditor so far as war debts are concerned.

I will assume that this view is accepted: also that, either by common agreement or by some arrangement between individual debtor and creditor nations, the total of the war debts and reparation payments can be brought down to a figure which is capable of being discharged without undue dislocation of the world's economic equilibrium. I will assume further that arrangements are made for providing fresh working capital for those who have to pay or for those whose financial situation is so unbalanced that without help from outside they cannot hope to regain a position that is financially sound, and I will ask you now to consider the



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method of making payment of those amounts which are required to be paid.

When we speak of payment by goods and services as the only method by which payment can be made out of income, the following process is, speaking broadly, that which is generally followed.

Manufactured goods are sold by (say) Germany to (say) the United States of America and are paid for by the latter in dollars, and Germany being required to make a payment to (say) Great Britain, on account of the indemnity or reparation payments, will sell the dollars and buy sterling with which to discharge this debt.

Germany will sell goods wherever she can find a market, and will convert the currency in which she receives payment into that currency in which she is required to make payments on account of her indemnities or reparations, and the same process will be followed in the

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case of the other debtor countries in the discharge of their war debts.

When services can be rendered they will be similarly paid for and the proceeds used in the same way.

It is easy to understand that according to this plan, the country which is the biggest debtor, so long as it is in a position to discharge its instalments of debt through goods and services, which we must assume is the chief object desired by all, will dominate the world's competitive industries and might be a disturbing factor in the international financial machinery.

The greater the debt it has to discharge, the greater must be the volume of its operations, and the greater will be its influence upon industrial and financial conditions. The more limited or concentrated the time allowed for payment, the more aggravated will be the effect.

Nevertheless, when the amount of the war debts and reparations has been finally fixed and the method of payment has been decided upon, the consequences will be unavoidable. It would be better from this point of view to spread the payment over as long a period as is practicable, rather than for it to be made in as short a time as possible, as has up till now been considered as the plan to be followed. To spread the instalments over a long period would cause less financial dislocation, and would give greater independence to the foreign exchange market.

There is also the question whether the discharge of debt or at all events of the

capital or principal should be effected by direct payment between the Governments of the countries concerned. The process of acquiring funds for making these payments on the dates when they fall due, is a continuous one, but notwithstanding, as the date for payment of each instalment arrives, there is an uncertainty which gives rise to speculation and is disturbing to the exchange markets.

My own view has been and still is that, as soon as is practicable, the amount to be paid by each debtor nation should be finally decided in order that all uncertainty may be removed and an end put to the constant and disturbing negotiations which have been such a feature of the German reparations. It would then, I think, be better that bonds should be created to represent the amount which it is finally decided each country shall pay in respect of debts and reparations, and that these should be gradually offered to the public for investment, supported by national guarantees.

For instance, if France were paying a portion of her debt to us, she could endorse certain of her reparation bonds to us for this purpose. We, in turn, could endorse them to America in discharge of our debt to her. America would thus have a reparation bond endorsed by both France and England, and providing the amount fixed for Germany to pay were a practicable sum, the contingent liability would not be a matter for serious concern. Nevertheless, the endorsements would be upon

the bond, and in consequence it would find a ready market anywhere. In this way investors throughout the whole world would become purchasers and carry the securities until they became due.

The spreading of bonds and of the interest payments would go far to alleviate that disturbance of markets or undue influence on the exchanges to which I have already referred. Moreover, such guarantees would give reasonable assurance that sound methods in the matter of currency would be pursued, and that no country which is a debtor would be permitted to pursue a policy of deliberate inflation merely for the purpose of securing a market.

The securities would pass from hand to hand like pre-war investments of an international character, and they would find a home wherever there were surplus funds seeking investment. In the case of Germany and other debtor countries, sinking funds should under international agreement be provided compulsorily from taxation, in the currency of the country concerned, and that country could then gradually purchase its own bonds, which it could hold until maturity or could cancel them as might seem desirable.

Foreign Currency Securities Quotation List

IN an effort to establish better collateral values in banks, and to stabilize the American market in foreign currency government, provincial and municipal securities, the American Express Company has just issued a second edition of its comprehensive quotation list for foreign currency securities. That list, which contains quotations, all in American dollars, of the principal government bonds of the world, is being sent to investment dealers and banks throughout the country. The 190 securities quoted are described in fourteen currencies, and they cover five continents and thirty-five nations.

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"A reliable and comprehensive quotation service has been the only element lacking in the newly developed nationwide market for securities expressed in foreign currencies", declared Perry B. Strassburger, general manager of the securities department of the express company. "We plan to issue, as market conditions vary, these quotations in order to develop a stronger foundation for this essential field of foreign investment.

"Bankers are generally making loans on these securities, and we believe that dependable quotations are essential in order that they may make more freely collateral loans secured on foreign currency securities.

"If, by eliminating fictitious prices, the business is brought to a more standardized basis, we shall have accomplished much.

"American investors are purchasing

international securities in an enormous volume. This business has been encouraged by England, France and Holland during the past three generations. At first it was hard to discriminate between currencies which were depreciated by their own worthlessness and currencies depreciated because of a lack of balance in international trade. But a careful study of gold reserves and fundamentals will enable one to concentrate on sound securities expressed in currencies having splendid possibilities. Among these may be mentioned sterling, the kroner of Scandinavian union countries, the Argentine and Uruguayan pesos, Japanese yen and Swiss francs."

Standard Forms of Commercial Letters of Credit

THE following letter has been received from the secretary of the National Foreign Trade Council, New York:

Editor, June 22, 1922.
BANKERS MAGAZINE,
New York City.

Dear Sir:

The work of providing standard forms of commercial letters of credit, which was first suggested at our San Francisco Convention in 1920, highly developed by the New York Bankers Commercial Credit Conference, and brought to completion by the American Acceptance Council, has now reached a point where it should receive the intelligent consideration and practical support of all American foreign traders.

You are doubtless familiar with the confusion and litigation which, in the recent depression period, arose from the lack of standard bank practice, and from the general ignorance of the precise meaning and obligations of the many dissimilar forms of commercial credit instruments.

To meet this situation, and to prevent future controversy, a set of standard forms of commercial letters of credit has been prepared. These forms are entitled "Advice of Authority to Pay," "Irrevocable Credit," "Correspondent's Irrevocable Credit," (2 forms), and "Confirmed Irrevocable Credit," (2 forms). On the back of the forms are printed provisions dealing with bills of lading, insurance papers, partial shipment, "prompt shipment," export quotations, etc.

All those in any way connected with the financing of foreign trade should familiarize themselves with these forms, which are obtainable in printed form, together with explanatory matter, from the American Acceptance Council, 120 Broadway, New York, (price: 20 cents each; \$15.00 per 100; \$60.00 per 500).

An effort is being made to put these forms into general use on and after July 1 next. I hope that you will see fit to lend this important movement your active support.

Faithfully yours,

O. K. DAVIS,
Secretary.

International Chamber of Commerce

SEVERAL hundred representative American business men will attend the second general meeting of the International Chamber of Commerce to be held in Rome during the week of March 19, 1923, according to an announcement made recently by the American section of the Chamber. The meeting will bring together leading business men from all over the world for a discussion of world trade problems. Sixteen countries affiliated with the International Chamber will send delegates, while several other countries which have made application for admission to membership in the Chamber will be represented.

An extensive tour is being arranged for the American delegates in connection with their attendance at the Rome meeting. The delegates will sail from New York on February 10, under the direction of the American Express Company and will return May 5. The party will make a tour of the Mediterranean, the Near East and Western Europe.

Plans are being made to have the party entertained at the various places visited.

A. C. Bedford, chairman of the board of the Standard Oil Company of New Jersey, and vice-president of the International Chamber of Commerce for the United States, is directing the arrangements for the trip.

In the opinion of Mr. Bedford the tour will afford the business man an ex-

THE MERCANTILE BANK OF INDIA (LIMITED)

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Great Britain

FOREIGN TRADE INCREASES

A general improvement in British foreign trade is reported in a cable to the Department of Commerce at Washington. Total imports in May were £8,153,000 greater than in April and total exports £2,588,000 greater. Re-exports decreased £284,000, but were still £1,733,000 over the re-export values of May, 1921.

The total figures for May compared with May 1921 were:

	May 1922	May 1921
Imports	£88,814,000	£86,308,000
Exports	58,045,000	43,088,000
Re-exports	8,965,000	7,232,000

The largest increase in both imports and exports was in raw materials and articles mainly manufactured. General recuperation in all classifications of exports is evident.

EXPORTS GAIN IN MAY

Exports of each key commodity during May showed improvement over the figures for April. The shipments of coal amounting to 5,057,000 tons show an increase of 61,000 tons over the figures for the preceding month. A de-

crease in the export price for iron and steel is to be noted from a comparison of the quantity and value figures for the months of April and May. During the former month 259,000 tons were valued at £4,994,000, whereas during May 273,000 tons were valued at £4,831,000, which indicates approximately an eight per cent. decrease. Like decreases are evident in the export valuations for cotton goods and woolen and worsted tissues. These are approximately three per cent. and six per cent., respectively.

REVENUES EXCEED EXPENDITURES

Official returns show that since April 1, revenue has exceeded expenditures by £24,750,000. The revenue receipts and expenditures for this period are £15,000,000 and £56,000,000 lower, than for the corresponding period of 1921. The same items for the week ending May 27, were £10,482,000 and £7,560,400, respectively. The reduction of a shilling in the pound in the income tax has had a decided effect on business.

ABUNDANT MONEY AT LOW RATE

Money is abundant and the rate of interest low; the present bank rate being four per cent. On May 20 a release of the funds as provided for in the Railway act of 1921 and allocated to the companies provided large sums available for short time loans. Floating supplies of credit abounded and balances were offered at one per cent.

Foreign exchange experienced a steady increase. At the close of the month the pound sterling sold at approximately \$4.45, the record rate for the past two years. It is not as yet evident that this condition has precipitated a general buying increase from the United States. Tenders for Treasury bills and Treasury bonds have been heavy, enabling the Government to finance its requirements on much cheaper terms. There has been a general expansion of business on the stock exchange, which, coupled with a decreasing yield on gilt-edged securities has widened the field for speculative investments.

France

RECOVERY OF AGRICULTURE

Marked recovery in French agriculture is reported to the Department of Commerce at Washington. Reports from competent observers in the so-called "red zone" confirm the estimate that ninety per cent. of the old farm land will be in shape for cultivation during the present year. The amount of land actually cultivated may fall considerably lower, owing to shortage of buildings and to the lack of tillage tools. Farming in the devastated regions is certainly being carried on more scientifically than before the war, the younger men particularly being more interested in improved methods.

RECUPERATION OF LIVE-STOCK INDUSTRY

Recuperation of the French live-stock industry was furthered in 1921, despite the shortage of feedstuffs incident to the prolonged drought. Cattle are now rapidly approaching pre-war numbers, reaching 13,217,000 in 1920. Official figures for 1921 are not yet available, but the number probably has increased over the preceding year. The number of sheep in France has been declining for the past eighty years. At the outbreak of the war there were slightly more than 16,000,000 sheep in the country, but there was a decline of 9,405,-

000 by 1920. French hog production has for generations shown but slight variations from one year to another. The average for the ten years preceding the war was about 7,000,000. This number was reduced to less than 4,000,000 by 1918, but has been slowly increasing, with 5,000,000 reported for 1920. Competent observers state that there was a substantial increase last year. In the absence of official figures, this opinion would appear to be supported by the abundant supply of fresh domestic hog meat thrown on the market during the past winter.

AREA DEVOTED TO VINEYARDS DECREASING

The area devoted to vineyards in France has been decreasing for about fifty years. In 1874 there were 6,046,000 acres under cultivation. At the outbreak of the war only 3,831,000 acres were planted to grapes, and 1920 shows a further reduction to 3,752,000 acres. The returns for 1921 are not yet available. The vineyards were but little affected by the war, but labor difficulties reduced the output in 1915 to less than half of normal. Since that year production has slowly risen and is now about normal. The industry is seriously affected by a lack of markets. Before the war wine was the most important of all French exports. Russia took enormous quantities, and Germany, although an important producing country, imported its best wines from France. Trade with England has fallen off principally because of hard times and increased taxes on champagne. With the far-reaching curtailment in the export trade, the French wine industry will likely decline, with relatively more attention given to the growing of other fruits.

Italy

CONTINUED IMPROVEMENT

Continued improvement in the Italian financial and industrial situation is reported in a cable to the Department of Commerce at Washington.

Government revenues during May to-

The Corn Exchange National Bank

OF CHICAGO

Capital \$5,000,000
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Foreign Exchange

Letters of Credit

Cable Transfers

taled 667,000,000 lire, an increase of 8,000,000 compared with the same period in 1921, though considerably less than those of April of this year which totaled 1,387,524,263 lire.

TRADE BALANCE IMPROVES

The total February imports amounted to 1,057,000,000 lire and exports to 716,000,000 indicating a decided improvement in the trade balance. Business failures totaled 291 in April, showing a slight increase over the previous month. The Bachi Index of wholesale prices, based on the average price in 1920 of seventy-six commodities, registered 83.84 for May, as compared with 84.37 for April of this year. Unemployment in Italy, which reached the high point of 610,819 on February 1, registered 432,372 on May 1.

The total Italian public debt, including the note circulation on April 30, was 115,000,000,000, of which amount 26,000,000,000 lire are notes of less than one-year maturity.

Germany

SAYS GERMANY CAN PAY

"Is it not about time", asks the *New York Tribune* editorially, "to discuss the reparation question not in the spirit of propaganda but in a spirit of presenting the truth, no matter which side is helped or harmed". The editorial continues:

Now, there is gross misrepresentation. For example, it is constantly said that the sum demanded of Germany is \$33,000,000,000. This is but a half truth, and hence a most dangerous lie. Those who put it forward fail to add that payment is spread over approximately forty years.

The present cash value of Germany's debt, reckoning five per cent. on the deferred payments, is in the neighborhood of \$13,000,000,000. This would lift the German mortgage. Yet steadily the public is told by those who must know better that the total is more than double the real sum.

Is Germany capable of paying \$13,000,000,000? Bernard M. Baruch, our chief financial expert at Paris in 1919, estimated that she could pay \$15,000,000,000, and the American delegation supported this figure,

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which was regarded moderate. Keynes, whose pro-German bias is notorious, estimated in his first book that Germany could pay \$10,000,000,000. He has since admitted that he underestimated her capacity and is now in substantial agreement, though he covers it up, with the figures of the Reparation Commission.

Impartial persons who have studied German resources concede that the demands on Germany do not exceed her capacity to pay.

Before the war the German national wealth, according to her own statisticians, was close to \$100,000,000,000. Since, not injured by war operations, it has increased, through the decline of the purchasing power of units of gold, to something like \$140,000,000,000. To say that Germany can't pay \$18,000,000,000 is to say she can't realize on ten per cent. of her assets and convert them into gold credits. Some case can be made out for a temporary moratorium, but none at all for her principal contention.

In 1871, when Germany collected \$1,000,000,000 from France, the French national wealth aggregated only twenty-five per cent. of this sum. Yet France, though her potential resources were vastly less than those of Germany, met the installments before they were due. Moreover, the invading Germans had done \$1,000,000,000 damage to French territories. Yet the back of France did not break under the double load. She could pay ten per cent. The precedent clearly shows that it is possible for a modern nation to endure a sudden ten per cent. loss.

The conclusion is inescapable that Germany can pay. The defect is in her will. This judgment is confirmed by the recent comparison made by Professor Irving Fisher of the present taxation levied by belligerent nations. He found that the German government collects \$10 per capita per annum, while this country collects nearly \$40, France \$45 and Great Britain \$60.

Germany maneuvers to escape payment. So she whines of her poverty, and her

friends and those she is able to deceive repeat, as if a litany, the phrase: "Poor Germany! Poor Germany! Surely \$33,000,000,000 is beyond her strength!"

Netherlands

THE REDISCOVERY OF AN EMPIRE*

More than three centuries ago the Dutch East Indies became known to Europe, yet only now are the people of the United States learning of the untold resources and possibilities of this island empire of The Netherlands. Vast areas, which are already substantially contributing to the world's need for sugar, rubber, tea, drugs, and minerals, await the magic touch of capital for their further development.

American investors have this year bought \$80,000,000 of securities of the Dutch East Indies Government, through two offering syndicates headed by the Guaranty Company of New York. The second of the two issues of \$40,000,000 each was offered March 15, and orders in excess of the amount of bonds available had been received within twenty-four hours after the books were opened.

COMMERCIAL IMPORTANCE

For centuries the East Indian archipelago has been identified with world trade as a producer and exporter of tropical products. It is her ownership of the Dutch East Indies, the greatest

*Reprinted from the GUARANTY NEWS, April, 1922.

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Rotterdam Amsterdam
The Hague

Capital *fl* 75,000,000
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of island empires, which makes Holland today the third colonial power in the world. Lying in the Pacific Ocean and extending over 8000 miles between the Malay Peninsula and Australia, and on the main highway between the East and the European markets, these islands have assumed an important place in the commercial life of the world.

The total land area of the Dutch East Indies, spread over a distance equal to that between New York and San Francisco, is more than 735,000 square miles, and their population is nearly 50,000,000, largely natives of the Malay race. The more important of the islands are Java and Madura with a combined area equivalent to that of New York State; Sumatra, about the size of California; Dutch Borneo with an area approximately equal to that of France; Dutch New Guinea, about equal to Japan; and Celebes, which, with adjacent islands, has an area approximately equal to the combined area of New Zealand and Ceylon. The

Molucca group has long held a place in the popular mind as the world's spice garden.

The Dutch East Indies are an integral part of the Kingdom of the Netherlands, and the States-General in Holland is the chief legislative body for the Colony. To the Minister of Colonies is entrusted the Crown's executive power as regards the colonial empire, and he is responsible for the conduct of the Government of the Insulinde. The superior administrative and executive power, and much of the legislative, is vested locally in the Governor General, appointed by the Government of the Netherlands. He is empowered to pass laws and issue regulations for the administration of the Colony, except in so far as these powers are specifically reserved to the Netherlands legislature.

Some of the islands are administered under direct government control and others are under native rule. The budget and other fiscal matters are originated by the Colony, and are subject to

the control and approval of the home Government. Since 1912 the Colony has been entitled to borrow in its own name subject to similar approval.

FOREIGN TRADE

The great natural resources of the Colony have continually made possible a substantial excess of exports over imports. For the six years, 1915-20, inclusive, the Dutch East Indies had a larger favorable balance of trade than any country in the world except the United States.

The outbreak of the European War eliminated Germany as an important factor in Dutch East Indian trade and placed the United States in a favored position as regards that trade. The United States derived the greatest benefit commercially from the realignment of the Dutch East Indian trading connections. Our trade with the islands increased from the fiscal year 1918 to the fiscal year 1921 by more than two thousand per cent.

The resources upon which the favorable trade balance of the Dutch East Indies is built have in the past been largely of an agricultural nature, typical of tropical lands. These have been supplemented in recent years, following scientific research and exploration, by a wealth of minerals, particularly in oil, coal, and iron, which further diversify the products of the country to such a degree that the islands promise to become practically self-sufficient.

The East Indies have been traditionally known as great producers of spices. Because of the remarkable fertility and adaptability of the soil, however, the islands have made great strides in producing a wide variety of other products.

PRINCIPAL PRODUCTS

The cultivation of sugar, the foremost of the European cultures in Java, has undergone noteworthy development in recent years, as a result of which Java has become the third greatest sugar producer in the world, and sugar has become the leading article of export.

The principal markets for the sugar output are Japan, Calcutta, Great Britain, and Hongkong.

There are more than 1000 rubber estates in the Dutch East Indies. Although the United States has been the greatest rubber-consuming country in the world, it has until recently taken little active part in the production of the raw material. A beginning has been made in recent years, however, and several American companies have invested in rubber plantations in the Dutch East Indies. Of a total of 870,000 acres planted, 67,000 acres represent American investment.

More than ninety per cent. of the world's production of quinine comes from the Dutch East Indies.

The Dutch East Indies are the source of many other products which represent practically the whole world's supply, including nutmeg, rattan cane, gutta percha, and several varieties of resin, as well as about one-half of the world's production of cocoanut oil and seventy per cent. of the world's pepper.

Java coffee is known throughout the world, and the Insulinde holds a high place among the tea producing centers of the world. Tobacco from Sumatra and Java has been known to European markets for years.

The most important domestic crop is rice, the principal food of the natives. In spite of the fact, however, that it is the chief crop of native agriculture, the output is not sufficient to supply the needs of the populace, and considerable imports are made.

Next to rice the principal food products cultivated by the natives are Indian corn and cassava, from which tapioca flour is obtained. The total number of cocoanut trees in 1917 was estimated at more than 100,000,000, of which about 85,000,000 were fruit bearing.

While the Dutch East Indies have gained their position in the commercial world because of immense agricultural resources, the mineral wealth of the islands has been assuming real importance in the last twenty years.



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Shanghai
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FRENCH

INDO-CHINA

Haiphong
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INDIA

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Bombay
Calcutta
Cawnpore
Delhi
Karachi
Madras

JAPAN

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Bangkok
Puket

SUMATRA

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PHILIPPINES

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MINERAL WEALTH

The discovery of petroleum deposits in the Dutch East Indies has added large sums to the potential wealth of the colony. Their extent is as yet not fully known but should prove larger as further exploration and exploitation take place.

Prior to the discovery of petroleum, the chief mineral wealth of the Dutch East Indies lay in tin mines on the island of Banka, practically a government monopoly, and on the island of Billiton, where operations are conducted by private companies, subject, however, to government regulation and license.

Other government undertakings, aside from tin mining, include the operation of coal, iron, silver, and gold mines.

TRANSPORTATION SYSTEM

The Government of the Dutch East Indies owns most of the railways of the Colony. The first state railway con-

structed in Java was opened to the public on May 16, 1878. Since that time the system has been improved and extended and has been augmented by the addition of tramways and automobile bus service. At the present time the government system in Java consists of about 1500 miles of standard gauge and sixty miles of narrow gauge railways, while in Sumatra there are about 600 miles of standard and narrow gauge roads combined. The extension of the state railway system has proceeded rapidly since 1906, when the management of the railways and tramways was entrusted to a special branch of the Government, the Service of State Rail and Tramways.

It has been stated that the combined coast lines of the islands making up the Dutch East Indies are equal to the circumference of the earth. Under such conditions it is not surprising that there are several first-class harbors. Altogether, there are more than 500 harbors in the archipelago, which the Govern-

ment is constantly endeavoring to improve by dredging, dyke lengthening, coast extension, light-house construction, and a general unified plan of operation. In 1918, 112,900 ships, with a net capacity of 62,171,000 cubic meters, arrived in these harbors.

THE JAVASCHE BANK

The banking system has kept pace with the growth of the industrial and commercial facilities of the colony. The most important bank is the Javasche Bank, the bank of issue and the central institution in the monetary and credit systems of the Colony. While the bank has a semi-official character and the Government participates in the profits, it engages in the usual operations of a commercial bank and its stock is owned by private individuals.

The currency of the Dutch East Indies is, like that of the Netherlands, based on the gold standard. The unit of currency is the guilder, or florin, equivalent at par of exchange to 40.2 cents in United States currency. Its present quotation of approximately thirty-nine cents represents a discount of only three per cent., reflecting its position as one of the soundest currencies of the world today.

STABILITY OF BANKING SYSTEM

The Federal Reserve Board, early in February, 1922, took cognizance of the stability of the Dutch East Indian banking system and of the growing trade relationships between the archipelago and the United States by voting to include the Dutch East Indies among those countries the drafts of whose banks and bankers may be accepted by member banks of the Federal Reserve System for the purpose of furnishing dollar exchange. This is a real recognition of the magnitude of the commercial relations between the United States and Holland's colonial empire, the first outstanding evidence of which was the readiness with which the American investing public absorbed the recent \$80,000,000 of East Indies securities.

The investment of American funds in these government loans was not the

beginning, however, of the movement toward placing United States capital in the Dutch East Indies. For many years, prominent American industrial and trading companies, as well as individuals, have understood and taken advantage of the opportunities for profitable business offered by the enormous potential wealth of Holland's colony.

OPPORTUNITY FOR AMERICAN CAPITAL

While there is no method of judging how extensively American capital will participate in the further development of the Dutch East Indies, the possibilities of such participation may be gauged from the figures of area and population of the United States and the Dutch East Indies. The Dutch East Indies, with an area of more than 750,000 square miles, are about one-quarter the size of the United States and their population of nearly 50,000,000 is almost one-half that of the United States. The Dutch East Indies exceed in area that portion of the United States which was open for investment opportunities to foreign capital at the beginning of the nineteenth century.

Considering the area, wealth, and population of these geographical units, it would seem that the possibilities for remunerative American investment in the Dutch East Indies far exceed those which Holland had in the United States in the early eighteenth century. Holland did not fail to grasp her opportunities, and it would seem unnecessary to recall to the American public that seventeenth century expression of Governor General Coen, "Great work is still to be done in the Indies!"

Self-interest, alone, affords sufficient incentive for the investment of American capital in the Dutch East Indies. Neither a philanthropic spirit, motives of good will, nor moral responsibility to reciprocate need dictate the export of American funds to a country of enormous, but as yet largely undeveloped resources such as the Dutch East Indies possess.

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Belgium

BUSINESS IS BETTER

Belgian business and industries generally assumed a more favorable aspect during the month of May says a report to the Department of Commerce at Washington. May bank clearings increased by forty per cent. over April, interest rates were lowered, and the Bourse showed more strength.

The metallurgical industries have made gains, with prices stable for the most part, although some doubt is expressed as to the permanence of this improvement. Cotton textiles improved notably, and the financing of a large yarn order to Roumania under the 1921 Government Export Guarantee law presents an important development.

The glass industry is more optimistic, but chemicals are suffering from overproduction. More activity is experienced in sales of light motor cars. The agricultural situation, although only

fair, offers better prospects than during the previous month. Conditions are generally quiet at Antwerp.

Scandinavia

OUTLOOK BETTER IN SWEDEN

Although the economic situation of Sweden is still unfavorable, the outlook is brighter now than at any time during the past year, says a cable to the Department of Commerce at Washington. Increased activity is noted in some of the principal industries, and future market prospects for Swedish products are more encouraging in view of decreased foreign competition and increased demand.

Labor conflicts have been settled with new wage rates in effect, and unemployment shows an encouraging decline. The check in the downward trend of Swedish price indices during the past three months is responsible for a feeling that prices are becoming stabilized.

The stock activities are characterized by rising prices and increased turnover.

The money market continues easy and further reduction in the discount rate is being talked of. The note circulation continues to show further deflation since the beginning of the year, and the exchange value of the crown is fluctuating, between narrow limits, in the neighborhood of par.

Czecho-Slovakia

THE PRAGUE FAIR

The following is taken from a pamphlet descriptive of the Prague International Samples Fair which is to be held September 3 to 10, 1922:

The Prague Fair, offering as it does a splendid survey of the economic capacity of Czechoslovakia which represents three-quarters of the whole industry of the former Austro-Hungarian Monarchy, gives to foreign visitors the best opportunity of establishing direct trade connections with Czechoslovak producers, and for this purpose special facilities are accorded to foreign buyers enabling them to do their business with the minimum of time, trouble and expense.

The Prague Fair is held twice a year and its progressive development is the best evidence of its growing success and importance:

	Number of exhibitors	Number of visitors	Covered space in square feet
Autumn1920	1920	101,000	190,000
Spring1921	2200	120,000	300,000
Autumn1921	2500	130,000	350,000

Foreign importers will be able to secure supplies in Czechoslovakia at lower prices and under better conditions than in other countries, on account of the low cost of living and the favorable rate of foreign currency compared with the Czechoslovak crown. They will be surprised to find that the quality of Czechoslovak goods is so high when prices are so moderate. Those who intend to establish trade connections with Czechoslovakia will be pleased to learn that all impediments, which have hitherto considerably handicapped trade relations with this country, have recently been removed, and that the Czechoslovak state, which is politically and economically by far the best consolidated of all Central and Eastern European states offers great possibilities and all guarantees for doing business.

Further information may be obtained from the Czechoslovak Legation at Washington.

Russia

THE HAGUE CONFERENCE*

BY DR. Y. M. GOLDSTEIN

Professor of Political Economy, Institute of Commerce and University of Moscow, Russia

The policy of Lloyd George in the Russian question, which has caused sharp opposition in France as well as in the United States, is now facing another test.

The representatives of the most important nations of Europe, who, possessing a surplus of available capital, might really be in a position to help Russia to restore productive work, are gathered at The Hague to discuss the so-called "Russian problem".

As everyone who has followed the progress of the Genoa Conference knows, the present Russian problem represents something in the nature of a double-faced Janus.

On the one hand, Western Europe is confronted with the demand of the Soviet Government to deliver directly into its own hands an immense loan of one to two billion dollars, with the promise that the Soviet Government itself will use this money for the improvement of transportation and the purchase of raw materials, seeds, machinery and implements for the needs of agriculture and industrial establishments in Russia.

Aside from the likelihood of an absolutely unproductive dissipation of such loans at the hands of the economically ignorant Soviet bureaucracy, the fulfillment of these demands of the Soviet Government is entirely out of the question of course, also for political reasons.

MOTIVE FOR NEGOTIATIONS

The chief motive that impelled Lloyd George and his friends to enter into negotiations with the Bolsheviks has been, as may be seen from the latest speeches of the British Prime Minister, his fear of a Bolshevik-German peril.

*Reprinted from the New York JOURNAL OF COMMERCE.

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CORRESPONDENCE IN ALL LANGUAGES INVITED

The question arises whether, knowing well how little the Soviet Government abides by its own promises, it is possible to trust it with such vast sums which would enable it for another two to three years to maintain and even augment its army, enormous as it is already for that economically ruined country.

Not to mention at all the fact that if the Soviet Government were to obtain a loan which might strengthen its military power, it would inevitably cause a tremendous increase in the military expenditures of Poland, Roumania and other countries who are threatened with the possibility of conflict with the Bolsheviks; i. e., in other words, such a loan is liable to be followed by those very results which the Genoa Conference, now come to such an inglorious end, was striving to prevent.

The other aspect of the Russian problem is not a question of helping or "bribing" the Soviet Government, but a question of means necessary for a

really effective revival of Russia's productive forces, which is the only thing that can lift the Russian people from the state of a pauper stretching out his hands for alms to America and Europe.

CONDITIONS OF RECOGNITION

The solution of this latter question, i. e., the elucidation of those preliminary conditions the actual fulfillment of which could enable the Russian people again to join the ranks of the successful active civilized nations, constitutes the purpose of the present article.

Successful economic activity for any nation necessarily requires, as we know, the presence of at least these three factors: (1) Favorable natural conditions (climate, qualities of the soil, mineral resources, and so on); (2) Adequate supply of labor; and (3) Capital.

That the natural conditions in Russia are most favorable, is regarded as an axiomatic truth. That the vast population of Russia could furnish—provided that the workers will be assured

of abundant food and clothing—a sufficient quantity of labor is also beyond doubt.

The only thing lacking, therefore, is the third factor—capital, which has been looted by the Bolsheviki or lost in the course of five years of civil war.

The question now is, what amounts of capital are required in order to restore the productive capacity of Russia even within those modest limits which were maintained in that economically backward country prior to the war?

MONEY NEEDED

The extremely cautious calculations which I have made in this respect show the following figures:*

1. For repair and rebuilding of the roadbed, replacement of wornout rails and ties, bridges, signal system, station buildings engine and car depots, shops, warehouses, etc., a minimum expenditure of.....	\$1,000,000,000
2. For bringing up to the 1914 level the number of engines and cars (repair of old stock and purchase of at least 12,000 to 15,000 new locomotives and 200,000 to 300,000 new cars).....	1,500,000,000
3. For highway and country road repair	100,000,000
4. For putting in working order canals and other interior waterways, restoring river shipping accommodations, dock and shop repair, etc.	150,000,000
5. For restoring seaports, their buildings and facilities, the merchant marine, etc.	200,000,000
6. For restoring proper functioning of telegraphs, telephones, postal system, etc.	100,000,000
7. For restoring the normal working of central electric power stations, gas plants, etc.	100,000,000
8. For restoring the functioning of water and sewage systems, other hygienic works, street cars, etc.....	200,000,000
9. For repair of public elementary and higher schools, replenishing them with books, school supplies, fuel, etc.....	400,000,000
10. For repair of drainage and irrigation systems, especially those in Turkestan.....	150,000,000
11. For restoring agricultural implements, purchasing seeds and cattle, and restoring seed and breeding stations	600,000,000
12. For restoring the functioning of the colonization and settlement system, surveying work, etc.	50,000,000
18. For forest conservation and protection, narrow gauge railways to help lumber trade, etc.	50,000,000
14. For reopening flooded mines, repair of factories and mills and supplying them with machinery, fuel and raw materials.....	2,000,000,000
15. For repair of city dwellings, pavements, rebuilding destroyed houses, etc.....	500,000,000
16. For restoring at least partially the exchange and state credit as well as credit of big cities.....	2,000,000,000
Total	\$9,100,000,000

It will thus be seen that without even taking into our account the necessity of building new railways, canals, highways and so on, Russia needs at this moment a sum of at least nine billion dollars.

It is most interesting to bear in mind here that this sum is just six times less than the one that would actually have to be expended in order to raise the productivity of the country only as high as the pre-war level of Austria-Hungary.

POSSIBILITY OF LOANS

The possibility of the Soviet Government being able to obtain even the most modest loans from the governments of Europe, as has been stated even by Lloyd George, who reckons

*I do not stop here to consider in detail the amounts that would be required for each of the branches of the national economy here enumerated, as that would take up too much space. Those who are interested in this will find a number of facts given in this connection in the concluding chapter of my above mentioned book, where the economic tasks confronting Russia during the next few decades are discussed.

BANKING BUSINESS WITH BELGIUM

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with the Bolsheviki more than anyone else, is absolutely excluded.

As for foreign private capital being prepared to transfer a sum of nine billion dollars to Russia as long as the Government of Russia will not have restored to foreigners their confiscated private property and failed to give them security in their rights of ownership, only incurable utopians may take any stock in such a possibility.

Hence it follows that The Hague conference must end just as fruitlessly as the one of Genoa, i. e., either in total failure of any and all plans of restoring rapidly the productive work of Russia, thus perpetuating the famine, the dying out of the population and the impossibility of opening up the Russian market to other nations, or else in the total bankruptcy and collapse of the Soviet Government.

For, to trust nine billion dollars to a country ruled by a Government which has more than once declared that any agreement means to it merely a chance to obtain a breathing spell, is something no foreign capital will ever agree to.

India

IMPROVEMENT IN TRADE CONTINUES

The improvement in Indian trade conditions is evidenced not only in an increase in the total trade of the country for May, but in an excess of exports over imports of 82,400,000 rupees, which compares favorably with

the relation of exports to imports during the latter part of the post-war boom in Indian trade. A cable to the Department of Commerce at Washington states that with the exception of jute, an increase is noted in the principal crop forecasts of India. The cost of living rose in May, attaining the highest point reached in the last twelve-month period.

The exchange market has been fairly steady in India. The anticipated opening of an unlimited six per cent. Government loan on July 3 has caused money to be easier, and brought about a reduction in the official bank rate which, having been maintained at seven per cent. since April 27, was reported at six per cent. on June 1, and five per cent. on June 15. An advance in exchange is expected after the flotation of this loan.

CROPS FORECAST FAVORABLE

The third wheat forecast is for a crop of 9,818,000 tons, as compared with 6,596,000 tons anticipated at the third estimate in 1921; while the final linseed forecast is placed at 484,000 tons, much better than the 269,000 tons of last year's final estimate.

There has been a marked revival in the burlap market, with indications of further improvement, said to be due to the rumors of increased working time in the mills and to the speculation incident to the recent increase in jute and burlap prices, as a result of the decrease in crop.

INCREASE IN FOREIGN TRADE

Import and export statistics for India both registered increases in May compared with the previous month, imports amounting to 190,600,000 rupees against 178,400,000 rupees in April and exports to 273,000,000 rupees against 238,600,000 rupees.

South America

PROGRESS TOWARD NORMAL

Having passed the acute crisis which followed the abnormal inflation in the prices of its products as the result of the war, South America is now steadily



NORMAN C. STENNING
New York agent Anglo-South American Bank, Ltd.

progressing toward normal conditions, in the opinion of Norman C. Stenning, the new agent of the Anglo-South American Bank, Ltd. in New York. Mr. Stenning, who has been with the bank for nearly twenty years, recently

arrived in the United States from South America after eight years in the service of the bank in Argentina and Peru.

The steady improvement in South American conditions is taken by Mr. Stenning to indicate the possibility of increasing trade along substantial lines, and he believes that the natural development of the South American countries will tend to assist in the upbuilding of that commerce. So far as relations with the United States are concerned, Mr. Stenning is of the opinion that there is no reason why they should not continue to improve, and that American exporters should be able to expand their business with South American countries.

The prospects of the nitrate industry, of such vital importance to Chile, are good, as reflected by improved sales of the commodity, and the possibility of its increased use as a fertilizer in this country is favorable to Chile, says Mr. Stenning. Latest advices from Argentina indicate that the harvest is likely to be up to normal figures, and evidences of renewed activity there are not lacking. Higher prices for cotton and sugar, two of Peru's principal items of export, have reacted favorably on the general prosperity of that country. Copper mining and smelting have been running at a fair percentage of capacity in spite of low prices for the metal, according to Mr. Stenning and an expansion in that industry is indicated by present conditions.

The Anglo-South American Bank maintains twenty-three branches of its own in South America, eleven in Argentina, ten in Chile and one each in Peru and Uruguay. This bank also has six branches in Spain, one in Mexico City, one in Paris and two in England, besides the head office in London and its agency in New York. Affiliated banks, owned and controlled by the Anglo-South American Bank are the British Bank of South America, Ltd., with eight branches in Brazil, three in Argentina and two in Uruguay, and the Commercial Bank of Spanish America, Ltd., which has five branches in Colombia, two each in Ecuador and Venezuela and one in Peru, as well as

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Reserve Fund	■	.. Yen	57,000,000

(\$0.50=1 Yen)

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four in Central America. Thus the Anglo-South American Bank and its affiliations have forty-six branches in South America and five in Central America—a total of fifty-one for the whole of Latin-America.

The Anglo-South American Bank has capital and reserves of more than \$60,000,000, and has been in existence for thirty-four years, during all of which time it has specialized in export banking.

Brazil

THE NATIONAL EXPOSITION

In the current issue of the *Foreign Trade Review*, published by the National Shawmut Bank of Boston, attention is directed to the opportunity for American exporters through participation in the Brazilian National Exposition which will open September 7, and continue for seven months to March 31, 1923. Our improved trade position

with Brazil is reviewed and reference made to the trade recovery of Germany and other European countries in the Brazilian market. The *Review* says:

That upward of thirty European nations have already manifested their purpose to participate in the exposition with industrial exhibits indicates that the commercial world is keenly alive to the opportunities which the exposition represents.

The exposition grounds cover an area of 160 acres and are divided into a national and a foreign section. As originally planned, it was to be a national affair devoted in part to a showing of Brazilian industrial enterprise. Increasing interest, however, in the Brazilian market compelled the expansion of the idea and the inclusion of a foreign section, so that the exposition, to a large extent, will be representative of world competition among foreign exhibitors seeking to win South American trade.

Sixteen nations have recognized the exposition officially, and are erecting elaborate buildings to house their government exhibits. The United States has appropriated \$1,000,000 for American participation, and a beautiful pavilion is being erected for the United States Government exhibit. This building, upon the close of the exposition,

will be used as the American Embassy quarters.

To meet the demand of foreign manufacturers and exporters for representation, a special section of the area adjoining the exposition grounds has been laid out as an exhibition annex. In this area, foreign firms or organizations are permitted to erect the necessary buildings or pavilions for their exhibitions.

Complete statistics of the trade of Brazil for the calendar year 1921 are unavailable. The changes that have taken place from 1918 to 1920 in the relative shares of the United States, Great Britain, Germany, and France in the foreign trade of Brazil, are indicated in the percentage figures below:

Per cent. of total imports into Brazil		
	1913	1920
United States	15.7	42.1
Great Britain	24.5	21.3
Germany	17.5	5.
France	9.8	5.6

Per cent. of total exports from Brazil		
	1913	1920
United States	32.6	21.3
Great Britain	13.2	8.
Germany	14.1	6.7
France	12.3	11.4

Because of her industrial character, New England should be worthily represented at the exposition. In 1920 Brazil purchased manufactured goods similar in character to those produced in New England, amounting in value to \$117,000,000. These included cutlery, iron and steel manufactures, electrical machinery, industrial machinery, textile machinery and accessories, paper, rubber boots and shoes and other manufactures, sewing machinery, silk goods, automobile tires, tools, wire and woolen goods.

In the single item of cotton manufactures, Brazilian imports in 1920 amounted to \$32,000,000 in value. Almost all of this trade went to the cotton spinners of Great Britain. New England, as the center of the boot and shoe industry is interested in the fact that eighty per cent. of Brazil's exports of hides and skins come to the United States. One-half of Brazil's exports of coffee, rubber, and sugar are also sent to the United States market. In each of these lines New England has an interest because of her sugar refining, rubber goods manufacturing, and coffee roasting industries. Our large imports of Brazilian goods should, wherever possible, serve as a basis for the development of reciprocal trade.

Reported lack of interest on the part of some of our manufacturers may be due to their experience during the chaotic period of 1920 and 1921. There is, of course, no question that the rejection of merchandise at that time caused serious embarrassment and uneasiness to our exporters. It may be said in this connection that efforts are being made by Brazilian statesmen and others, to correct this situation which was

largely responsible for the difficulties encountered a year ago. Under Brazilian law, as interpreted by the courts, the seller, particularly a foreign seller, has been somewhat at a disadvantage in a controversy over the rejection of shipments of merchandise. There is, however, evidence of a change in the attitude of some of the courts which should put the seller upon a more even footing with the buyer. A complete revision of the commercial code of Brazil is now under consideration by the Brazilian Congress, and efforts are being made to provide for a provision which would enable the seller to dispose of rejected shipments, by auction, and to sue the buyer for any loss.

Mexico

AGREE ON DEBT ADJUSTMENT

An agreement relative to the external debt of the Mexican Government was recently signed by the International Committee of Bankers on Mexico and the Finance Minister of Mexico, Adolfo de la Huerta. The signing of this agreement marks the culmination of conferences begun in New York on June 2. Representatives of English, Dutch, French, Swiss, Belgian and German banking interests participated in the conferences. Details of the agreement, as announced on June 16 by Thomas W. Lamont of J. P. Morgan and Company, New York, follow:

Finance Minister de la Huerta and the International Committee of Bankers on Mexico yesterday afternoon signed a comprehensive agreement covering the matter of the Mexican Government's external debt. The settlement arrived at is, as stated earlier in the week by the Mexican Minister, subject to the approval of President Obregon.

As a preliminary the agreement recites the determination of the Mexican Government to fulfill its obligations to the full extent of its capacity, and states that the International Committee, recognizing the difficulties of the situation caused by the revolution and desiring to cooperate with the Government in promoting the full economic restoration of Mexico as rapidly as possible, will recommend that the bondholders make substantial adjustments of their rights.

The more important points covered in the agreement relate to the handling of current interest, arrears of interest and the railways. The plan of adjustment relates to all external Mexican Government debt, direct or guaranteed, the national railways debt and certain so-called internal Government debt largely held outside Mexico; the total face

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Paris: Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

value of the securities covered being over \$500,000,000 gold, on which the interest in arrears amounts to approximately \$200,000,000.

As to current interest, cash payments, in varying proportions among the different bond issues, are to be begun after Jan. 2, 1923, out of a special fund as provided for in the agreement; the schedule of disbursements in general to be based on the relative values and priorities of the different issues of bonds. For such part of current interest as is not met in cash, scrip will be issued and redeemed in due course, certain funds being made available for this purpose.

The special fund for current interest, etc., will be increased each year until Jan. 1, 1928, when full service of the debt will be resumed. The oil export taxes and a surcharge on railway gross receipts will be paid into this special fund.

As to back interest, all cash payments are to be waived. The matter will be arranged by the deposit of overdue coupons with a trustee. Against these coupons receipts will be issued, to be amortized without interest over a period of time. This arrangement is, in effect, equivalent to cancellation of a part of the back interest.

As to the railways, they are to be operated by private management as before the revolution. The Government will assume by

endorsement all railway debt not previously guaranteed. The rights of foreclosure hitherto held by the bonds, will be suspended so long as the plan is being carried out, thereby protecting both the stock ownership of the Mexican Government and other shareholders, as well as the ultimate rights of the bondholders.

In general, in order to give time for full resumption of all cash obligations, all classes of bondholders are to agree to temporary suspension of sinking fund rights, etc., during a five-year period, after which all contract clauses will again become effective. Full details of the plan will be submitted to the bondholders by the committee as soon as possible and deposits will be invited by the banking houses and institutions hitherto identified with Mexican Government financing.

Cuba

ENCOURAGING SYMPTOMS

Cuban business in a number of lines has become more encouraging, according to the Department of Commerce at Washington. Iron and steel, lumber, and other construction materials are being taken in increasing amounts, and

even in textiles, until recently much depressed, there are signs of improvement. Old accounts from the boom period have been adjusted to a considerable extent, and even where such is not the case, new business is often being carried on independent of the old accounts. As yet, these can be accepted as no more than very advanced symptoms, as there are still many old accounts where settlements on discount basis have not been made, and which are still either subject to arrangement or involve future payments extending over a considerable period. It remains to be seen whether profits will be sufficient to allow the debtors to meet their obligations in these unsettled outstandings.

THE SUGAR HARVEST

The sugar harvest has passed its highest point. If conditions continue favorable, a total outturn for the island for the year of 3,800,000 tons is thought possible. Though such a yield is encouraging, and though the effect of grinding has been to put money in circulation, a number of mills seem to have been unable to make money and will end the season with obligations greater than those with which they started. For these reasons it is well to act with caution until it becomes clearer that the sugar industry and the activities depending upon it have actually reached rock bottom. There will be many cases in which houses apparently doing satisfactory current business will actually be hard pressed to meet their obligations when payments on the accounts now deferred become due.

TOBACCO AND FRUITS

The tobacco crop of 1922 is harvested. The quantity is reported to be fair, the quality good. Local cigar manufacture shows improvement. Exports of tobacco for the first three months of 1922 show an increase in quantity over the same period in the previous year of over fifty per cent.

Pineapple exports are going forward at a rate which indicates a shipment of 1,000,000 boxes for the season. The grapefruit market is satisfactory.

The long drought has broken, relieving the anxiety as to a supply of food for stock.

BANKING DEVELOPMENTS

The outstanding development of the month in financial circles was the suspension of payments by the banking house of H. Upmann & Co. An investigation of the account of the company by a committee of the Clearing House showed the conditions much worse than originally reported and that it would not be possible for the other banks to assist. The Upmann Co. went into technical "suspension of payment" on May 12, when it was taken over by the Temporary Bank Liquidation Committee. The effect of the failure of this long established house has been to check the growth of confidence which the public has begun to show in local banking conditions and commercial developments.

The clearing off of the stocks overhanging the market in the bonded warehouses continues. Part of the goods is finding its way to the market and thus reducing the stock in the port. Other portions are being re-exported under the various recent decrees.

The inventory of goods in the bonded warehouses is practically finished. The owners of American goods lying in forty-three of the bonded warehouses had on May 15 been notified by letter concerning the reported location of their merchandise. Under the present rulings, all such goods may lie in the warehouses until June 30, when, if not withdrawn, they will become subject to sale at auction to recover customs duties and accumulated charges.

The building trades continue to pick up, though no large projects are under construction.

Central America

TRADE OUTLOOK OPTIMISTIC

A feeling of optimism for the trade of 1922 in Central America is justified by the statistics of those countries, says the Latin American division of the de-



NEW YORK AGENCY, *Woolworth Building*
L.N. LAU, Agent

The CHINESE MERCHANTS BANK LTD. OF HONGKONG

The First Chinese Bank in New York

Big Business Demands

That the customs and whims of a purchaser be catered to in order to gain and hold his confidence, good-will and continued business.

This is particularly true of the Chinese Merchant. He holds the key to an unlimited open market and is favorably inclined toward American products. It is only natural that the firm dealing in the manner he understands most clearly will secure his business.

All transactions handled through the branches and agencies of the Chinese Merchants Bank, Ltd., of Hongkong are presented in the manner the Chinese Merchant understands, appreciates and believes in.

Inquiries Invited from Responsible American Business Houses

Head Office
Hongkong

NEW YORK AGENCY
Woolworth Building

Branches
Canton, Saigon, Shanghai

partment of Commerce in a special survey of that region. Conditions during the first quarter of this year have been showing an improvement over those of the latter part of last year and it is generally believed that the trend is upward.

BUSINESS HEALTHY IN COSTA RICA

In Costa Rica general business has been reported as in a healthy condition throughout the quarter. Stocks, while possibly not so complete as in normal times, have been fairly well kept up and have been paid for. The coffee crop is large and prices have been good, although payment has been in credit. The total crop is estimated at over 85,000,000 pounds. It is expected that slightly over half of this will be marketed in the United States, the rest going to England. The cacao market has strengthened considerably during the quarter and prices have increased to nine cents f. o. b. the railroad in Costa Rica. The production

cost at the plantation is about seven cents per pound and the crop is estimated at over 10,000,000. Exchange for the quarter averaged 4.80 colones to the United States dollar (normal exchange is 2.15).

EXPORT SITUATION IN GUATEMALA

In Guatemala declared exports for the quarter have been practically the same in value as those of the first quarter of last year. Coffee prices, according to reports have been improving and the demand for Guatemalan coffee in Europe causes the prediction that about sixty per cent. of the present crop will find a market there. The recognition of the new administration by the United States has had a beneficial effect on trade in Guatemala and further improvement is anticipated. Strengthening of the market is shown in the fact that buying in the United States is becoming more active. The average rate of exchange for the quarter was

fifty-four pesos to the American dollar. The value of the peso has gradually decreased from \$1.00 in 1874, exchange last year having fallen as low as 59.17, the monthly average for August. Thus far this year the rate has improved each month.

Reports are that conditions in Honduras began early in the year to reflect the beneficial effect of the opening of the New York and Honduras Rosario Mining Company, the payroll of which is one of the sources of prosperity to the country. In February the Government began to pay back salaries of its employees. Thus by March business showed a decided improvement, with collections good and merchants ordering rather freely. Political disturbances, which have been causing a suspension of business activity, are not considered severe enough to affect the trade materially.

NICARAGUA COFFEE CROP

The coffee crop in Nicaragua was one-fifth less than normal, but prices increased from ten cents per pound in the middle of March to fifteen cents for the best grade in the first part of April. Unlike the output of Costa Rica and Guatemala, only a small proportion of the crop has gone to Europe. Of the total 1,858,024 pounds exported in December, January, and February, 1,243,270 came to the United States, 315,780 went to Havre, 236,000 to England, 38,000 to Amsterdam, and 19,024 to Hamburg.

International Banking Notes

At the one hundred and sixty-first half-yearly meeting of the shareholders of the Western Australian Bank, Perth, held May 3, 1922, the statement of condition for the half-year ended March 27, showed a net profit, after providing for bad and doubtful debts, for rebate on discounted bills current, for interest on deposits, and for all expenses of management, of £32,069, which, added to the balance of the previous half year of £33,752, makes a total amount avail-

able of £66,822. This sum has been distributed as follows:

To dividend of £1 per share free of dividend duty	25,000
Transferred to reserve fund	25,000
To be carried forward	16,822

During the half-year Westonia branch was withdrawn, and a branch opened at Collie.

©

At the fifty-sixth annual meeting of the shareholders of the Bank of Adelaide, Adelaide, Australia, held May 3, 1922, a dividend at the rate of ten per cent. per annum was declared.

The statement of condition for the year ended March 27, 1922, shows a net profit, including the balance of £22,178 12s 10d brought forward from previous year, of £114,812 5s 9d.

©

The statement of the Commercial Bank of Greece, Limited, Athens, for the half-year ended December 31, 1921, shows a net profit, after deducting expenses of management, general expenses, etc., of drs. 4,502,835. This sum has been distributed as follows:

To ordinary reserve plus interest.....	dra 236,912
" ordinary dividend at dra. 3 per share	600,000
" extra dividend at dra. 7 with tax.....	1,400,000
" directors fees	240,000
" special reserve	1,000,000
" contingencies account	600,000
" be carried forward	425,922

©

At the general ordinary meeting of the shareholders of the Royal Bank of Australia, Melbourne, held April 27, 1922, the sixty-eighth report of condition of the bank for the half-year ended March 31, 1922, showed a net profit of £58,721 15s 6d. A dividend at the rate of ten per cent. per annum was declared.

©

The forty-fifth half-yearly report of condition of the Bank of Taiwan, Taipeh, Formosa, presented to the shareholders at the general ordinary meeting held at Tokyo, March 1, 1922, showed total assets for the half-year ended December 31, 1921, of yen 779,488,665; paid-up capital yen 45,000,000; and reserve fund yen 11,080,000 to which has been added the sum of yen 700,000. A dividend of ten per cent. per annum was declared.

©

The fortieth report of condition of the Industrial Bank of Japan, Limited, Tokyo,

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E. C. 2, LONDON

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 9 Rue du Helder

Lisbon Branch: 38 Rua Aurea

Antwerp Branch: 23 Place de Meir

(\$5=£1.)

CAPITAL (Authorized)	- - - - -	\$20,000,000
SUBSCRIBED CAPITAL	- - - - -	15,000,000
PAID-UP CAPITAL	- - - - -	10,200,000
RESERVE FUND	- - - - -	10,500,000

DIRECTORS

R. ROSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C. B.
KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
Sir RICHARD V. VASSAR-SMITH, Bart., D. L.
ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.; LONDON COUNTY WESTMINSTER AND PARRS BANK, LTD.

BRANCHES IN SOUTH AMERICA

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

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahía Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1131. CHILE:—Valparaiso, Santiago, Antofagasta. UNITED STATES OF COLOMBIA:—Bogota, Medellín. PARAGUAY:—Asuncion.

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

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, Agent

submitted at the general meeting of the shareholders held February 6, 1922, showed a net profit for the half-year ended December 31, 1921, of yen 5,555,848. This sum has been distributed as follows:

	yen
To reserve against loss	700,000
" dividend equalization reserve	300,000
" a dividend of ten per cent. per annum	2,355,849
" remuneration to officers	130,000
" special reserve	1,500,000
Balance carried forward to next account	578,499

⊙

At the fifteenth general ordinary meeting of shareholders of the National Bank of New Zealand, Limited, London, held July 7, 1922, the annual statement of the bank's condition on March 31, 1922, showed a net profit, after paying a bonus to the staff of £15,000, providing for bad and doubtful debts, and including £115,894 10s 6d brought forward from the previous year, amounting to £328,620 19s 9d. The interim dividend at the rate of twelve per cent. per annum, paid in January last, absorbed £60,000. The sum of £30,000 has been placed to premises account, leaving available the sum

of £288,620 19s 9d which has been distributed as follows:

	£	s	d
In payment of dividend at rate of twelve per cent. per annum for half-year ended March, 31, 1922...	60,000		
In payment of bonus of two per cent.	20,000		
To reserve fund which will then stand at £1,050,000	10,000		
To pension and gratuity funds.....	6,500		
Balance to be carried forward.....	142,129	19	9

A branch has been opened at Courtenay Place, Wellington, and the agency at Maungaturoto has been converted into a branch with an agency at Waipu.

The bank moved into new and more commodious premises at 8, Moorgate, E. C. 2, in February last.

In May last 100,000 new shares were offered to shareholders at a premium of £2 per share, in the proportion of one share for every four shares sold. The new shares have been allotted and the premium amounting to £200,000 will be carried to the reserve fund which will thereby be raised to £1,250,000.

⊙

At the regular meeting of the board of trustees of the Equitable Eastern Banking Corporation held June 29, 1922 a semi-



annual dividend of four per cent. was declared on the capital stock of the company, payable July 5 to stockholders of record, June 30.

Previous dividend payments have been at the semi-annual rate of three per cent.

The Equitable Eastern Banking Corporation, which is a subsidiary of the Equitable Trust Company, New York, was organized on January 1, 1921 with a capital of \$2,000,000 and surplus of \$500,000. The corporation shows a strong position maintained during 1921 and 1922 the first year and a half of its existence.

The statement of condition just issued shows undivided profits of \$356,713 after payment of the semi-annual four per cent. dividend of \$80,000. The total capital, surplus and undivided profits of the corporation amount to \$2,856,713.

The corporation was organized to take over and further develop the large Far Eastern business of the Equitable Trust Company. The reports read at the directors' meeting would indicate that this bank is gradually being built to play a strong and important role in Far Eastern banking affairs, and the prospects for its increased growth are excellent. Among those on its board of directors are, Alvin W. Krech, president of the Equitable Trust Company, George L. LeBlanc and Heman Dowd, vice-presidents of the Equitable, and John S. Drum, president, Mercantile Trust Company, San Francisco. Several important Pacific Coast banks are represented among the incorporators. The Far Eastern offices of the Equitable Eastern Banking

Corporation are located at 1 Kiukiang Road, Shanghai.

©

At the second annual general meeting of the shareholders of the Anglo-Polish Bank, Limited, Warsaw, held at Warsaw May 30, 1922 the statement of condition for the year ended December 31, 1921, showed a net profit, after deduction of taxes, of Polish Marks 166,269,844.93. A dividend of thirty per cent. for the past year was declared, while it was decided to raise the share capital to P.M. 100,000,000, and the reserve capital to P.M. 50,000,000. Of this, P.M. 3,040,380.20 is derived from the surplus obtained by the second issue of shares, the balance being derived from the amount carried forward from last year, and from allocations from the profits of the present balance sheet. In addition, P.M. 10,000,000 have been carried forward into next year to meet the cost of the new issue, while the balance has been disposed of as mentioned in the detailed statement.

The balance of profit and loss account of P.M. 166,269,844.93 has been distributed as follows:

	P.M.
To payment of dividend to shareholders at rate of 30 per cent. per annum	9,375,000.00
" Issue of new shares	50,000,000.00
" reserve	35,543,492.25
" special reserve	100,000.00
" expenses of issue of new shares	10,000,000.00
" tantième	46,800,000.00
" charities, etc.	6,100,000.00
At disposal of directors	5,000,000.00
Leaving a balance to be carried forward of	3,351,352.64

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At the general annual meeting of the Adriatic Bank, Beograd, Jugoslavia, held



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

**Is prepared to render
exceptional service
in exceptional times**

**CAPITAL AND
SURPLUS
\$3,000,000**

May 27, 1922, the statement of condition showed that the net profit for the year 1921 amounted to dinars 4,522,986.14 of which sum dinars 500,000 was allotted to the surplus fund. A regular dividend of five per cent. was declared, totalling dinars 1,500,000, and seven per cent. superdividend.

It was further decided to increase the capital stock, now dinars 30,000,000, to dinars 100,000,000, and the board of directors was authorized to arrange for this increase by degrees at opportune times.

The balance sheet shows deposits dinars 450,522,943.02, total turnover dinars 30,079,591,930.79, including cash turnover of dinars 3,439,555,073.94; cash and bills at short notice on December 31, 1921 amounted to dinars 252,882,373.44.

⊙

The Banco di Roma, Rome, announces the appointment of Andre Hess as manager of its New York office at No. 1 Wall street.

Andre Hess was formerly Paris manager of the Mercantile Bank of the Americas.

⊙

The American Foreign Banking Corporation has closed its branch in Buenos Aires. The equipment has been taken over by the Buenos Aires branch of the First National Bank of Boston.

A review of the banking situation in Czechoslovakia shows that including the new Anglo-Czech Bank, there are nearly forty banking institutions in the country with an aggregate capital of 1,500,000,000 crowns. Banking in Czechoslovakia is stated not to be limited to ordinary banks, but inasmuch as the banks supply capital for the industries of the country both directly and indirectly in a number of cases, through holding large numbers of shares in industrial companies, they are able to control industries through appointment of the directors.

⊙

The directors of Lloyds Bank Limited have declared an interim dividend for the half year ended June 30 last of 1s, 8d per share, being at the rate of sixteen and two-thirds per cent. per annum, payable, less income tax, on and after the 29th inst. This is the same as a year ago.

⊙

The Banco di Roma, Rome, announces that its branches in Egypt have been taken over as from July 1 by a new institution, the Banco di Roma Per l'Egitto ed il Levante. The new bank has been incorporated under Egyptian laws with a capital of one million Egyptian pounds, and its board of directors includes several of the most prominent business leaders in Egypt.



Just What Is Advertising?

MANY people when they think of advertising have in mind a neat rectangle of type in a newspaper or magazine. It would be as logical when you think of a bank to have in mind a nest of safe deposit boxes. The advertisement in the newspaper is merely one of the visible manifestations of an underlying plan.

A specialist may well be chosen to lay out the plan; to determine first exactly what must be accomplished, and second, by what means. The complete advertising plan leads naturally into the preparation of copy along clearly defined lines. Each piece and each medium, whether the newspaper, direct mail, signboards, car cards, folders or miscellaneous items has its predetermined place and function.

It is imperative in bank advertising to plan ahead, consider the methods by which to appeal, the means that are usable, and

so center upon the kind of approach and style of appeal which experience has shown will influence the public to the action desired, and influence them in sufficient numbers to make the project profitable.

Upon a correctly devised publicity plan and efficient execution of its details, the banker depends for success in building his business. We are treating his problems in a series of folders, part one of which is now ready. We shall be glad to send Folder No. 1 upon request and put your name on our mailing list to receive the others in the series.

The Collins Service
The Recognized Standard of Financial Advertising
Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

AUGUST 1922

Interest and Attendance Run High at Milwaukee

Advertisers Have Record Gathering in June Marked by Variety of Unusual Features

By Earl R. Obern

Assistant Cashier Old National Bank, Battle Creek, Mich.

A VARIETY of pertinent subjects comprehensively handled by the large number of able speakers presenting papers, contributed toward making the eventh annual convention of the Financial Advertisers' Association in many ways the most successful ever held.

The convention was attended by more than 300 members who gathered in Milwaukee June 12 and 13. It was by far the largest convention of the association yet recorded.

The chairman of the program committee, A. D. Welton, of the Continental and Commercial National Bank of Chicago deserves special mention for the systematic way in which the program was planned. We must also mention here the splendid work done by Carroll Egan, chairman of the exhibit committee. With over 100 panels on exhibition the attractiveness of the display boards brought hundreds of people to the hall in which they were shown.

The outline of the trend of the program was as follows: first section—the Inter-Relations of Financial Advertising; second section—Trust Advertising; third section—Investment Advertising; fourth section—Bank Advertising.

President F. Dwight Conner presided during the sessions, and opened the convention with the president's annual address. Report was then made

by Gaylord S. Morse, secretary, showing a year of hard work on part of the central office, and showing a total membership of 600. The treasurer's report by Carl Gode, showed a satisfactory direction of the finances of the association, which was encouraging to every member present.

The regular program opened

with a short talk by A. D. Welton, who outlined the scope of discussion, and work of the program committee in building the convention program.

The first regular speaker on the program was W. W. Douglas, vice-president of the Bank of Italy, San Francisco, who suggested that one way to insure interest on the part of the bank's employees in the advertising of the bank, is to ask their advice and judgment of the advertising.

"How shall we get the tellers to look at our advertisements?" was offered by Mr. Douglas as a query quite gen-

(Continued on page 317)



W. W. DOUGLAS

Newly-elected president Financial Advertisers Association
and vice-president Bank of Italy, San Francisco

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

AUGUST 1922

THE problem of stimulating bank officers and employees to the point of an active interest in institutional advertising was the subject of much comment at the recent gathering of financial advertisers in Milwaukee.

Just how can this interest best be aroused? Mere loyalty to the bank is not in itself apt to stir it to any active pitch. Even a thorough distribution through the bank of all copy which appears in print outside, and the plastering of departmental bulletin boards with advertising proofs often seems lacking in any very definite results.

To begin with the nature of the advertising itself so frequently complicates the problem. The copy will emphasize certain qualities purported to be possessed by the bank in such phraseology as might well be applicable to an automobile or a kitchen range were the names of these things inserted instead of the name of the bank.

The question in this sort of a case is not one of an unwillingness to cooperate but rather one of the lack of any real incentive. The various departments of your

bank are justly proud of the specific services which they are in a position to render the bank's customers. Place the services of these departments more in the public eye and keep away from generalities. In doing this you will serve a double purpose. Your copy is a definite starting point from which to appeal to the reader outside the bank, and it also tells the reader *inside* something about the services rendered by other departments of the bank as well as his own, and further in what ways those services have been and may be usefully applied in meeting the needs of customers. This of course isn't the whole story, but it is one phase of it—and an important phase too.

WITH THE cooperation of interested banks, the national headquarters of the Boy Scouts of America has recently evolved a plan to advance scouting, and to encourage thrift.

The following letter, sent to 400 boys by Oliver J. Sands, president of the American National Bank, Richmond, Va., explains the way in which this plan is being worked out:

Understanding what it means to a boy to become a scout and pass to the rank of Second and First Class, the American National Bank of Richmond, considers it a privilege to present to you a three months' subscription to your official Boy Scout magazine, *Boys' Life*, as

a mark of respect for boys in this community who, by work and perseverance have passed the higher scout ranks.

We know that the training you are getting from the Boy Scout movement will mean much to you, and as a business organization, we feel it our duty to encourage the boys of our community to take advantage of those things which will prepare them to enjoy life better as boys and equip them to take their places in the community as men of character.

One thing especially that appeals to our bank as being well worth while in the scout tests and laws is "thrift." Earning and depositing \$1.00 in a bank before a Tenderfoot becomes a Second Class Scout; \$2.00 before becoming a First Class Scout, means that many thousand American boys are being taught the great lesson of thrift, which not only appeals to every banker, but to every business man.

My boy, "thrift" is the keynote of success in the lives of our big men today—continue the habit.

(Signed) OLIVER J. SANDS,

President.

A CHICAGO bank has given a new twist to bank publicity by producing its own motion picture film.

The film opens with a view of the central manufacturing district which the bank serves. Scenes follow showing a customer taking all the steps in renting a safe deposit box and safeguarding valuable papers.

This innovation undoubtedly has possibilities, and should give publicity managers something to think about.

Interest Runs High at Milwaukee

(Continued from page 315)

eral in banking circles, for, he pointed out, the best of advertising in all desirable mediums would fail utterly to get results unless promises are redeemed by men behind the counters.

Mr. Douglas told his audience about the success which the Bank of Italy has enjoyed by establishing what he termed a business extension department. Not only was this department charged with coordinating bank activities designed to increase the volume of business, but it is a morale instrument by which employees are influenced to feel a deeper interest in the bank's development.

Mr. Douglas said that "in a single convention number of a popular banking magazine not long ago he had found banks offering the following list of qualities—'exceptional service,' 'earnest cooperation,' 'cordiality,' 'courtesy and faithfulness,' 'dependability,' 'the personal touch,' 'the human touch,' 'the friendly touch,' 'it is the pleasure of everyone of our force' and more than one 'to help you transact business pleasantly and satisfactorily.'"

In comment on this Mr. Douglas said: "Now you know that there is no such institution. Human nature isn't made that way. And surely sweeping aims of superhuman virtue in no longer be considered efficient in advertising.

"Our own effort has been increasingly in two directions. In the first place we make definite promises of certain practical services to which we know our force can be trained; and second, we are specializing in what might call character advertising—which aims to delineate those qualities of the bank that are particularly true of our institution and make the Bank of Italy stand out as a distinct personality in the public mind."

F. W. Ellsworth, vice-president of the Hibernia Bank &

Who's Who in Bank Advertising



GAYLORD S. MORSE

Manager New Business and Publicity, State Bank of Chicago

AT the convention of the Financial Advertisers Association in Milwaukee, June 11-15 of this year, Mr. Morse, who was at that time secretary of the association, was elected first vice-president.

Mr. Morse was born, raised and educated in Vincennes, Indiana. His early banking experience was gained in the First National Bank of Vincennes where he was employed for fourteen years, beginning as a messenger and filling practically every position afforded in that institution.

In 1917, he accepted a position with the National City Bank of New York and served as its Indiana representative for one year. He was later transferred to Chicago as the representative in the Central West.

He became assistant cashier of the State Bank of Chicago in February, 1920, where he has charge of the new business and publicity department. Mr. Morse has originated a number of novel business building plans which have proven so successful that they have gained widespread recognition and have been adopted by several banks throughout the country.



One of the panels of the United States Mortgage and Trust Company, New York, exhibit which gained marked attention at the recent Milwaukee convention

Trust Co. of New Orleans then addressed the convention. Speaking of institutional advertising in its relation to employees of a bank Mr. Ellsworth said:

"Institutional advertising, or in other words, advertising that emphasizes the facilities offered by the bank, will produce results, or will not produce results depending upon how much or how little intelligent cooperation is given to the

advertising by the officers and employees in the various departments.

"Many of our banking institutions make the mistake of assuming that the advertisements put out by their advertising departments are all hunted out and religiously read and digested by all the officers and employees. Unless some definite effort is made to this end, such is absolutely not the case. If the bank is talking to the

public from day to day in the daily press and by means of other forms of publicity, why should not all the folks in the bank be given the first opportunity to read these advertisements so that they will be prepared to back them up as soon as they have been given to the public."

Edwin Bird Wilson, president of Edwin Bird Wilson, Inc. of New York City spoke on "Newspaper and Magazines". While he did not speak about other mediums of advertising all of which are necessary to a successful advertising campaign, he said that newspapers and magazines consistently used with effective advertisements will in time bring rewards.

"Booklets, Folders, Novelties, Direct by Mail, Etc." was the subject spoken on by Carlton K. Matson, vice-president, the Hanton Company of Cleveland, Ohio. He is absolutely against the idea of panacea booklets, except in the case of the opening of a new building, or a special anniversary or some such occasion. A simple booklet, with simple language properly distributed is a most effective means of publicity, but the use of large booklets with many pages and containing words which the average individual does not understand is not the best form of advertising. While many banks still have their tellers give out booklets over the counter Mr. Matson spoke of the utter wastefulness of this method of distribution, and the writer can agree with him through personal experience.

"Outdoor, Window Displays and Car Cards" was the subject of Paul H. Hardesty, publicity manager of the Union Trust Co. of Chicago. He said that "windows are the eyes of the bank" and that attractive show windows bring direct results to any financial institution." He also said that twenty-five per cent. of the people of this country, on the average, are illiterate and that to be

successful advertising must reach the masses and have a fundamental interest—this can be displayed by outdoor advertising and car cards, and window displays. He quoted instances of direct results of certain campaigns using these mediums.

Fred M. Staker, manager publicity department of the Commerce Trust Co. of Kansas City, spoke on "Direct Personal Solicitation". He discussed ways and means of securing prospects, the approach, and the close of a personal call. The quality of the prospect should be carefully considered, and all data secured before the approach is made. He also stated that customers are the best prospects, and getting their business in all departments is a big field for the new business department. He suggested that whenever possible an officer of the bank accompany the representative, especially where the officer is personally acquainted with the prospect or had some indirect influence.

Under the head of "Trust Advertising," Benjamin Bills, director of sales of the American Bonds & Mortgage Co. of Chicago spoke on "What the Advertising Man Should Know". He should, said the speaker, know the main points covering the distribution of property, wills, and a general outline of the salient points necessary to frame interesting and effective trust advertisements.

E. L. Colegrove, publicity department of the Union Trust Co., Cleveland, spoke on "Copy, Form, and Illustrations". He particularly urged human interest copy in trust advertising, with simple terms that the average citizen can understand, and gave as an example an advertisement with the headline "While he passed the cigars the law stepped in".

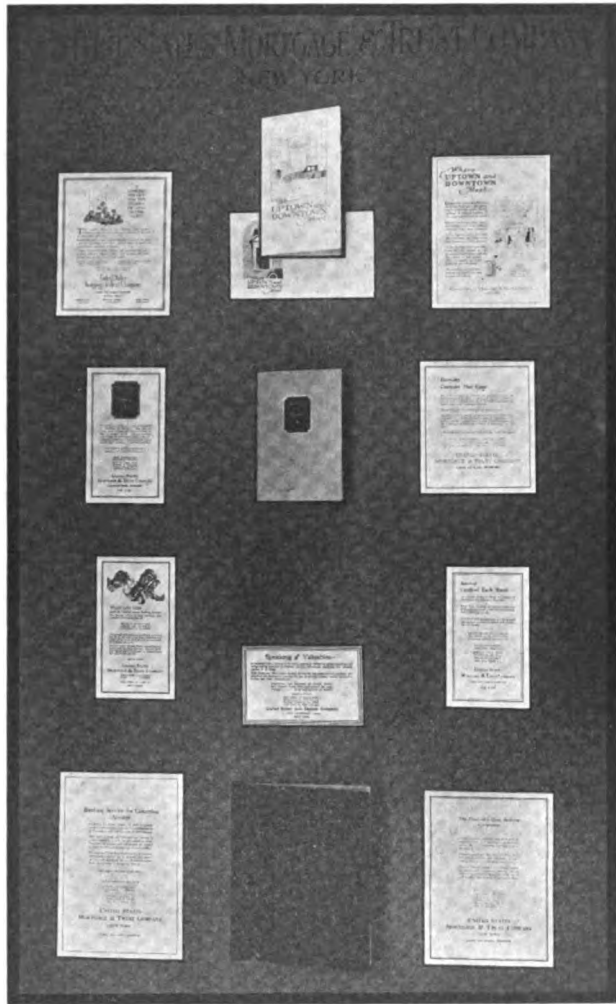
Samuel Witting, spoke expertly on the subject of "Wills and Lawyers," and made quite

a technical address which it would be hard to outline here. It showed that he was exceptionally well versed on this subject.

"Investment Value of Persistent Trust Advertising" was spoken on by Alfred C. Flather, assistant to the president, American Security & Trust Co. of Washington, D. C. Spasmodic trust advertising was not productive of good results he said, and constancy was absolutely necessary. Per-

sistent trust advertising would reap its reward he claimed.

Clinton F. Berry, advertising manager, of the Union Trust Co. of Detroit, Michigan, related some very unusual stories about trusts. One was about a farmer who received one of their circulars in 1902 and last year walked into the bank and placed his estate in trust. Space forbids the others, but suffice to say they each showed the value of the right sort of trust publicity.



Another panel of the United States Mortgage and Trust Company exhibit shown before the Financial Advertisers at Milwaukee



When a ship is weathering a gale the throwing over of all does not stop the storm, but if makes the surrounding waves subside.

A storm of unemployment is sweeping the world and Philadelphia, too, is in the troubled waters. It is time when quick action counts. There is definite work to be done.

We have a Sesqui-Centennial in four years. We have \$5,000,000 already appropriated on which to start.

We have a bridge to be completed at the same time. We have several large municipal buildings already authorized.

We have men who need the work—skilled and unskilled.

Could there be a firmer foundation on which to build than the happiness of a busy people?

Let Us Speed Up the Decision. We cannot save the World, but we can make smoother sailing for Philadelphia.

CORN EXCHANGE NATIONAL BANK
Philadelphia Chestnut at Second

A well-planned and executed advertisement by a Philadelphia bank, in the interests of the coming Sesqui-Centennial Exposition in Philadelphia

Herbert Mulford, advertising manager of Ames, Emerich & Co., Chicago, spoke on "What the Advertising Man Should Know About Investment Advertising". He said that he should know what each class of investment really means, and what points the buying public should look for when purchasing bonds.

H. G. Hodapp, manager of publicity, of Wells, Dickey Co., Minneapolis, made a splendid talk on "Formal Notices of Security Issues—Syndicate Advertising—Form, Copy and Possible Improvement". He went deeply into these subjects, and decried the old form of notices of security issued. He also spoke of the adaptability of syndicate advertising, and possible improvement in layout, copy and general ideas.

"Do Investment Bankers Owe the Public the Duty of Warning or Educating Against Fraud?" was the subject of Roy C. Osgood, vice-president, First Trust & Savings Bank,

Chicago. He is in favor of every investment banker educating the people either to consult their bankers before investing, or purchase of an established, reputable bond house.

R. P. Hammond, advertising manager, of the Second Ward Securities Co., Milwaukee, spoke on "Should a Savings Bank Have an Investment Department—Relation Between Savings and Investments". He spoke in favor of an investment department in a bank, stating that a saver will some day be in the investment class, and when that time comes, if a bank does not secure his business, he will go elsewhere, and possibly go into some "fly-by-night" scheme.

"Influence of Publishers on Investment Advertising—Financial Department of Magazines and Their Relation to Advertising" was the subject of Edgar G. Criswell, manager investment department the Quality Group, New York City. He spoke of the present day censorship of financial advertising submitted to magazines, and the desire of the publisher to protect the public against fraud.

"Advice of Financial Editors on Investments" was given by Frank P. Bennett, Jr., editor, *United States Investor*, Boston. He said that the eastern part of the United States, particularly the New England states needed enthusiasm and education on investments. He also outlined how financial editors could be of valuable assistance along all lines of educational investment advertising.

F. W. Gehle, publicity manager, the Mechanics and Metals National Bank of New York City spoke on "What the Advertising Man Should Know". He should know the operating end of a bank, so that he can intelligently describe its services, in other words he should know banking from a practical end, as well as a theoretical end.

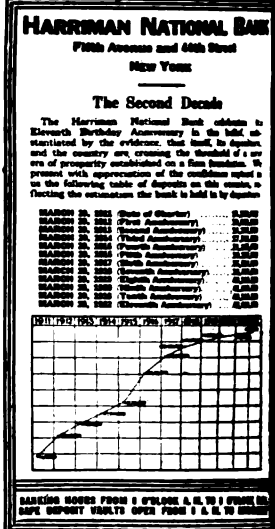
Walter S. Greenough, assist-

ant to president, Fletcher Savings & Trust Co. of Indianapolis, spoke on "News Relations of Business Situations and Conditions to Advertising". He showed how it was possible to take advantage of certain situations and turn them into advertising campaigns for the bank. Timeliness was his stress on advertising.

"Service in Support of Advertising" was ably presented by Carl Gode, advertising manager of the Merchants Loan and Trust Co., Chicago. He showed how it was absolutely necessary to have the organization thoroughly in accord with the publicity program, and how it was possible to achieve this.

Guy W. Cooke, advertising manager of the First National Bank of Chicago spoke on "Good Will Advertising and Nuisance Advertising," meaning programs and special publications on which vast amounts could be spent without much good.

C. H. Handerson, publicity manager of the Union Trust Co



HARRIMAN NATIONAL BANK
70th Avenue and 68th Street
New York

The Second Decade

The Harriman National Bank celebrates its Eleventh Birthday Anniversary in the kind of manner which the evidence that banks in London and the country are, crossing the threshold of a new era of prosperity established on a firm foundation. We present with appreciation of the confidence reposed in us the following table of deposits on this anniversary reflecting the continuous the bank is held in by depositors.

DEPOSITORS	DEPOSITS	PERCENTAGE
1908	1,000,000	100%
1909	1,200,000	120%
1910	1,500,000	150%
1911	2,000,000	200%
1912	2,500,000	250%
1913	3,000,000	300%
1914	4,000,000	400%
1915	5,000,000	500%
1916	6,000,000	600%
1917	7,000,000	700%
1918	8,000,000	800%

SAVINGS DEPOSITS FROM 1908 TO 1918
SAFE DEPOSIT CLOSURE OVER FROM 1908 TO 1918

Excellent layout in this bank's use of chart to show growth. The black face type following the introductory copy is well placed and serves both to strengthen the effect of the chart and to make its meaning more readily clear.

of Cleveland spoke on "What Should Not be Told," and won the representation of the Financial-Advertisers' convention to the general session of the Associated Advertising Clubs session, inter-department meeting. He tabooed the "friendly bank"—the "cordial bank"—the "safe bank"—the "strong bank," and all other stereotyped forms now being so widely used by bankers everywhere. His talk was delivered in an able manner, and showed the voice of experience.

"Small Checking Accounts—Their Value and Desirability," was discussed from all sides by Walter Distelhorst, assistant manager of the commercial service department of the First Wisconsin National Bank of Milwaukee.

C. H. Wetterau, assistant vice-president American National Bank of Nashville, spoke on "The Development of Institutional Prestige—Advertising of Benefit to all banks". He showed how all bank advertising redounded to the benefit of other banks, and how each built up good will and institutional confidence through publicity.

The following officers and directors were elected for the year 1922-23:

President, W. W. Douglas, Bank of Italy, San Francisco; first vice-president, Gaylord S. Morse, State Bank of Chicago; second vice-president, Carroll Ragan, U. S. Mortgage and Trust Co., N. Y.; third vice-president, A. C. Flather, American Security and Trust Co., Wash., D. C.; treasurer, Carl A. Gode, Merchants Loan and Trust Co., Chicago.

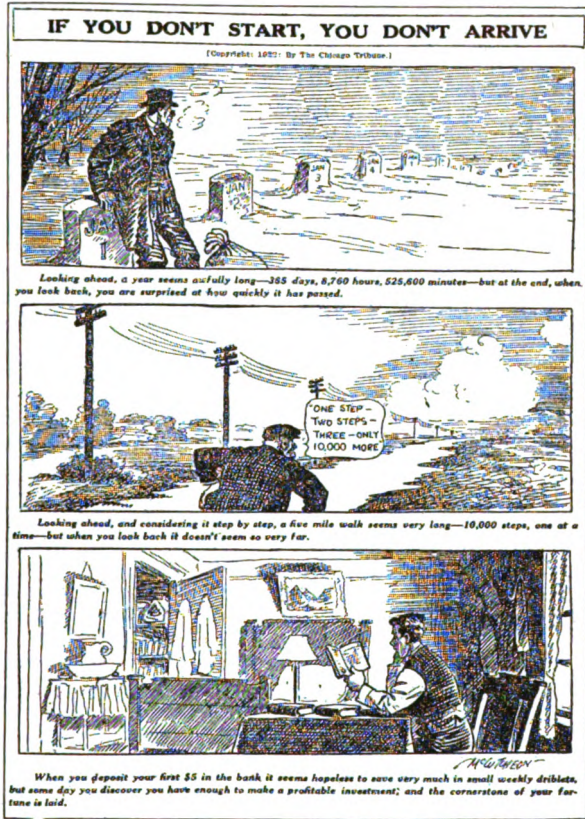
Directors: John Cowan, Toronto General Trusts Corporation, Toronto, Canada; C. H. Handerson, Union Trust Co., Cleveland; Jessamine C. Hoagland, National City Bank of Chicago; H. G. Hodapp, Wells and Dickey Co., Minneapolis; W. R. Morehouse, Guaranty Trust and Savings Bank, Los Angeles; Ethel Scully, Morris

F. Fox and Co., Milwaukee; C. H. Wetterau, American National Bank, Nashville; F. W. Gehle, Mechanics and Metals National Bank, New York; F. Dwight Conner, Illinois Trust and Savings Bank, Chicago; Fred M. Staker, Commerce Trust Co., Kansas City; R. E. Hotze, Jr., Planters National Bank, Richmond; W. B. Weisenberger, National Bank of Commerce, St. Louis; H. B. Grimm, Security Trust Co., Detroit; Julius C. Peters, Detroit Trust Co.; John J. Wells, Jr., Rhode Island Hospital Trust Co., Providence, R. I.; A. E. Bryson, Halsey Stuart and Co., Chicago; H. B. Mul-

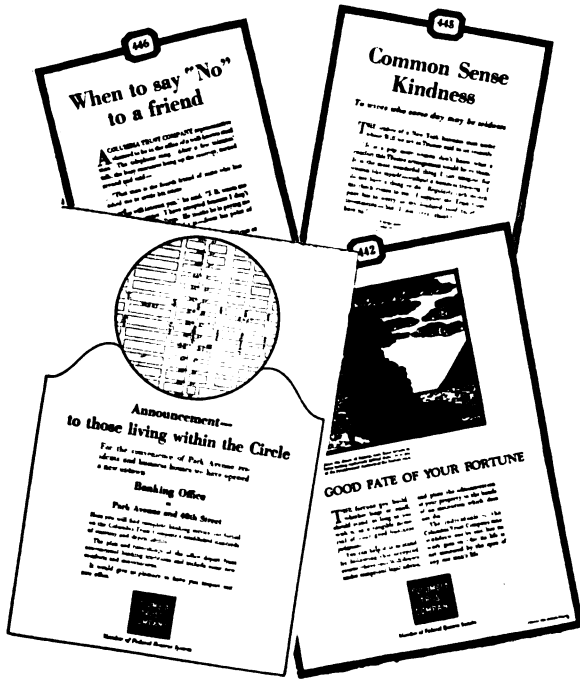
ford, Ames Emerich and Co., Chicago.

For representatives to the National Advertising commission: M. E. Holderness, First National Bank, St. Louis, one year; F. W. Ellsworth, Hibernia Bank and Trust Co., New Orleans, three years.

"EAST BROOKLYN", a thirty-six page booklet sent out by the East Brooklyn Savings Bank, contains a history of the community now known as East Brooklyn, as well as a history of the bank from the date of its founding.



This banking cartoon by John T. McCutcheon of Chicago Tribune fame was featured in a circular containing some effective human interest copy sent out by the Liberty Trust and Savings Bank, Chicago. The circular brought in a large number of savings accounts



A group of four unusual newspaper advertisements recently run by the Columbia Trust Company, New York

How Banks Are Advertising

THE NATIONAL Commercial Bank and Trust Company of Albany has issued a thirty-two page booklet which is particularly artistic in design, and has an unusual dignity of make-up.

The booklet contains a history of the bank, of its improvements and additions, and a resumé of the workings and scope of each of the various departments, with reproductions of skillfully executed drawings interspersed throughout.

The names of all officers of the bank, past and present, are given, and, in conclusion, there is a comparative statement of assets at various periods beginning with the year 1826, and ending with 1921, showing the growth of the institution through the years of its long existence.

"BEFORE GOING ABROAD," is the title of a timely little booklet

issued by the Bank of America, New York. The booklet contains a concise resume of the services which the Bank of America can render customers who plan a trip abroad. In addition to facilities for the care of financial matters and the safeguarding of securities and personal effects the booklet points out the assistance which its service department is in a position to render customers in the matter of procuring passports, making steamship arrangements, and attending to other detail arrangements necessary to a comfortable voyage.

"THE FOUNDATION of Your Home," is the title of a folder distributed by the Guardian Savings and Trust Company, Cleveland. The folder outlines a plan of home ownership which embodies the building up of a savings account to the point where the would be home-

owner is enabled to make a down-payment on a home sufficiently large enough to assure a substantial equity in the property from the beginning.

"THE VOLUNTARY Trust and its Place in Your Affairs," a booklet distributed by the United States Mortgage and Trust Company, New York, is descriptive of the voluntary, or living trust which may be established with the bank to various designated ends such as, for example:

- To fix an independent income upon a wife.
- To provide a fund for the education of children.
- To provide a dowry for a daughter.
- To give a daughter an independent safeguarded income after marriage.
- To provide a son with capital to enter business when he reaches a certain age.
- To contribute regularly to charitable or philanthropic institutions. Such trusts may be in perpetuity.

The booklet points out that this voluntary trust, being established and operative during the life of the maker, gives him an opportunity to watch its provisions in operation, and a chance to change them should it appear desirable. Under the terms of a voluntary trust agreement, the booklet states,



The illustration here appeals to the imagination without having an irrelevant relation to the copy or detracting from it, as is so often the case with this type of advertisement.

the maker may elect to retain as much or as little authority over the investment of the fund and its income as he desires.

“WHAT THE BANK believes to be a record for the number of savings accounts opened by a new bank was established during the three days opening of the Home State Bank for Savings, Grand Rapids, Mich., June 1 to 3 when it opened 4407 accounts.

The extraordinary success of the opening is attributed to the carefully laid plans, the “teaser” advertising campaign, and the remarkable coöperation of practically all the stockholders. The opening day was Thursday, June 1. On the preceding Saturday, the first ad, thirty inches in size, appeared in the newspapers, announcing the opening, and stating that a valuable “surprise” would be presented to each new depositor during the opening. On Monday and Tuesday fifteen-inch ads appeared headed “You’ll be surprised” and “Sh-sh—It’s a surprise”, designed to increase the curiosity of the public. The day before the opening a seventy-five-inch ad appeared, in which

the “surprise” feature was still dominant. The mystery feature was strongly emphasized.

Six days before the opening the bank gave a banquet to all stockholders and wives, at which prizes were offered to the stockholders who would send in the largest number of depositors during the three day opening. Pads of ten slips each were passed out. The stockholder was to write out the prospective depositor’s name on this slip and sign his own, and have the depositor turn it in with his deposit, whereupon the customer would be credited to the stockholder. Not even the stockholders were told the nature of the “surprise” feature. This contest proved very popular with the stockholders, as well as the public.

The “surprise” consisted of a coin enclosed in an envelope and slipped into every depositor’s pass book. These coins ranged from one cent to ten dollar bills. Those who received the small coins took it good naturedly, and those receiving the big bills naturally were elated and spread the news fast. Every hour during the three days opening depositors were standing in line, and the bank kept open each evening till nine o’clock. Cigars, roses and other souvenirs were also passed out. It might be expected that a large number of dollar deposits would be made by persons intent only on trying for a prize, but this was not the case, the average deposit being large enough to be highly desirable.

“FORTY YEARS Without Loss To Any Investor”, is the title of a handsome booklet prepared by S. W. Straus and Company, New York, on the occasion of the fortieth anniversary of that house. The booklet which is printed in large readable type on coated paper contains a history of the founding and growth of the institution. Included in the booklet are several very effective color prints of

“A Tower of Strength”

GOOD BUSINESS

depends upon many factors, not the least of which is a strong banking institution, placing on the command of the customer knowledge and experience in and how to solving his business problems.

With its resources, its organization experienced in dealing with major problems of finance, and its national and international banking connections, the Bankers Trust Company is well equipped to handle the accounts of many of the leading business enterprises of the city and nation.

These firms and corporations realize the importance of sending out their banking arrangements to meet not only present but all possible future requirements.

We ask the accounts of those who are able and willing to cooperate with us to make a banking connection, we are most gratified.

BANKERS TRUST COMPANY

New York City, 110 Wall Street
 New York Office, 110 Wall Street
 San Francisco Office, 110 Wall Street
 Boston Office, 110 Wall Street

In all the advertising of this bank the famous “tower” is sure to play a prominent part. It has certainly been capitalized in this advertisement, which is bound to be strengthened by the dignity and character lent to it through the layout. This is individuality of the sort that means something

the new Straus building on Fifth avenue; as well as photographs of former buildings used as New York headquarters, and buildings formerly and at present in use as offices in other cities where the house has branches.

THE FIDELITY Trust Company, Buffalo, has published a pamphlet entitled “Better Banking under the Federal Reserve System.” The pamphlet gives a brief but comprehensive résumé of the function and workings of the Federal Reserve banks.

SAFETY IS MORE IMPORTANT THAN THE RATE OF THE COUPON

The difference in yield of a bond and a year one is almost insignificant. But the difference in safety is very serious. When you buy bonds we advise you to buy real safety. We do not believe you want to take a chance with your principal for a half per cent extra.

Cleveland Discount Co. mortgage real estate bonds, commercial bills, stocks and bonds, and represent the safest investment in the world.

Cleveland Discount Co. first mortgage bonds of a particularly fine city guaranteed principal and interest by this company. Our interest rate bonds are the lowest quotations of this company—unless local payments settle in the highest degree.

Our specialists describe any special package desired to make a first mortgage bond.

The Cleveland Discount Co.
 Offices in Principal Cities

Here is another example of the effective reproduction of a company’s building as a means of strengthening the layout

Bank Advertising Exchange

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

Watch for New Names and Other Changes.

- Albany, N. Y., Albany City Svgs. Institution, F. H. Williams, treas.
Asbury Park, N. J., Asbury Park Tr. Co., W. C. Rogers, secy.-treas.
Asheville, N. C., Hackney & Moale Co., P. E. Morrow.
Atlantic, Iowa, Iowa State Bank, H. M. Butzloff, asst. cash.
Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.
Battle Creek, Mich., Old National Bank, Earl R. Oborn, asst. cash.
Boston, Mass., Internat'l Tr. Co., T. F. Megan, asst. secy.
Boston, Mass., Nat'l Shawmut Bank, A. L. Winship, V. P.
Boston, Mass., Old Colony Tr. Co., E. H. Kittredge, pub. mgr.
Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to Pres.
Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
Brooklyn, N. Y., Williamsburgh Svgs. Bank, B'way & Driggs Ave., V. A. Lersner, comp.
Bruxelles, Belgium, Moniteur des Interets Maternels, 27 Place de Louvain.
Buffalo, N. Y., Citizens Tr. Co., H. G. Hoffman, treas.
Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
Buffalo, N. Y., Marine Tr. Co., J. A. Edwards, adv. mgr.
Buffalo, N. Y., Peoples Bank, P. E. Illman, V. P.
Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
Cedar Rapids, Iowa, Cedar Rapids Savings Bank, C. E. Auracher, adv. mgr.
Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman.
Charleston, W. Va., Charleston Nat'l Bank, C. F. Snyder, Jr., adv. mgr.
Chattanooga, Tenn., American Tr. and Bkg. Co., E. L. Smith, asst. cash.
Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, adv. mgr.
Chattanooga, Tenn., 1st Tr. & Svgs. Bank, J. H. McDowell.
Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
Chicago, Ill., American Press League, 11 S. La Salle St., T. J. Sullivan, pres.
Chicago, Ill., R. E. Bauder, 738 S. Michigan Ave.
Chicago, Ill., Critchfield and Co., L. E. Delson, finan. adv. mgr.
Chicago, Ill., Englewood State Bank, 63rd St. & Yale Ave., E. N. Baty, mgr. new bus. dept.
Chicago, Ill., Liberty Tr. & Svgs. Bank, A. L. Rosenthal, asst. cash.
Chicago, Ill., Merchants Loan & Tr. Co., C. A. Gode, adv. mgr.
Chicago, Ill., Nat'l City Bank.
Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
Chicago, Ill., Union Tr. Co., P. L. Hardesty, adv. dir.
Chicago, Ill., Woodlawn Tr. & Svgs. Bank, T. Jessup, asst. cash.
Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
Cleveland, Ohio, Central Nat'l Bank Svgs. & Tr. Co., R. J. Izant, adv. mgr.
Cleveland, Ohio, Cleveland Trust Co., C. K. Matson, pub. mgr.
Cleveland, Ohio, Garfield Svgs. Bank, E. V. Newton, mgr. new bus. dept.
Cleveland, Ohio, Reliance Tr. Co., E. J. MacNab, asst. secy.
Cleveland, Ohio, Union Tr. Co., C. H. Handerson, pub. mgr.
Clinton, Iowa, City Nat'l Bank, A. C. Smith, pres.
Corona, Cal., 1st Nat'l Bank, P. L. Hudson, asst. cash.
Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
Denver, Colo., Denver Nat'l Bank, G. T. Wells, asst. cash.
Detroit, Mich., First National Bank, Frank J. Campbell, adv. mgr.
Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, asst. cash.
Elmira, N. Y., 2nd Nat'l Bank, H. E. Mallory, adv. mgr.
Emporium, Pa., 1st Nat'l Bank, C. R. Zimmer.
Evanville, Ind., City Nat'l Bank, J. C. McCorkle, pub. mgr.
Evanville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
Flint, Mich., Citizens Commercial & Svgs. Bank, H. E. Potter, asst. cash.
Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
Gardner, Mass., Gardner Tr. Co., R. E. Merrill.
Greenville, Pa., Farmers & Merchants Tr. Co., M. M. Simons, asst. treas.
Greenville, S. C., American Bk. & Tr. Co., R. Anderson, cash.
Greenville, S. C., Woodside Nat'l Bank, J. L. Williams, V. P.
Haverhill, Mass., 1st Nat'l Bank, C. K. Wormwood, adv. mgr.
Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
Jacksonville, Fla., Atlantic Nat'l Bank, J. M. Quincy, asst. cash.
Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell.
Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy.
Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
Kansas City, Mo., Commerce Bank, F. M. Staker, mgr. pub. dept.
Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
Lansing, Mich., Capital Nat'l Bank, H. D. Bennett, asst. cash.
Lima, Peru, S. A., Banco Mercantil Americano del Peru.
Little Rock, Ark., American Bank of Commerce & Tr. Co., M. A. Busbee, adv. mgr.
Los Angeles, Cal., 1st Nat'l Bank & Tr. & Svgs. Bank, R. M. MacNennon, adv. mgr.
Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
Louisville, Ky., Nat'l Bank of Kentucky, F. C. Adams, mgr. pub. dept.
Madrid, Spain, Banco Hispano Suiso, Para Empreras Electricas, Plaza Canalejas 3, E. C. Hirt.
Madison, S. D., Lake Co. Nat'l Bank, T. A. Wadden, V. P.
Meridian, Miss., Merchants & Farmers Bank, M. Keeton, mgr. svgs. dept.
Milwaukee, Wis., Second Ward Securities Co., R. P. Hammond, bus. serv. dept.
Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace.
Minneapolis, Minn., Midland Nat'l Bank, L. L. Stark, mgr. pub.
Minneapolis, Minn., Minnesota Loan & Tr. Co., R. Reese.
Minneapolis, Minn., Northwestern Nat'l Bank, F. Merrill, adv. mgr.
Monterey, N. L., Mex., A. Zambrano, Jr., care of A. Zambrano y hijos, Apartado No. 6.
Montreal, Que., Bank of Hochelaga, 112 St. James St., H. G. Gonthier, dir. pub.
Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, adv. dept.
New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P.; W. E. Brown, adv. mgr.
Newport News, Va., 1st Nat'l Bank, D. L. Downing, asst. cash.

- N. Y. C., American Express Co., S. D. Malcolm, gen. mgr. adv. dept.
 N. Y. C., American Union Bank, R. Stein, asst. cash.
 N. Y. C., Banco di Roma, 1 Wall St., Rodolfo Bolla, American representative.
 N. Y. C., The Bankers Magazine.
 N. Y. C., Bank of America, 44 Wall St., W. Woolford.
 N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.
 N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
 N. Y. C., Henry L. Doherty & Co., 60 Wall St., T. B. Pratt.
 N. Y. C., Farmers Loan & Tr. Co., C. M. Rittenhouse.
 N. Y. C., Guaranty Trust Co., H. W. Carlisle, pub. mgr.
 N. Y. C., Hoggson Bros., 485 5th Ave., E. L. Wright, pub. mgr.
 N. Y. C., Internat'l Bkg. Corp., R. F. Crary, asst. cash.
 N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehlie, mgr. adv. dept.
 N. Y. C., Metropolitan Tr. Co., E. S. Van Leer.
 N. Y. C., Morris Plan Bank, 361 B'way, W. D. McLean, V. P.
 N. Y. C., New York Tr. Co., E. Langstroth.
 N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 N. Y. C., S. W. Strauss & Co., 5th Ave. at 46th St., H. B. Mathews, adv. mgr.
 N. Y. C., Union Bank of Canada, 49 Wall St., A. G. Scialer.
 Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, adv. mgr.
 Norfolk, Va., Tidewater Bank & Tr. Co., G. W. C. Brown, asst. secy.
 Norfolk, Va., Virginia Nat'l Bank, R. J. Alfriend, Jr., asst. cash.
 Northampton, Mass., Hampshire County Trust Co., G. L. Willis, pres.
 Oak Park, Ill., Oak Park Tr. and Svgs. Bank, L. A. Clarahan, mgr. new bus. dept.
 Paterson, N. J., 2nd Nat'l Bank, W. Van Blarcom, asst. cash.
 Pendleton, Ore., American Nat'l Bank, J. De Wilde, pub. mgr.
 Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hoebach.
 Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
 Phila., Pa., R. H. Thompson, 1524 Chestnut St. Phila., Pa., Tradesmen's Nat'l Bank, H. E. Dally.
 Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett.
 Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter.
 Pittsburgh, Pa., Mellon Nat'l Bank, J. M. Williams, pub. mgr.
 Pittsburgh, Pa., W. H. Siviter, 122 Dithridge St.
 Prague, Czechoslovakia, Bohemian Industrial Bank, head office.
 Raleigh, N. C., Citizens Nat'l Bank, R. A. Brown, asst. secy.
 Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbreth.
 Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., adv. mgr.
 Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
 Ridgewood, N. J., 1st Nat'l Bank, L. F. Spencer, V. P.
 Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
 Rochester, N. Y., East Side Svgs. Bank, C. C. Davy, atty.
 Rochester, N. Y., Union Tr. Co., A. J. Meyer, pub. dept.
 Rome, Italy, Banco di Roma, head office.
 San Antonio, Tex., Central Tr. Co., D. Ansley.
 San Francisco, Cal., 1002 Monadnock Bldg., L. G. Peede.
 San Francisco, Cal., Security Bk. & Tr. Co., W. F. Morrish, V. P.
 San Francisco, Cal., Union Tr. Co., M. Newman, asst. cash.
 Scranton, Pa., Anthracite Tr. Co., L. A. Haggerty, asst. treas.
 Scranton, Pa., 3rd Nat'l Bank, J. E. Williams, asst. cash.
 Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
 Shelbyville, Ill., J. C. Eberspacher, asst. cash.
 Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Madden, pres.
 Smithtown, N. Y., Nat'l Bank of Smithtown, J. A. Overton, cash.
 South Bend, Ind., Indiana Svgs. & Loan Ass'n, J. C. Stover, secy.
 Spokane, Wash., Old Nat'l Bank, A. F. Brunkow, pub. mgr.
 Spokane, Wash., Union Tr. Co., W. J. Kommers, pres.
 St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, adv. mgr.
 St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
 St. Louis, Mo., Mercantile Tr. Co., S. P. Judd, pub. mgr.
 St. Louis, Mo., Nat'l Bank of Commerce, W. B. Welsenburger, adv. dir.
 Stockholm, Sweden, Aktiebolaget Svenska Handelsbanken, P. G. Norberg.
 Stroudsburg, Pa., C. B. Keller, Jr., cash.
 Tampa, Fla., Citizens Bank & Tr. Co., L. A. Blize, pres.
 Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Strelcher, new bus. dept.
 Toronto, Canada, Canadian Bank of Commerce, F. C. Bigger, head office.
 Toronto, Canada, H. J. Coon, 68 Farnham Ave.
 Toronto, Canada, Home Bank Monthly, Home Bank of Canada.
 Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off.
 Tuscaloosa, Ala., City Nat'l Bank, S. F. Claibough, cash.
 Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
 Valdosta, Ga., Merchants Bank of Valdosta, A. F. Winn, Jr., pres.
 Warren, Pa., Warren Nat'l Bk., E. W. Johnson.
 Washington, D. C., Federal Nat'l Bank, John Poole, pres.
 Washington, D. C., Union Tr. Co. of D. C., 15th & H Sts., W. S. Lyons.
 Washington, D. C., Washington Loan & Tr. Co., E. H. Thomson, pub. mgr.
 Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
 Wausau, Wis., Marathon Co. Bank, H. C. Berger, cash.
 Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
 Wellsboro, Pa., 1st Nat'l Bank, L. M. Matson, adv. dept.
 Westchester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall.
 Wilkes Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
 Wilkes Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. new bus. dept.
 Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, Jr., pres.
 Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
 Winston-Salem, N. C., Buck & Glenn, Inc., C. L. Glenn, secy.
 Winston-Salem, N. C., Wachovia Bank & Tr. Co., P. Garner, pub. mgr.
 Youngstown, Ohio, 1st Nat'l Bank, J. N. Higley, pub. mgr.
 Yuma, Ariz., Security Tr. & Svgs. Bank, J. O. Blethen, cash.
 Zurich, Switzerland, J. Muller, 49 Sonneggstrasse.
 Zurich, Switzerland, Union de Banques Suissees, H. de Murait, sub-mgr.

◎

New Names

- Missoula, Mont., Western Montana Nat'l Bank, J. Bennett.
 Pittsburgh, Pa., South Side Tr. Co., pub. mgr.
 Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY



NOTHING has been overlooked to make the new building of the First National Bank of Jersey City the equal in beauty of design and utility of construction of any bank building in the country. The main banking room, the board room, the corporation room, the vaults, are not only pleasing to the eye, but are admirably adapted for the convenience of the bank's customers.

Being actually nearer to Wall Street, New York, than City Hall this bank is literally a "Bank of Two Cities"

All architectural and engineering work was designed and supervised by

Alfred C. Bossom
Bank Architect and Equipment Engineer
680 Fifth Avenue, New York

Correspondence Invited

The National Shawmut Bank of Boston

ALMOST on the site of the old Exchange Coffee House, in Congress Square, Boston, where many of the meetings of the bank's first board of directors were once held, stands the new addition to the building of the National Shawmut Bank, recently completed and opened to the public.

Although it was only fifteen years ago that the bank moved into its new building on Water, Congress and Devonshire streets, confident that its needs would be amply accommodated for a long time, it long since has felt the need for more room to take care of its rapidly growing business.

So insistent did these demands become that about two years ago the addition was started. It conforms in architecture with the original building and trebles its facade on Devonshire street. The addition is in the form of a wing at right angles to the older part of the building, with direct access from Devonshire street, and here are the pay-

ing and receiving tellers and the coupon department, conveniently situated. The most up-to-date facilities for transacting and safeguarding these banking services have been installed, and the added units will reduce the delays inevitably incident to crowded hours.

Space made available in the old banking room as a result of the removal of the tellers to the new section will be taken in part for executives and the remainder will be included in a new arrangement of the auditing, note tellers, and foreign departments.

While these arrangements are obvious in their benefits, of equal importance is the expansion of facilities for the operating staff. The bookkeeping and check tellers' departments with their numerous sub-divisions, are amply provided for on the second and third floors of the addition, with direct access to the executive departments they serve. On the mezzanine floors of both old and new portions are located the filing, credit,



New banking room of the National Shawmut Bank of Boston showing tellers' cages and mezzanine



THE NATIONAL SHAWMUT BANK BUILDING

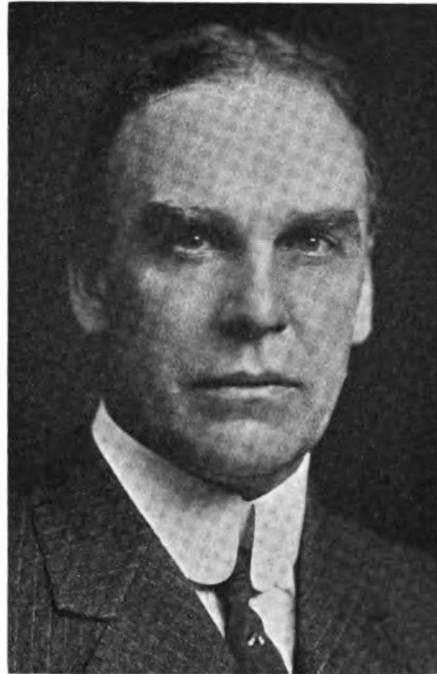
The recent Devonshire street addition to the building is shown at the left

money, stenographic and telegraph departments, and the publicity, business extension, research and library departments.

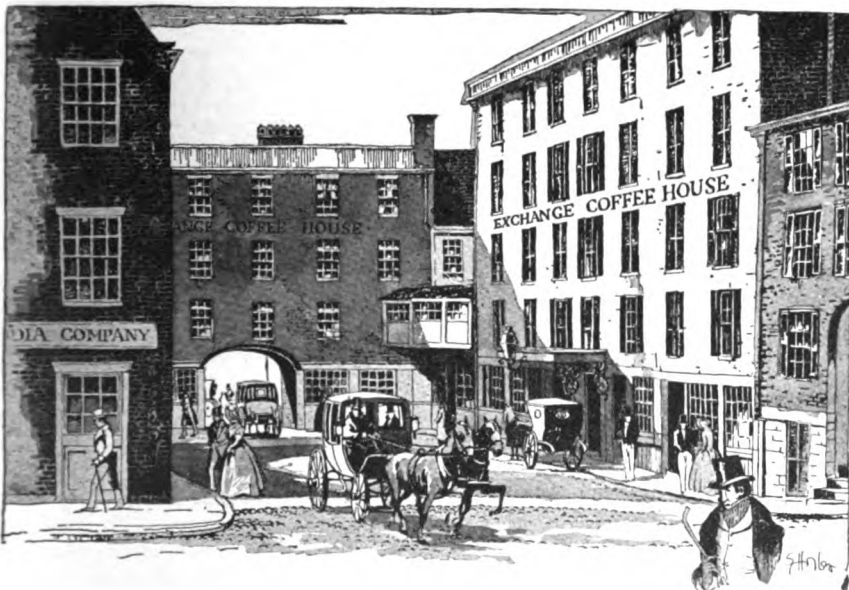
One of the features of the bank's enlargement is the commodious and fully appointed lunchrooms for men and women, with rest room and attendants for the latter, which occupy the entire fourth floor of the addition. These facilities have long been a part of the Shawmut organization, but like the working elements have, of late, been somewhat restricted through lack of space.

On the floor below—the Congress street level—the Shawmut Corporation remains substantially as before and the portion formerly occupied by the coupon, chief clerk's, safe-deposit and transfer departments will be taken by the transfer, trust, time savings and collection departments. Access to these rooms is from Water street and from the main banking floor.

In architectural treatment the addition conforms to the style of the older



ALFRED L. AIKEN
President National Shawmut Bank



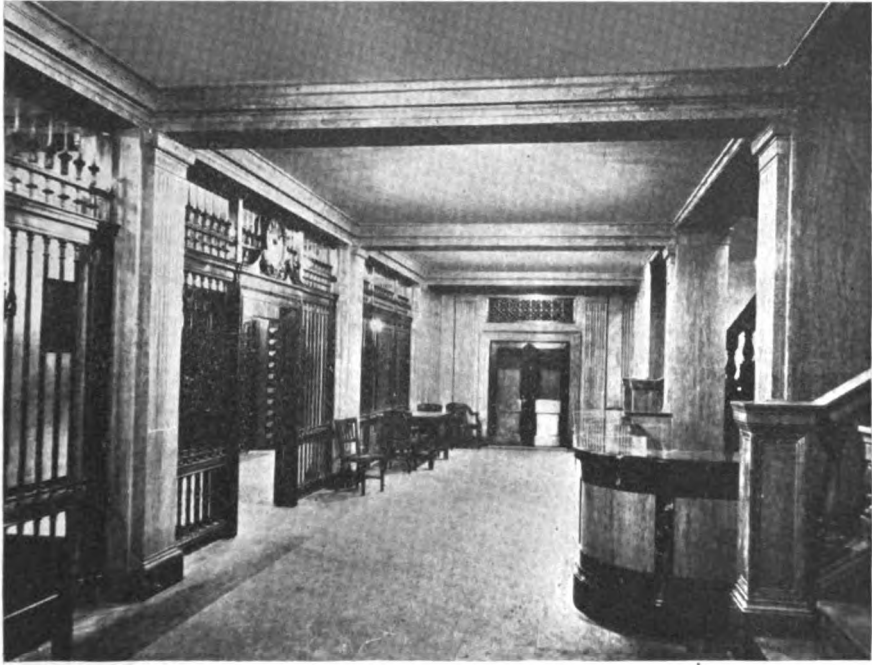
THE OLD EXCHANGE COFFEE HOUSE, CONGRESS SQUARE, BOSTON
Here were held many of the directors' meetings of the old Shawmut Bank. The new extension to the Shawmut Bank building is close to the site of the old Coffee House



MAIN BANKING ROOM

Extension of the public space of the National Shawmut Bank

The entrance to safe deposit vaults is on the right



Office of the safe deposit vaults and entrance to safes and coupon rooms

part—an adaptation of the Corinthian—but in the application of this motive to new elements greater richness is secured. This is apparent at the Devonshire street entrance, where the new elevators are grouped. Walls of marble, in panels, borders and pilasters, have bronze base moulding, capitals and frieze mouldings in harmonious combination. Modelled bronze predominates in the elevator bay on the left, and notable bronze gates, capped with grilles bearing the Indian head insignia of the bank marking and establishing the division of the general entrance hall from the banking rooms.

At the farther end of the new banking room the eighteen tellers' cages, extending around a bay that doubles its width at this point, are faced with marble and bronze and mingled in pleasing and dignified arrangement to fulfill their purpose of service and security. Illuminated signs, enclosed in chased gilt-bronze, indicate the receiving, paying and coupon wickets.

In this section, with access from the bank and, also, directly from the en-

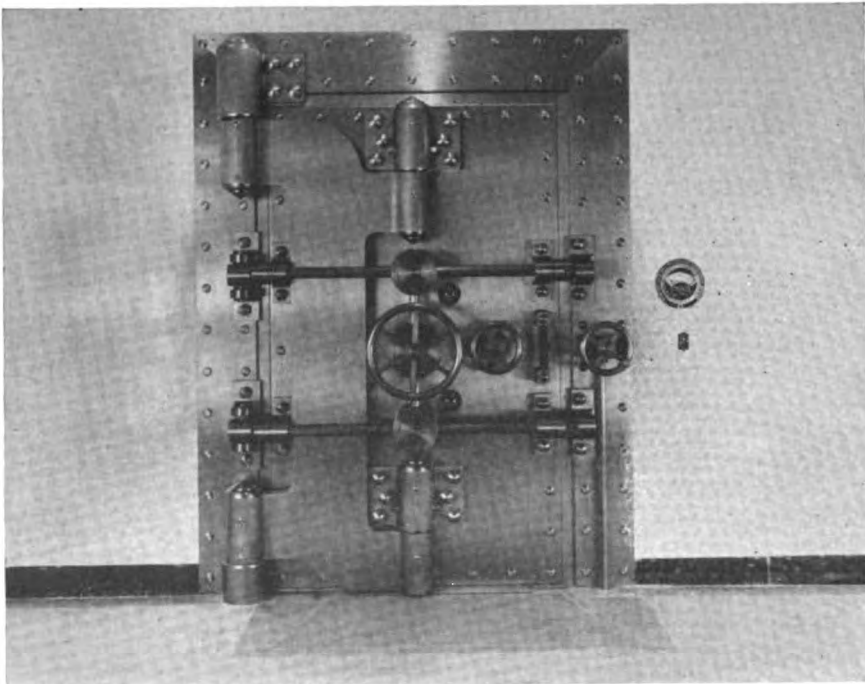
trance lobby, a room for the use of the president is provided. This is panelled in dark English oak, hand-moulded and



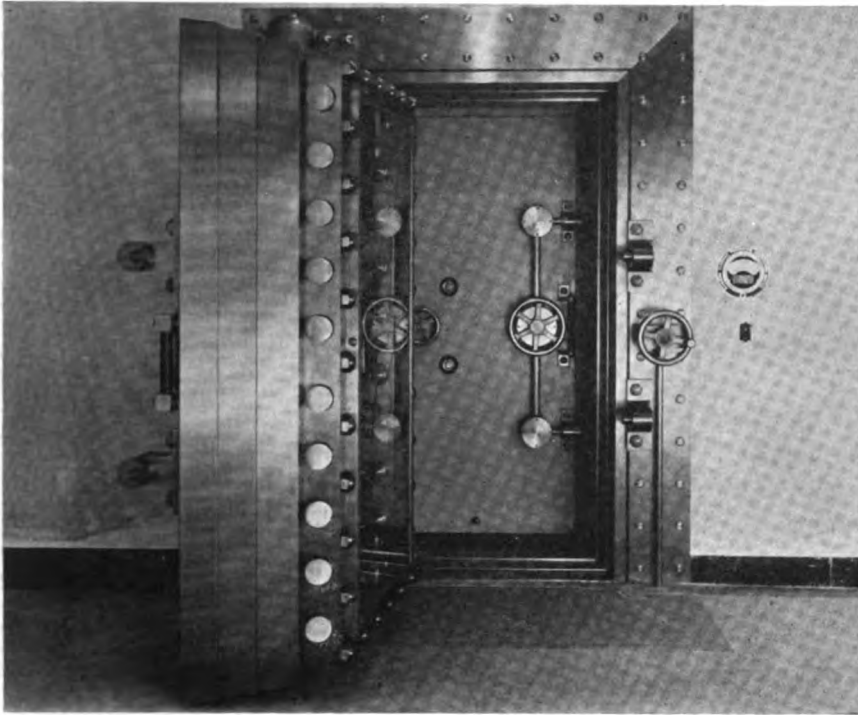
Grilled entrance to the safe deposit vaults



The great doors to the vault, showing the intricate work and massive locking bolts, 24 in number
This huge vault contains space for over 10,000 individual safe deposit boxes



This massive vault entrance is so perfectly balanced that it can be opened or closed by a child. The fit of the door into the frame is so close that the introduction of liquid explosives is impossible



Vault photographs, courtesy York Safe & Lock Co.

The main vault entrance whose great thickness is made up of a combination of non-drillable steel and "Infusite," the non-burnable torch-resisting metal

tree-nailed, with oak floor and an antique marble fireplace.

From the right, one enters the new banking room and a double stairway runs to the safe deposit department below. This is of gray marble with terrazzo walls embellished with bas-reliefs in the designs of notable gold coins of the United States, England, France and Italy, and in the centre a marble tablet bearing the Indian head insignia of the National Shawmut Bank, its title and date of establishment.

The safe deposit department, the need for which was an impelling cause of the present enlargement, is to be a special feature of the enlarged bank building. It represents the best ideas of modern protective science and convenience. The new vaults are among the best in the country, embodying every approved safety device and are given a most attractive setting in the basement of the addition. In these vaults there is space for 10,000 rental boxes of various

sizes, although this number of boxes will not be ready immediately.

Construction of the vaults has been with a view to obtaining the maximum strength of walls, doors and the like and at the same time to make them attractive to customers who have occasion to visit them. There are several conference rooms of considerable size and a large number of coupon rooms. Others still are to be built. Each of the rooms has a signal system which enables the person or persons using it to instantly call an attendant.

Strength of construction and the latest protective appliances are embodied in the safe deposit department's equipment in its new quarters, and the personnel is of a high standard.

The massive vault doors, weighing many tons, are beautifully finished and so carefully adjusted that they may be opened and closed easily. They are typical of the best and most modern

work of the York Safe & Lock Co.

The National Shawmut Bank, which has been so signally successful under its present management, now has total resources of nearly \$175,000,000, with

thoroughly organized departments for every type of modern service offered by metropolitan banks.

The most recent statement, that of June 30, 1922, follows:

RESOURCES		LIABILITIES	
Loans and investments	\$109,392,263.22	Capital stock	\$ 10,000,000.00
Acceptances of other banks.....	4,069,311.58	Surplus	10,000,000.00
U. S. bonds and certificates of indebtedness	9,011,826.40	Undivided profits and reserves for taxes	1,143,043.57
Banking house	2,850,000.00	Deposits	131,712,471.92
Cash resources	37,115,086.29	Special deposits of bonds.....	215,750.00
Customers' liability under acceptances	9,761,732.40	Acceptances	9,818,959.00
		Acceptances of other banks and cash letters of credit.....	708,287.36
		Bills re-discounted, acceptances and foreign bills sold	8,601,708.04
Total	\$172,200,219.89	Total	\$172,200,219.89



New Building for Union Trust Company, Cleveland

GROUND has already been broken for the new twenty-story bank and office building of the Union Trust Company, Cleveland. This building is to be erected at the northeast corner of Euclid avenue and East Ninth street. It will be the largest office building Cleveland has ever seen and probably the second largest in the world. Only the Equitable Building of New York City holds more square feet of office space. Rising above the present structures that now surround the Euclid-Ninth corner, the Union Trust building will completely change the appearance of this busiest of Cleveland's business centers.

The old Lennox Building, which now stands at the northeast corner, the Euclid Theatre Building, on the corner of Ninth and Chester, a frame house, a power house, and large parking ground now occupying the Chester avenue frontage are being removed to make way for the new banking structure.

The completion of this new building will give this corner a truly metropoli-

tan aspect. The sidewalk frontages of the new building, instead of consisting simply of long stretches of pillars, stone walls and windows, as was the case with so many of the old style bank buildings, will be occupied in the new building by stores and shops. Ten stores fronting on East Ninth, four on Euclid, and sixteen on Chester will occupy the sidewalk frontages between bank and building entrances. This will make brightly illuminated shopping sections along these three sides of the building. Instead of making a break in the shopping district, the new building will add to the value of the entire Euclid-East Ninth corner as a shopping center. Display windows and store entrances, flush with the sidewalk, between the white pilasters which will ornament the sides of the building, will prove a continuous attraction to downtown shoppers and give the entire building a pleasing aspect of continuous merchandising activity.

The architects are Graham, Anderson, Probst and White of Chicago, a

firm with a remarkable list of beautiful buildings to their credit. The contractors are the Thompson-Starrett Company of New York and associated with them in the construction of this building will be the Crowell-Little Company of Cleveland.

The building will extend for 145 feet on Euclid avenue, 256 feet on Ninth street and 381 feet on Chester. Beyond the main building will be a five-story service building, separated from the main building by an alley, but bridged over on the upper four stories. This will extend for 116 feet further on Chester avenue.

The total floor space will be over a million square feet. About 700,000 square feet of this space will be available for office purposes and about 300,000 square feet will be occupied by the Union Trust Company, which will fill the first four floors and part of the fifth. Especial attention has been given to the allowance of ample space for lobby purposes and for tellers' cages on the main banking floor, so as to avoid any congestion and to insure immediate service for every customer.

Twenty-eight office elevators will serve the building tenants. This will insure rapid transportation from the ground floor to every office floor and also between floors. Situated as they are, in the heart of the down-town business and shopping district, these new offices, easily accessible, finished in mahogany, and equipped with the most modern office conveniences, should be unusually attractive.

A further attraction will be a special parking ground for the use of tenants, which will make it possible for them to go from their machines to their offices with the least possible delay.

The Chester avenue floor, opening only on Chester avenue, but of course easily accessible from the first floor by stairways, will contain the safe deposit vault and coupon rooms, the cash vault, and the foreign department. The section of this floor which opens upon Chester avenue will be occupied by eleven shops facing on the street. Behind these shops, inside the building, will be

an arcade upon which seven more shops will open. On the Chester avenue sidewalk level there will also be a loggia extending for seventy-five feet beneath the first floor and leading up to the first floor main building lobby and elevators. This entrance will prove especially convenient after banking hours, when the entrances to banking rooms are closed.

The first floor—the floor on the

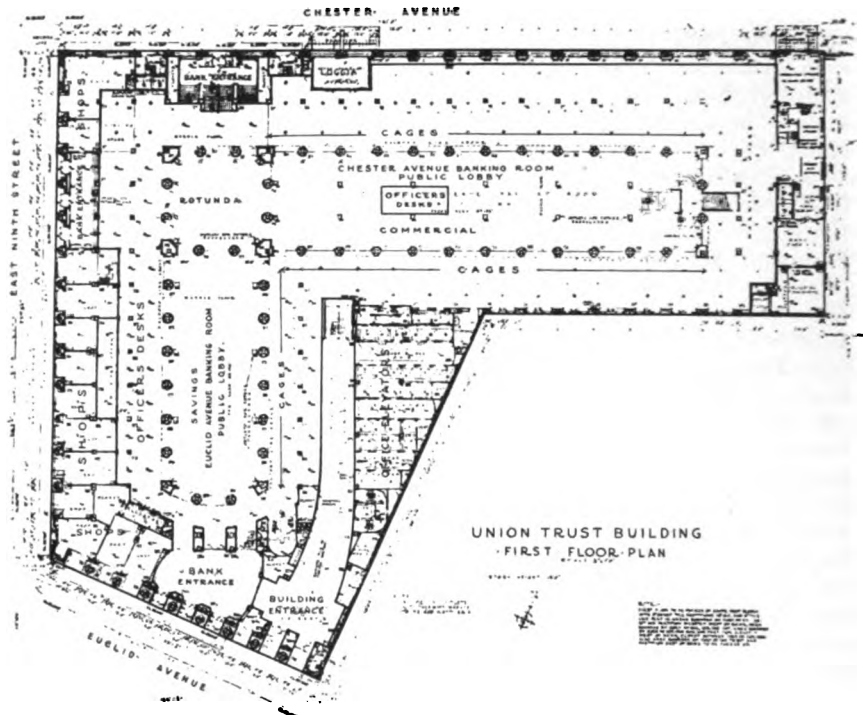


New Union Trust Building, Cleveland, to be constructed this year

Euclid level—will house the main banking rooms of the Union Trust Company—two handsome, spacious corridors lined with marble pillars and covered at a height of five stories by a transparent roof. Some idea of the immense size of the banking quarters set aside for the public may be gained from the fact that they will house a total of ninety-six tellers' cages.

The entire banking lobby will have the shape of a letter "L", the short arm extending along the Ninth street side, and the long arm along the Chester avenue side, with a rotunda at the intersection of the arms.

The Euclid avenue bank entrance will lead directly to the savings lobby, which will be the shorter arm of the greater L-shaped banking room. This



First floor plan of the Union Trust Building

savings room will be composed of an immense corridor fifty feet wide, flanked by marble pillars forty feet high. It will be 180 feet in length. On one side of the room, extending beyond the pillars, will be the savings tellers' cages—twenty-eight in all. On the other side of the room, in a corresponding location, will be the desks of the officers of the department. Behind these desks will be private conference rooms for the officers' use. Check desks will be placed in the center of the savings lobby.

The commercial banking room—the longer arm of the L—will extend along the Chester avenue side for a distance of two hundred and fifteen feet. This likewise will be flanked by pillars forty feet high. It will contain sixty-eight commercial tellers' cages, extending along both sides of the room, beyond the pillars. The officers of this department will have their desks in the very center of the room, in an "island" as it were, in the lobby. Check desks, of

course, will also be placed in the middle of the room. These rooms will be done in white marble and mahogany. At the intersection of these two rooms there will be a rotunda fifty feet across and seventy-five feet high, surmounted by a glass dome.

Each of the banking rooms will be surmounted by an arched, transparent roof, which will rise in a curve above the room to a height of about five stories, beginning at the top of the forty-foot pillars. Thus floors two, three, and part of four will look out upon both banking lobbies as from a balcony, a railing upon each floor surrounding the open well in the center.

The mezzanine, third, fourth and part of the fifth floors will be given over to various departments of the Union Trust Company. Offices of the executive officers of the bank will be located on the mezzanine floor, facing Euclid, easily accessible to the public by stairways leading from the main banking rooms, by three bank elevators,

and the twenty-eight office elevators, everyone of which, whether express or not, will stop at the mezzanine floor.

The directors' room will occupy the central part of the fourth floor. It will be two stories in height and will measure thirty by fifty-five feet. Besides being used for regular Union Trust directors' meetings, this room will be available for directors' and committee meetings of Cleveland businesses and corporations. For this reason it will have direct connections with the elevators of the building proper, as well as those of the bank.

Above the fifth floor all space will be given over to office purposes. There will be ninety-seven office units on each floor, each one of which may be broken up into smaller units if desired. Each floor will contain 45,000 square feet of rentable area.

An interesting feature of this new structure is the fact that in spite of its immense size it will have no sub-

basement. The heat and power plant and other appurtenances ordinarily placed in a sub-basement will be housed instead in the service building immediately adjoining the main building on Chester avenue. This service building will also contain the Union Trust cafeteria, employees' recreation rooms, and other employees' service departments.

The outside appearance of this new building will be handsome in the extreme, as all three sides facing the street will be finished in white stone with limestone columns extending three stories high on the Euclid side and pilasters of the same height on Ninth and Chester.

Provision has been made so that in case Cleveland builds a Euclid avenue subway, a subway entrance to the building may be easily constructed.

The building is scheduled to be completed, ready for occupancy November 15, 1928.



The Business Executive and the Banker

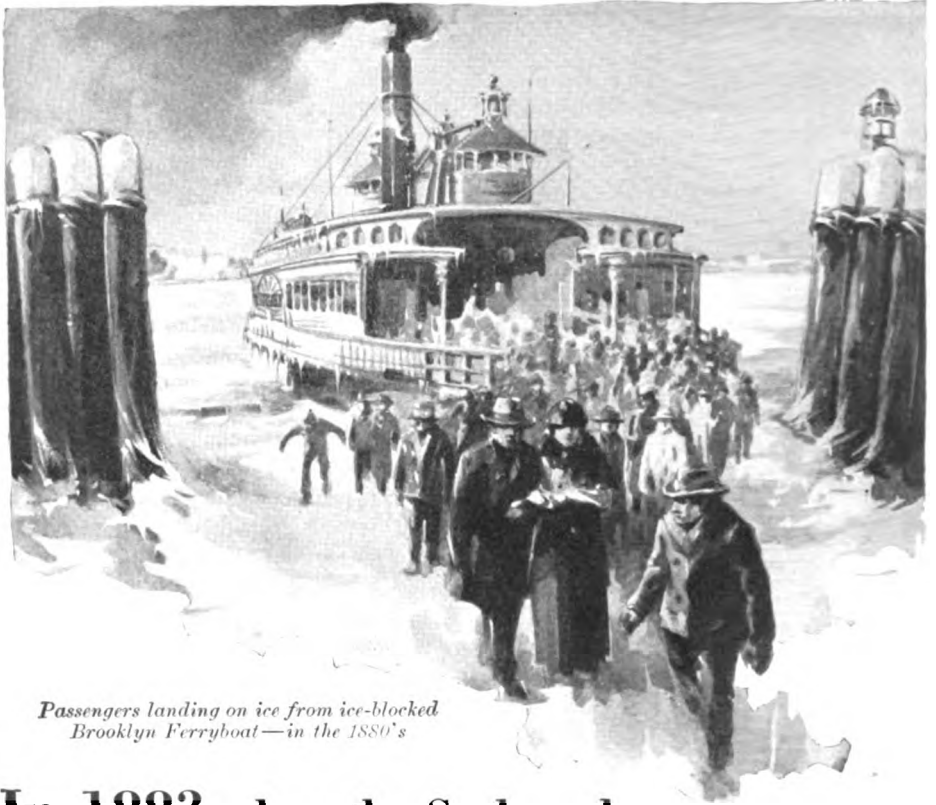
SPEAKING before the Business Executives Club of Boston, John N. Eaton of the Merchants National Bank of that city emphasized the importance of friendly relations between banker and business man. He said in part:

Every business executive ought to cultivate friendly relations with his banker. Can he expect his banker to welcome his business if he is a constant borrower, keeps small balances, and at the same time expects interest on his balance, and wants the lowest rate on his loans? It is an asset for any business executive to be on good terms with his banker. One of the best ways of making the proper relationship come easy is to treat the bank liberally. It is mutually profitable. A business executive in choosing his bank wants one that is prosperous, and a bank cannot be prosperous unless it gets a fair price for what it has to sell.

By friendly and intimate contact with his

banker the business executive can learn a great deal. The banker, also, can learn much from the business executive. In fact, it is the constant contact with clients, the knowledge of their problems, and work in assisting in their solution, that gives the banker the view, the perspective, which enables him to help his clients in a broad, constructive way.

I have tried to make clear the importance of a closer relationship between the business executive and his banker. Such relationship must rest on mutual confidence which can best be promoted by absolute frankness and the frequent interchange of opinion. Business men should keep in close personal contact with their bankers. Many of them never come to the bank except when they want to borrow money or when, once a year, they bring in their annual statements. Such business executives do not take advantage of their privileges and fall short of their duty to their business associates and to their stockholders. They miss a contact from which much of value may be gained. The interests of the banker and his client



Passengers landing on ice from ice-blocked Brooklyn Ferryboat—in the 1880's

In 1883 when the Seaboard was established modern New York didn't exist

In the early '80's ferryboats were often blocked by the ice. Sometimes the East River froze completely and athletic business men skated to work. The christening party for the Brooklyn Bridge did not occur until 1883. The City of Brooklyn boasted of its own Mayor until 1898.

The World Building, now dwarfed by its neighbors, was a sky-scraper in the 1880's. Stage-coaches rattled up and down Broadway. The electric light was still a seven day

wonder. Telephones were only in the homes of the favored few.

Modern New York and the Seaboard have grown up together. Growth has constantly created new sets of conditions and new opportunities for usefulness.

Today and tomorrow, as in the past, the Seaboard can be counted on to meet the expanding business needs of its clients with every possible service and consideration.

The Seaboard National Bank

OF THE CITY OF NEW YORK
with which is combined

The Mercantile Trust Company

Mercantile Branch
115 BROADWAY
At Cedar Street

Main Office
BROAD AND BEAVER STREETS

Uptown Branch
20 EAST 45TH STREET
Near Madison Ave.



are identical. Each should work for the success of the other. The modern banker is not a cold, unapproachable individual—he is a friend and counselor of his customers. He is in a position to do more for his customers today than ever before. The extraordinary expansion in the services and activities of the modern bank, gentlemen, should mean just one thing to you: if you

are willing to enter into a close, intimate, confidential relationship with your banker—a relationship something akin to that between family physician and patient—you will find your banker of real value in the development of your business; and the banker, in turn, will profit from your experience and so improve his service to the business community.



Anniversary Edition of "Number Eight"

ON celebration of its 110th anniversary The National City Bank of New York has issued a special edition of *Number Eight*.

Number Eight is a monthly employees' magazine distributed exclusively among the staffs of the National City Bank, the National City Company, International Banking Corporation, and their branches.

The material in this number, however, is of general interest for while it deals with City Bank history, it also contains views and information on the growth of Wall Street gathered from many different sources.

The leading article tells of the first meeting of the board of directors held 110 years ago in Tammany Hall on the eve of the War of 1812.

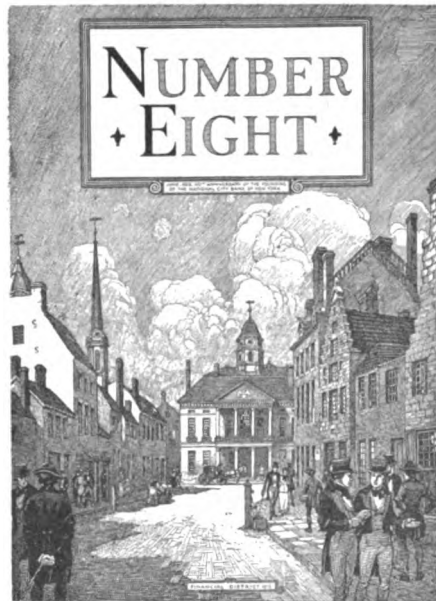
Another interesting article tells how the board of directors engaged the first porter. Evidently matters that now seem trivial were carefully considered back in 1812 not by a department head, but by the entire board of directors.

Another article gives the life stories of six leading presidents from its organization up to 1900.

The issue is illustrated with many reproductions of old wood cuts and engravings which should prove of the greatest interest to anyone who is a student of the early history of New York City.

A memorable birthday banquet was held on the anniversary at the Commo-

dore Hotel on June 16 when 2700 employees filled the three ball rooms. It was a celebration marked by a spirit of



Cover of the recent issue of "Number Eight" in celebration of the 110th anniversary of the bank

democracy and goodfellowship in which everybody joined, from the president and directors down to the youngest page.

Banking in India*

OUR methods of banking and doing general business in India seem to an American very slow and yet there is a great deal of business turned over. For instance: to get an ordinary check cashed you first go to a man who simply notes your number on the check and passes it on to a man who enters it in a book. He passes it to the next man who checks the account in the ledger and sees that there is that much money to your credit in the account. It then goes to another man who enters it in the daily paying journal and he passes it to a European who sees on it the initials of all the clerks who have passed it. He initials the entry in the paying journal. The check then comes back to you and it is ready for presentation to the cash department. There again it has to go through the hands of at least three men and generally four, or more, before you get the money. Every clerk is a check on the other and, as the checks are coming in a steady stream and being dealt with and passed on, there is a lot of business done. The place where most room is needed is outside the railings on the main floor, where a big bank must be something like the Grand Central Terminal, there being always several hundred men on the floor, some of them asleep, waiting for the three hours or so that it takes them to get a check cashed.

Another of our troubles in India comes through the bankers in this country taking it for granted that because we live in India we know nothing about what we want. Just before the war I was having goods come to me from Freehold, N. J., and I instructed the shipper that, when he drew on me for the balance of his bill, he was to mark on the draft "To be exchanged at the Hongkong and Shanghai Banking Corporation, N. Y." His banker said that was not the way at all and, of course, he obeyed the banker and drew a bearer draft on me. It went to the Chase National Bank, Brown Brothers and Ship-

ley, Bank of Montreal, Barkley, Bevan, Bransom, Sims, Bouvre and Company of London and from there to the Chartered Mercantile Bank of India. When it got to me I had to pay \$37 more than the flat rate we had with the Hongkong Bank on a draft of only \$800. I sent home proof of the difference and required them to pay the amount, which they did, but they took care to follow instructions next time.

When we fall in with the customs of the country much business can be done and done very cheaply. None of the business men or professional men would think of going to the bank with a check to cash or anything like that. He will sit in his office and go on with his work and get that done by his servant. I send my servant out in the morning soon after the bank opens. He may have several checks and some cash to deposit, a check for petty cash to be cashed, a few letters to post, some postage stamps or string or some small thing to purchase for me in the bazaar and two or three notes to be delivered by hand at different houses. I will not see him again until three or four o'clock in the afternoon, when he will come back with the money, stamps and other things and his work is done for the day. It has all been done at a cost of thirteen cents to me. How much better it is for me to be going on with my work instead of running around in the heat. Thus we do our business according to the methods of the country.

The principal banks in India have the old English style of business; dignified, slow, but very reliable and their advice may be thoroughly depended upon. They have a great reputation for honesty to sustain.

We think integrity is the greatest asset of a banker and most of the old

*Extract from an address by George Henderson, treasurer Bengal Methodist Conference, at the Gotham National Bank, New York.

banks in Calcutta have the rate of buying and selling drafts marked in a printed form hanging up on the wall and they would not depart more than a half a point from that rate even to save themselves big loss. If they are in need of drafts they raise the rate, but it is

raised to every one and the customer feels secure in dealing with them.

Integrity, politeness and giving customers as near possible what they want is what spells success for any bank and gives it a solid reputation in the business world.



Book Reviews

"IN WITNESS WHEREOF." By Harley F. Drollinger. Buffalo: The Fidelity Trust Co.

This attractive booklet starts with a business romance entitled "Brenton & Company". In this story the corporation is followed from its inception through many adversities until it is finally on a sound business and financial basis. The corporation encounters the many obstacles that usually attend the career of every corporation at one time or another during its existence. The solution as well as the problems are included in the story. The author has made special effort to present the discussion in a clear and understandable manner and has avoided the use of technical terms and phrases wherever possible. The rest of the book discusses in detail the various facilities offered by trust companies such as: Transfer agent, registrar, trustee under corporate bond issue, disbursing agent, voting trustee, etc.



THE REVOLT AGAINST CIVILIZATION.
By Lothrop Stoddard. New York:
Charles Scribner's Sons.

In this very thorough consideration of a serious subject—"the menace of the under man"—the author lays most stress upon the burdens which modern society imposes upon what are termed the superior elements in the community, and the dangers which must follow the breaking down of this comparatively limited class. He sees a menace to civilization not only from this source, but also from the rapid multiplication of the unfit. His remedy, in the main,

is to check this latter tendency. He is alarmed by the low state of average mentality which was revealed by the tests made under the War Conscription Act.

One may not entirely agree with all the positions which the author takes, but will find much stimulation to earnest thought in reference to a problem of great gravity. The threats against civilization which he describes are not imaginary, but real; and it is the part of wise and good citizenship to take note of them and to apply the appropriate remedy, whether it be that of this book or not.

Those who would have an understanding of present social tendencies will find in this volume ample instruction presented in a strikingly interesting manner, and with great clearness and evident sincerity.



OFFICIAL REPORT OF THE NINTH NATIONAL FOREIGN TRADE CONVENTION.
New York: National Foreign Trade Convention Headquarters.

This book covers in detail the proceedings of the Ninth National Foreign Trade Convention held in Philadelphia, May 10, 1922. The general theme of the convention was Financing and Expanding Foreign Trade, which was discussed in four sessions. Such topics were taken up as: Public Education for Greater Foreign Trade, Banking Facilities for Foreign Trade, Ocean Carriage, Export Sales Promotion, Market Conditions Abroad, Foreign Credits and Credit Information.

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Banking and Finance

SPECIAL

THE BANKING
MAGAZINE

Review of

The Business Situation Through in the Opinions of BANKERS AND BANKERS

FIGURES received by the Department of Commerce up to June 20 indicate that the revival in business is getting on more substantial grounds. Among the favorable features may be mentioned the continued increase in the iron-and-steel industry which is now operating above the pre-war level; the sustained activity in the building industry which continues to make new high records each month; the marked increase in the production of automobiles and trucks; the lower interest rates and increasing demand for money; the increase in employment and the decline in business failures. The stock market also continues active, with further increases in the prices of all classes of securities. Even the textile industry, which has been somewhat backward in recent months, showed greater activity in May.

Another matter of importance is the distinct upward trend of prices. This was more marked in May than in any recent month. In most instances the rise has not been great but it indicates a much firmer demand than has heretofore existed.

The continuation of the coal strike, with no immediate prospect of settlement, constitutes an unfavorable feature which has so far seemed to cause little uneasiness. Stocks of coal are still ample although the demands caused by greater industrial activities are using them up at a more rapid rate. A ré-

sume of the situation in textiles, iron and steel, and coal, follows:

The consumption of cotton increased in May, compared with the low figures in April, but the total of 495,674 bales is still below the consumption in the closing months of 1921 or in January and March of the present year. Exports of cotton in May totaled 469,397 bales, compared with the high April figures of 612,659 bales, however, the present figure compares favorably with other months of this year and with the May exports of last year and the year before. Stocks of cotton in mills and warehouses continued to decrease. The total in both positions was less than 4,000,000 bales in May, compared with 6,290,000 at the beginning of this year and over 6,000,000 bales in May last year. The price of raw cotton and of cotton goods advanced, compared with April, and averaged nearly fifty per cent. higher than in May last year.

The price of wool and woolen goods also advanced, as did raw silk. The consumption of raw silk, as measured by warehouse withdrawals, increased, reaching the highest figures since January. Stocks of silk also increased.

IRON AND STEEL PRODUCTION

Pig-iron production continued to increase in May, with a total of 2,306,679 tons or 234,565 tons more than in April. This figure is still below the 1913 monthly average but is the largest output for any month since January, 1921.

The production of steel ingots in May, computed to 100 per cent. of the industry, amounted to 3,099,155 tons, or about 300,000 tons greater than in April. Unfilled orders of the U. S. Steel Corporation at the end of May totaled 5,254,228 tons, or 157,000 tons more than the month before. This is the third consecutive month in which unfilled steel orders have increased after a

banks to the Comptroller of the Currency. Recovery has been more marked in cities than in rural communities. The magazine of the bank, *Commerce Monthly*, says:

Banking prosperity, it is commonly assumed, bears a well-defined relation to general business prosperity. A study of the condition of the banks of the country compared by geographical districts should therefore give some important indications of the relative position of the business cycle in different types of communities. The movement of certain items in the combined resources and liability statements of banks is indicative of the general condition of banking. Important among such items are loans and discounts, demand deposits and borrowings.

LOANS AND DISCOUNTS REFLECT HELP

Loans and discounts significantly reflect bank assistance to the business community. When business is active, expanding loans and discounts are expected. It is obvious that in a credit economy such as our own a relatively large amount of bank assistance is needed when a relatively large volume of goods is being regularly produced and marketed. But it does not follow that loans are, or can be, reduced in proportion as business activity declines.

The recent movement of loans and discounts would seem to indicate improving business conditions in some communities prior to the call of last March. For instance, loans for reserve city banks in the Pacific region have recovered considerably since last September, and slight improvement in cities of New England, the Middle West and the South can be read in the figures since the end of last year.

RELATION BETWEEN DEPOSITS AND LOANS

It is a well-recognized fact that there is a close correspondence between the deposits and loans of commercial banks. A loan to a customer in most cases tends to swell his deposit account proportionately. In time of economic stress and readjustment it is not uncommon to find the relation ordinarily obtaining between deposits and loans considerably wrenched. After June, 1920, deposits began a considerable decline—a decline which has been greater than in the case of loans. Little difference between the progress of decline in city and country banks is observable, though it is noteworthy that the decline among the country banks began earlier and has been somewhat more consistent.

Deposits in recent months have shown more tendency toward improvement than have loans. It appears that the process of liquidation has put commercial firms in pos-

period of decline lasting for more than a year and a half. Reports from merchant pig-iron manufacturers show a marked increase in shipments and production, but with stocks and orders declining, compared with April.

Sales of fabricated structural steel amounted to 146,900 tons in May, compared to 165,900 in April. The May figure was still in excess of any other recent month. The number of locomotives shipped by the principal producers showed a big increase in May.

The prices of all iron and steel products rose in May, in most cases reaching the highest point in more than a year.

The May output and movement of zinc showed a larger volume than for many months past. The same was true of the receipts and shipments of lead. The prices of all metals increased, compared with a month ago.

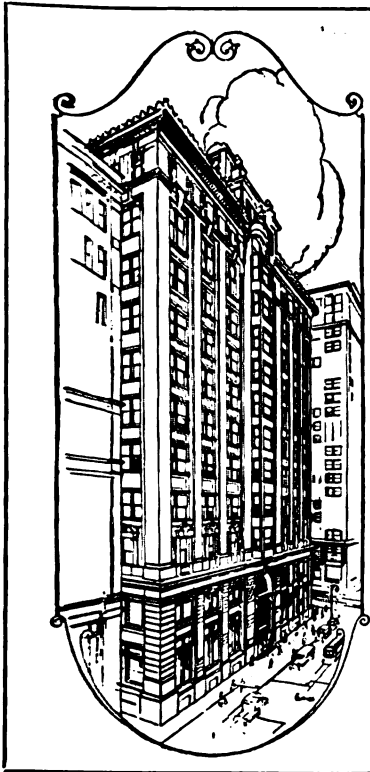
COAL STAYS NEAR LOW LEVEL

Coal production remained near the low level set in April, with a total output of bituminous of 20,506,000 tons. Outside of a little river dredging of steam coal there was no anthracite production. The production of by-product coke increased 330,000 tons, compared to April, while beehive coke production again declined.

Wholesale prices of bituminous coal increased during May, as did that of coke. There were no quotations on anthracite coal reported by the Bureau of Labor Statistics. Retail prices of all coal remained practically stationary, with slight recessions from the April figure.

BANKING CONDITIONS A BUSINESS INDEX

Evidence of returning business prosperity is shown in a survey by the National Bank of Commerce in New York based on recent reports of national



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The National Bank of Commerce in St. Louis, with 65 years' experience; and capital, surplus and profits of over \$15,-000,000, can best serve your needs for a St. Louis banking connection.

The NATIONAL BANK of COMMERCE in SAINT LOUIS

JOHN G. LONSDALE, President

session of funds for meeting current operating expenses without resort to borrowing.

SAVINGS IN THE UNITED STATES

Total savings deposits in banks in the United States amount to slightly more than \$16,500,000,000, according to an exhaustive study made by the American Bankers Association in its Savings Bank Division under the direction of Deputy Manager Leo Day Woodworth. This total is in conflict, Mr. Woodworth points out, with the estimates recently issued by a United States Government bureau, placing the total savings for the country at \$27,000,000,000 a figure which is based on mutual savings bank deposits and outstanding United States bonds. Mr. Woodworth says:

The present figure of sixteen and a half billions includes savings deposits, certificates of deposit of thirty days and over, and postal savings, for which the most complete data yet compiled has been obtained through a special nation-wide inquiry made in cooperation with Comptroller of the Currency Crissinger, the supervisors of state banks, and individual bankers.

The diversity of savings bank practice throughout the country, and differences in social conditions from section to section, make complete data and safe intersectional comparisons difficult.

The variety of methods under which savings are deposited offers further proof of the fact that the vast bulk of the people's savings is entirely beyond the control of any effective grouping of financiers which can be conceived.

A brief summary of the compilation by sections of the country is as follows:

Savings Deposits in Banks of United States as of June 30, 1921. Compiled by American Bankers Association, Savings Bank Division.

State Groups	Savings Deposits (In thousands of dollars)	Certificates of Deposit 30 days and over (in dollars)	Postal Savings
New England	\$ 2,731,586	\$15,549	\$2,808
Middle Atlantic.....	5,747,122	263,691	43,830
Southern	890,324	411,246	1,702
East Central	3,087,719	1,219,806	9,567
West Central	206,107	532,058	1,553
Pacific	1,353,029	96,046	4,852
Total	\$14,015,877	\$2,538,396	\$64,312
Grand total	\$16,618,595.		

THE BROKEN YEAR AND HOW TO MEND IT

"The present lack of public anxiety over the coal situation, says George Otis



ITALIAN DISCOUNT *and* TRUST CO.

Condensed Statement, June 30, 1922

RESOURCES	LIABILITIES
Cash on Hand	Capital
Cash in Approved Depository	Surplus and Undivided Profits
Banks	Reserve for Taxes, Expenses,
Strictly Call Loans	etc.
United States Government and	Unearned Discount
other Bonds	Accrued Interest and Accounts
Foreign Government Obligations	Payable
Secured Loans Payable on	Owing for Exchange Bought
Demand	Acceptances
Secured Time Loans	Contingent Liability Unused
Bills Purchased	Letters of Credit
Due for Exchange Sold	Outstanding Checks
Accrued Interest and Accounts	Deposits
Receivable	
Credit Granted on Acceptances	
Customers' Liability Unused	
Letters of Credit	
Vault and Equipment	
Total	Total

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Smith, director United States Geological Survey at Washington "is not at all novel. The popular feeling toward coal has always been a sort of Irish variety of chills and fever. The average citizen doesn't get thoroughly warmed up on the coal question until he begins to get chilly. Thus it happens that a mid-summer coal shortage is likely to be a lukewarm affair." Mr. Smith continues:

Yet disregard of unpleasant facts does not stave off disaster. Paralysis of industry and transportation on a country-wide scale is the natural outcome of a coal shortage if carried to the extreme that can not be many weeks distant. Serious as the present situation is, however, there are fundamental problems more insistent for solution than even the pending differences between employer and employee. These basal problems affect the whole coal industry to some degree but especially the bituminous branch. Clear up the economics of the business and a lasting settlement of labor controversy would become a possibility; leave these questions unanswered, and industrial peace can not be expected to survive the usual two-year armistice.

COAL BUSINESS IN NEED OF REFORM

What coal producers and coal consumers alike need is reform of the business rather than compromise between parties to the controversy, and in this reform it is absolutely essential that the mine worker should co-operate with the mine operator. Too long have the mine owners treated the coal business as private privilege and too long have the labor leaders with no less monopolistic attitude obstructed every move for underground efficiency and economy. The people's coal costs too much because of the mistaken idea that mine owner and mine worker can continue to fight over contracts and rules. Cheaper coal and larger earnings will come when engineering is emphasized more and bargaining less.

In terms of engineering, the coal industry has a bad load factor; translated into human relations, poorly functioning mines mean poorly employed miners. A longer working year would seem at first glance, desirable to mine owner, mine worker, and consumer alike. Why not get it?

The trouble with our soft coal mines is not so much the broken year as the broken month, the broken week, and even the broken day. The running time is broken into small pieces, for mine operation is not simply seasonal, it is intermittent. In that theoretical mine of the statistician, the average mine of the country, we find November a longer month than June, by twenty-five per cent., and June longer than April, by ten per

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Combined Statement of Condition
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BANK OF ITALY

SAVINGS COMMERCIAL TRUST
HEAD OFFICE, SAN FRANCISCO
MEMBER FEDERAL RESERVE SYSTEM

June 29, 1922

RESOURCES

First Mortgage Loans on Real Estate	\$73,129,123.47	
Other Loans and Discounts	59,937,608.82	\$133,066,732.29
United States Bonds and Certificates of Indebtedness	\$24,297,100.40	
State, County and Municipal Bonds	9,274,541.01	
Other Bonds	11,075,670.76	
Stock in Federal Reserve Bank	375,000.00	
TOTAL U. S. AND OTHER SECURITIES		45,022,312.17
Due from Federal Reserve Bank	\$ 9,086,169.30	
Cash and Due from Other Banks	14,711,553.79	
TOTAL CASH AND DUE FROM BANKS		23,797,723.09
Banking Premises, Furniture, Fixtures and Safe Deposit Vaults		8,187,434.70
Other Real Estate Owned		418,537.89
Customers' Liability under Letters of Credit and Acceptances		1,010,922.43
Interest Earned but Not Collected		1,638,780.16
Employees' Pension Fund (Carried on Books at)		1.00
Other Resources		442,389.65
TOTAL RESOURCES		\$213,584,833.38

LIABILITIES

DEPOSITS	\$196,437,166.90
Dividends Unpaid	601,682.50
Discount Collected but Not Earned	78,031.45
Reserved for Taxes and Interest Accrued	264,793.20
Letters of Credit, Acceptances and Time Drafts	1,010,922.43
	\$198,392,596.48
*Capital Paid in	\$10,000,000.00
*Surplus	2,500,000.00
Undivided Profits	2,692,236.90

TOTAL CAPITAL, SURPLUS AND UNDIVIDED PROFITS \$ 15,192,236.90

TOTAL LIABILITIES **\$213,584,833.38**

*By the issue of 50,000 additional shares of stock in July, 1922, the PAID IN CAPITAL will be increased to \$15,000,000 and SURPLUS to \$5,000,000.

All charge-offs, expenses and interest payable to end of half-year have been deducted in above statement.

The Story of Our Growth

As Shown by a Comparative Statement of Our Resources

December, 1904	\$285,436.97
December, 1908	\$2,574,004.90
December, 1912	\$11,228,814.56
December, 1916	\$39,805,995.24
December, 1920	\$157,464,685.08
December, 1921	\$194,179,449.80
June 29, 1922	\$213,584,833.38

NUMBER OF DEPOSITORS, 343,653

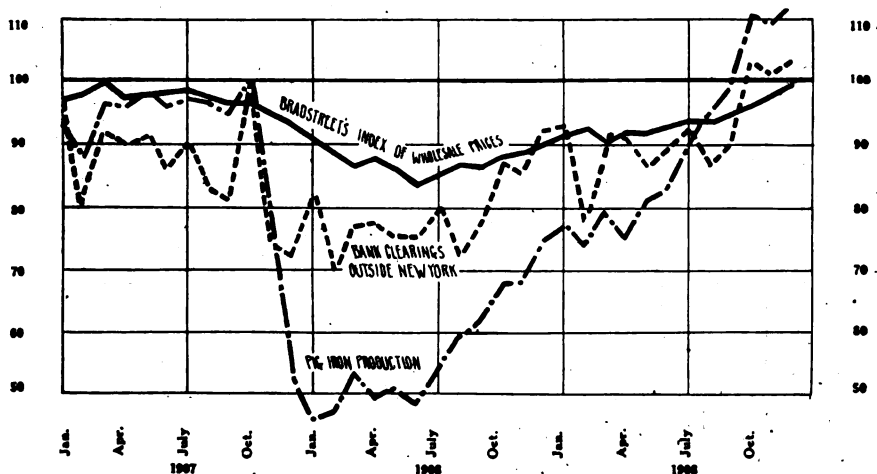


Chart 1. Business depression and revival 1907-1909. (1907 high equals 100)

cent., and yet the working time in a normal November is only nineteen to twenty-one days. And irregularity creeps into the working week and the working day, for Friday and Saturday are normally shorter days than Monday. Granted that the workers in other industries suffer the handicap of seasonal unemployment, our problem, and the national problem just now, is the betterment of the working time of coal mines, and especially bituminous coal mines.

COMPARISONS IN BUSINESS RECOVERY

"Every business situation" says the bulletin of the Chemical National Bank,

New York, "has elements peculiar to itself. No exact counterpart of present conditions can be found in the past. Yet, in certain important respects, business history repeats itself, and a study of the past may throw light upon the present and future." The bulletin says further:

In charts one and two, three series of fundamental business importance have been plotted in such a way that the course of the recent depression and the present recovery may be compared with the same phases of the cycle of 1907-1909. The base in each

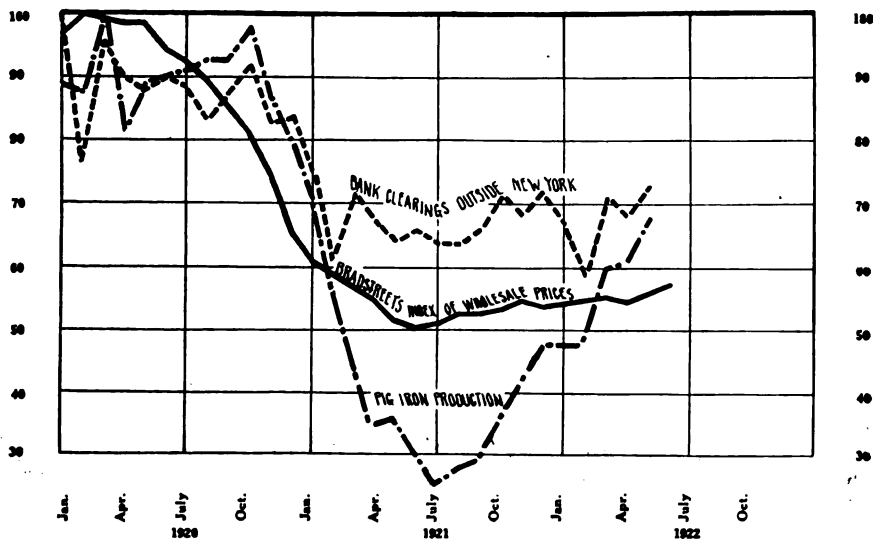
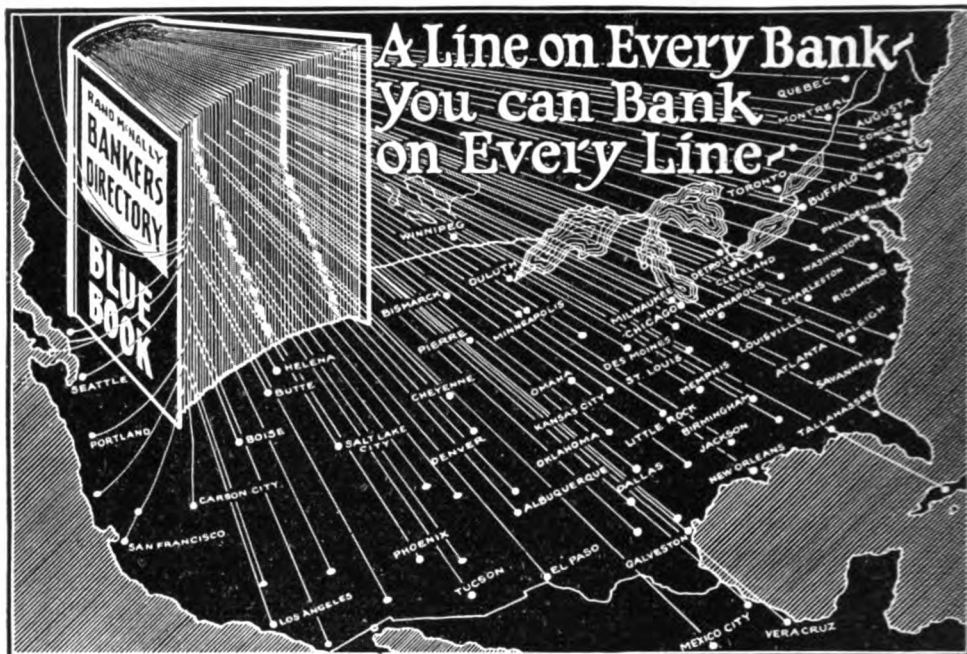


Chart 2. Business depression and the beginning of business revival 1920-1922. (1910 high equals 100)



The Rand McNally Bankers Directory reports over 36,000 American and Canadian banks and thousands of foreign institutions in each issue. Just turn to the page, locate the name of bank, and at once you have the town, county, population, president, vice-president, cashier, assistant cashier, capital, surplus, profits, deposits, loans, discounts, bonds, securities, cash and exchange, due from banks, etc., etc., with the principal correspondents.

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case is the highest value attained during the preceding phase of expansion and prosperity.

Certain outstanding differences between the two periods are apparent. The price decline was more precipitate and general liquidation was more drastic during the recent period, and recovery has been longer delayed. Moreover, by the end of 1909 prices had reached their 1907 level, while no such recovery of prices is probable at present. In spite of these differences it is manifest that there is a strong general similarity between the two periods. The stabilization and slow rise in prices, the increase in outside clearings and the pronounced improvement in the iron and steel industry are significant aspects of the present, as they were of the earlier revival. A comparative study of the two charts reveals important characteristics of the present situation and, even though an exact repetition of the previous revival cannot be expected, the comparison throws light upon the recovery which is under way.

THE OUTLOOK FOR CROPS

"With the approach of harvest time," says the monthly letter of the Liberty Central Trust Company, St. Louis, "it is natural that agriculture should hold perhaps the most prominent position on the business stage." The letter states that:

It is probable that the country's crop yields will be good, for the most part, and will be disposed of at a fair profit. This, of course, presupposes a continuance of reasonably good weather conditions. The winter wheat crop is almost assured; in some districts it is made; and it will not be surprising if the yield exceeds that of 1921. Prospects for spring wheat are the best in years. Corn has been doing well, but with the critical period for this crop some weeks ahead, it is still too early to attempt any forecasts as to the final outcome. The fruit outlook, particularly in the St. Louis district, remains very good.

As for cotton, our statement last month has been justified so far; all estimates suggest a larger crop than last season; possibly 10,000,000 bales. Conditions are quite spotted and there is unusual fear of boll weevil damage. Probably nowhere in the producing area are prospects better than in Missouri and the northern third of Arkansas. Considerably higher prices are influencing the cotton situation favorably, and there is plenty of reason to believe that the grower will sell his crop at a profit.

THE SITUATION OF NEBRASKA

A letter recently sent out by Samuel McKelvie, governor of Nebraska, rela-

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(NATIONAL BANK)

PHILADELPHIA

1922

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gives you all the essential facts about each state—whether or not court orders or inheritance tax waivers are required, what forms must be executed and where to apply for them, what inheritance and stamp taxes must be paid, the uniform rules of practice of the New York Stock Transfer Association, etc. The matter under the various state headings has been revised by local attorneys, whose names are given, so that it has the aspect of local practice and experience.

The New York Stock Transfer Association, under whose authority the Stock Transfer Guide and Service is issued, is composed of the banks, trust companies and corporations doing the largest amount of transfer work in the United States, and the rulings and other data contained in the Service represent the experience of its members as to the best transfer procedure.

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WILMINGTON, DEL.

tive to the trend of business conditions in that state say that:

The continued favorable trend of business conditions in Nebraska is clearly shown by facts and figures.

The Nebraska Crop Reporter for June, indicates that the present condition of winter wheat is seventy-nine per cent.

It is interesting now to revert to conditions nearly a year ago when the first of these general letters was sent out. We then pointed out . . . that the farmer had liquidated his costs of production; that the abundant new wealth that was being produced on the farms would be the source through which the return to prosperity would be most promptly reflected . . . that the readjustment of exchange values between the raw products of the farm and the finished products of the factory would lay the foundation for a return to normal prosperity, and that the corn belt section of the country would be the first to attain permanently satisfactory business conditions.

PREDICTIONS HAVE COME TRUE

All of these predictions have come true, and whereas Nebraska was the darkest spot on the map a year ago, it is now the brightest. In view of these developments, I think it is perfectly safe to venture the further prediction that this condition will not only continue, but improve, and I believe that there lies ahead of the farmer an era of sustained prosperity which, in turn, will insure general prosperity. For the moment at least it can be said that there is a satisfactory margin of profit in all the more important branches of farming in this State, and I see no reason now why this condition should not continue.

GOVERNMENT SECURITIES

By the redemption on June 15 of the balance of three and three-quarter per cent. Victory notes which were outstanding, the United States Treasury Department effected the first complete retirement of any of the war loan series, say the current bulletin of the New York Federal Reserve Bank. The bulletin continues:

A further operation of exchanging four and three-eighths per cent. three and one-half year notes for \$325,000,000 of the four and three-quarter per cent. issue of Victory notes due to mature in May 1923, carried to a still further stage the Treasury's program of redistributing the short dated debt, which had been concentrated in a few maturities, into a diversified series extending over a period of four years.

Operations of the Treasury on June 15



ESTABLISHED 1889

Resources
Over \$20,000,000.00

Among the most valuable assets of this Bank are the confidence and the esteem of those who know it best.

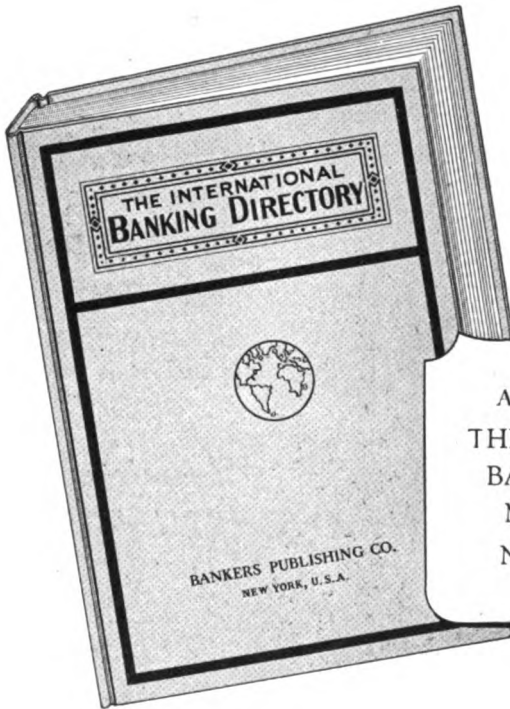
THE PEOPLES BANK OF BUFFALO

Main Office

Corner Seneca and Main

Branch

Corner Niagara and Virginia



A Directory of
the Banks of
the entire World
under
one Cover

ALLIED WITH
THE
BANKERS
MAGAZINE
New York

Bankers, Exporters and Importers

WE announce the forthcoming publication of the 1922 edition of the INTERNATIONAL BANKING DIRECTORY. This publication will be found of inestimable value to those requiring a dependable and comprehensive reference book containing a complete listing of banks and bankers throughout the world. It gives in addition requisite information as to resources, branches, agencies and correspondents as well as the names of the principal executives.

In addition there are new maps in colors showing every country, a complete table of money values of every country, and other features of practical and daily use.

THE BANKERS PUBLISHING CO.,192
P. O. Box 557, City Hall Station, New York, U. S. A.
Please send us prepaid.....copies of the next.....annual issues of The
International Banking Directory, for which we will pay Ten Dollars (\$10.00) per copy.

Name.....
Address.....
Signed by.....

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$515,000

OFFICERS

JULIAN D. FAIBCHILD, President

JULIAN P. FAIBCHILD, Vice-President
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HOWARD D. JOOST, Assistant Secretary
J. NORMAN CARPENTER, Trust Officer
BROWER, BROWER & BROWER, Counsel

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

also included the redemption of approximately \$380,000,000 maturing certificates, the collection of the second quarterly instalment of income taxes, and the sale of a new certificate issue bearing three and three-quarters per cent. interest for one year. Although this rate was one-half of one per cent. lower than on the preceding one-year issue sold in March, the new offering was oversubscribed. Of total subscriptions amounting to nearly \$470,000,000, allotments aggregated \$270,000,000, of which \$107,800,000, or forty per cent., were allotted in this district.

The changes which have been brought about since a year ago in the distribution of the short-dated Government debt are shown in the accompanying diagram. The maturity of Victory notes in May 1923, has been reduced by redemption and redistribution from \$3,913,780,380 to \$1,991,771,550.

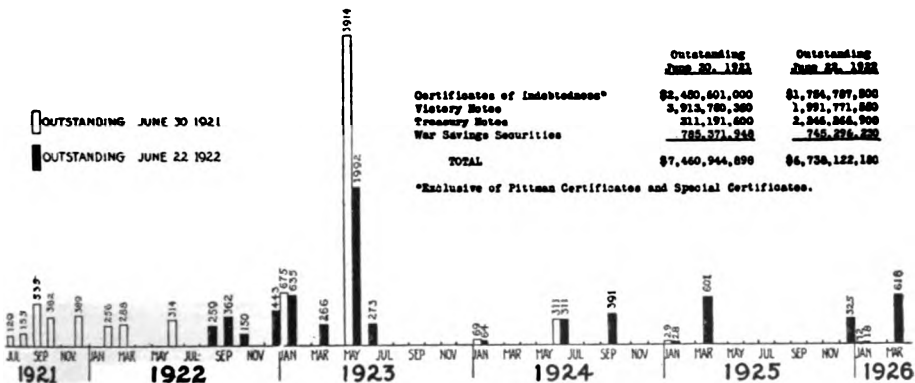
Prices of outstanding issues of war loans in the market showed a gradual upward tendency, which became more marked following the reduction of the rediscount rate at the Reserve Bank on June 22. For the first time, all active issues were quoted simultaneously at a premium. Prices of out-

standing issues of certificates and notes were little changed.

THE TREND OF PRICES

"The upward tendency of average prices, which recently has become more pronounced," notes the Guaranty Survey "is causing anxiety in some quarters and gratification in others. It has stimulated interest in the question of the probable future trend of prices, which has not ceased to be a matter of serious concern since the halt in the downward swing in this country about a year ago". The Survey continues:

At that time, as measured by the index of the Bureau of Labor Statistics, wholesale prices were nearly fifty per cent. above the 1913 average. The net change since has been upward, accompanied in recent months by an upturn in such countries as Great Britain and France. This has been accepted by some as evidence that a new



	Outstanding June 30, 1921	Outstanding June 22, 1922
Certificates of Indebtedness*	\$2,480,401,000	\$1,794,797,800
Victory Notes	3,913,780,380	1,991,771,550
Treasury Notes	211,191,600	2,846,864,900
War Savings Securities	785,371,250	745,226,200
TOTAL	\$7,460,944,690	\$6,738,122,100

*Exclusive of Pittman Certificates and Special Certificates.

Months of maturity of the short dated Government debt outstanding on June 30, 1921, and on June 22, 1922 (In millions of dollars)

Official Statement of Condition at the Close of Business
June 30, 1922

RESOURCES	LIABILITIES
Loans and Discounts \$50,896,354.10	Capital \$10,000,000.00
U. S. Bonds 7,168,027.07	Surplus 7,000,000.00
Bonds and Securities 40,561,151.25	Undivided Profits and Reserves 1,621,693.78
Banking Houses and Real Estate 2,170,900.32	(Dividend \$400,000.00 Paid June 30th)
Customers' Liab. a/c Acceptances and Letters of Credit 281,361.76	Reserve for Depreciation 1,887,761.14
Accrued Interest 400,000.00	Acceptances and Letters of Credit 281,361.76
Cash and with Banks 16,624,907.81	Due to Federal Reserve Bank 2,250,000.00
	Deposits 95,061,885.63
Total \$118,102,702.31	Total \$118,102,702.31

MARINE
TRUST COMPANY
OF BUFFALO

"normal" average of prices at approximately the present level is being established. Others think that a major upward swing has begun. On the other hand, some students of price movements regard the current rise as merely a slight temporary reaction against a long-term recession which it is expected will carry prices below present levels and probably even below those prevailing immediately before the war.

WILL PRICES REACH PRE-WAR LEVEL?

The fact that after each of the major wars of the last century prices reacted to lower levels than obtained before is frequently cited as indicating the probability that in the present instance prices will fall below the levels of 1913 before a major upward swing takes place.

On the other hand, the general resistance to deflation and the hardships resulting from a general decline of prices, the avail-

ability of increased and more effective credit machinery and enormous gold reserves in this country, and the probable gold production of the world, are expected by some students of the problem to sustain prices at approximately present levels for a comparatively long period, and perhaps to raise them.

It is well to recognize that precedents established after other wars constitute a reliable guide only insofar as present price-determining factors correspond to those prevailing in the earlier periods. It is not difficult to discover important differences in these conditions. Nevertheless, without regard to such precedents, it appears that, while prices may continue upward for a short period, probably the general long-term trend will be downward. Whether it may be expected that such a movement will carry prices to pre-war levels depends upon the operation of factors so far removed in point of time that speculation concerning them can be scarcely better than a guess.



Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

American Bankers Association, New York, Oct. 2-6.
Delaware—at Rehoboth, Sept. 7.

INCREASES RESOURCES SEVEN MILLIONS

The June 30 statement of the Mechanics and Metals National Bank of New York (compiled prior to the merger of that institution with the Lincoln Trust Company) shows total resources of \$260,253,219.50 as compared with \$253,362,761.52 on May 5 last. Deposits increased from \$220,251,360.31 on May 5 to \$227,470,304.50 on June 30. The complete statement as of June 30 follows:

ASSETS	
Loans and discounts	\$129,313,762.90
Customers' liability under acceptances	3,606,383.86
U. S. Government securities	19,647,141.94
Bonds, securities, etc.	6,226,152.69
Banking house, furniture and fixtures	3,845,270.15
Cash and exchanges	97,814,507.96
	\$260,253,219.50
LIABILITIES	
Capital stock	\$ 10,000,000.00
Surplus	10,000,000.00
Undivided profits	7,328,500.32
Unearned discount	475,864.91
Reserved for interest and taxes....	482,941.37
National bank notes outstanding	1,000,000.00
Time acceptances (foreign department)	3,497,608.40
DEPOSITS	
Individuals and banks	\$226,120,304.50
U. S. Government	1,350,000.00
	227,470,304.50
	\$260,253,219.50

The merger with the Lincoln Trust added \$21,000,000 to the total resources of the Mechanics and Metals National Bank.

BECOME ASSISTANT VICE-PRESIDENTS

Clark B. Davis, formerly connected with banks in the south and on Long Island, N. Y., has been promoted from the position of assistant cashier of the Bank of America, New York, to that of assistant vice-president. Edward W. Russell, who has been active in the credit field in finance and manufacturing, has also been promoted from

an assistant cashier's position to be assistant vice-president.

Mr. Davis, who was born in Georgia, began his banking career as an officer of the Orlando Bank and Trust Co., Orlando, Fla. He became later associated with the Bankers' Trust Company, Atlanta, Ga. Going north in 1908, he became cashier of the First National Bank at Amityville, I. I. He joined the Franklin Trust Co., New York City, in 1918, as assistant secretary and when this institution was merged with the Bank of America in 1920, he became assistant cashier. In his new position, Mr. Davis will take an active part in the Bank of America's wide and important business interests in the South.

Mr. Russell has been connected with the Bank of America since 1917. He came to the bank from the credit department of the Westinghouse Electric Company. Previously he was connected with the credit department of the National Bank of Commerce, New York City and with a house in the commercial paper field. As assistant vice-president he will be in charge of credit matters.

ATLANTIC MERGES WITH BANK OF AMERICA

The stockholders of the Atlantic National Bank, New York have approved its merger with the Bank of America and the consolidation has become effective. The business of Atlantic will be continued at its offices at 257 Broadway as the Atlantic office of the Bank of America and the active executives of Atlantic will remain at this office as officials of the Bank of America. President Herman D. Kountze of Atlantic, with several of his associates, will become directors.

The Bank of America, whose main office is at 44 Wall street, will have seven offices in New York and Brooklyn. It will have resources of over \$125,000,000 and a capital and surplus of \$11,000,000.

The senior officers of the Bank of America will be Edward C. Delafield, president; Walter M. Bennet, first vice-president; Clarence M. Fincke, Edward K. Cherrill, vice-presidents; Charles E. Curtis, vice-president and cashier; Thornton Gerrish,

The Corporation Manual

Twenty-third Edition

Revised to January 1, 1923

A systematic arrangement of the statutes affecting both foreign and domestic business corporations in all states.

The Uniform Stock Transfer Act.

The Blue Sky Laws.

The Anti-Trust Laws.

Forms and Precedents.

United States Corporation Company

65 Cedar Street, New York

William J. Montgomery, Charles F. Junod, vice-presidents; Frank E. Andruss, Clark B. Davis, Edward W. Russell, assistant vice-presidents; Frederick G. Curry, trust officer.

SEABOARD NATIONAL BANK

The Seaboard National Bank, New York, has authorized an increase of \$1,000,000 in

its surplus, by transferring that amount from undivided profits. The Seaboard's capital and surplus now amount to \$10,000,000.

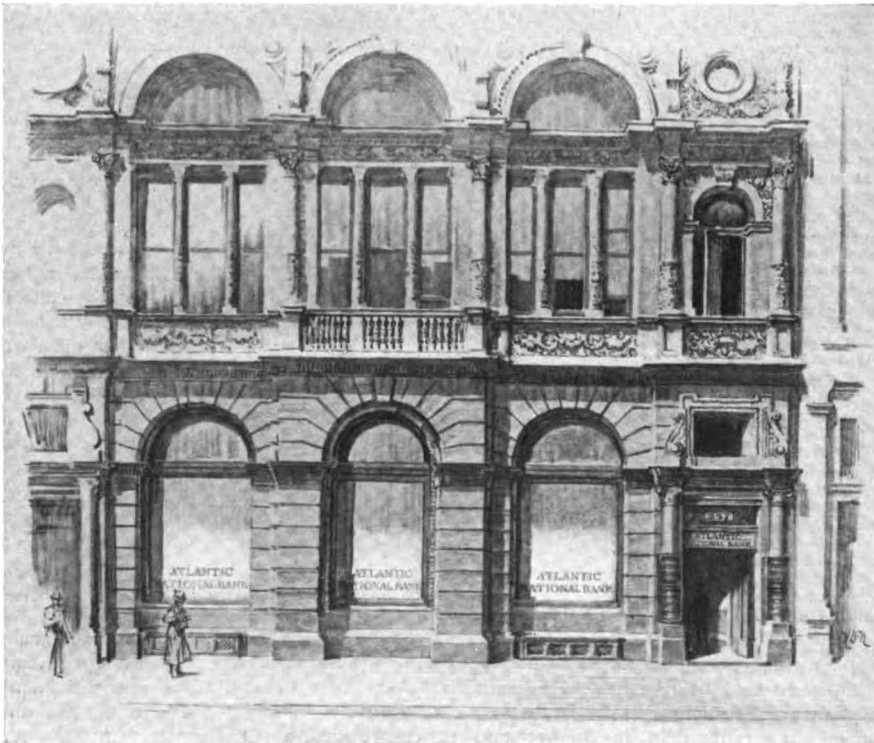
ITALIAN DISCOUNT AND TRUST COMPANY

The statement of condition of the Italian Discount and Trust Company, New York, at June 30, 1922, showed total resources of \$9,058,400.03, surplus and undivided profits, \$561,734.31, and deposits, \$6,527,009.78.

The main office of the Italian Discount and Trust Company is at 399 Broadway and Harlem office at 2242 First avenue. The Banca d'Italia at Rome, Italy is the depository of the bank.

The directors of the bank are: Luigi Berizzi, Vincenzo De Luca, Richard E. Dwight, Hon. John J. Freschi, Emanuel Gerli, Joseph Gerli, Giovanni Girardon, Hector Grassi, Alessandro Olivotti, Luigi Podesta, J. M. Potts.

The officers are: Emanuel Gerli, president; Luigi Berizzi, Giovanni Girardon, Julian W. Potter, vice-presidents; Pietro Rocca, assistant vice-president; Frank M. Rohn,



Atlantic office of the Bank of America, formerly the Atlantic National Bank



GIOVANNI GIRARDON

Vice-president Italian Discount and Trust Company,
New York



HARVEY J. CONNOLLY

Secretary Italian Discount and Trust Company,
New York

treasurer; Harvey J. Connolly, secretary; Francis S. Savarese, Giuseppe Foa, Joseph Orsi, assistant secretaries.

CHATHAM AND PHENIX NATIONAL BANK ACQUIRES UNION EXCHANGE

Louis G. Kaufman, president of the Chatham & Phenix National Bank, New York, announced July 5, that his institution has purchased the Union Exchange National Bank, at 295 Fifth avenue.

The Chatham & Phenix National Bank branch at Thirty-third street and Fifth avenue has been transferred to the handsome new quarters of the Union Exchange National, which from this date will be a branch of the Chatham & Phenix National Bank.

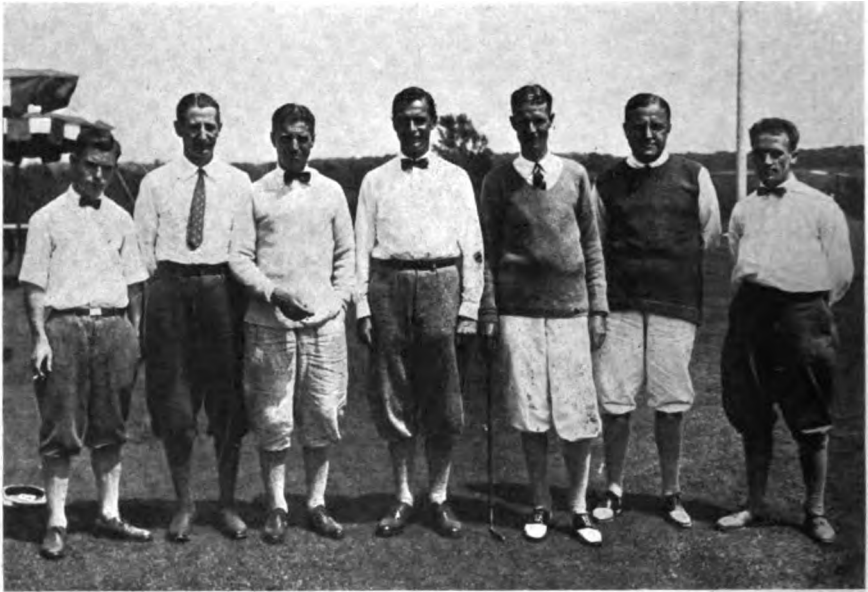
The Chatham & Phenix National Bank has capital, surplus and profits of over \$20,000,000, and aggregate deposits of \$150,000,000. The Union Exchange National Bank has capital of \$1,000,000, profits of \$1,533,700, and aggregate deposits of \$20,000,000, which gives the Chatham & Phenix

National Bank resources of over \$200,000,000.

The enlargement of the scope of the Chatham & Phenix National Bank is in line with the belief of its president, Louis G. Kaufman, in the idea of branch national banks from the Battery to the Bronx, each to take care of customers in its particular community. The Union Exchange National Bank is the second institution which has been absorbed during the last few months, the other having been the New York County National Bank. Mr. Kaufman was the pioneer in the branch bank system for national banks in New York City.

GUARANTY TRUST COMPANY OF NEW YORK

The condensed statement of the Guaranty Trust Company of New York as of June 30, shows deposits of \$517,642,055.12, as compared with \$479,148,463.76 on March 10, the date of the last published statement. Total resources of the company show an increase from \$575,513,679.39 to \$630,351,351.92 over the same period.



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Winning golf team of the Equitable Trust Company of New York

Left to right: Edward Pfirrmann, David Rogers, R. E. Hanson, James I. Bush, John J. Kane, M. K. Parker, Harry Le Mare

EQUITABLE TRUST WINS GOLF TOURNAMENT

The strong golf team of the Equitable Trust Company of New York again demonstrated its prowess by defeating a field of sixteen teams selected from players in the leading banks and trust companies of the city.

All competing institutions entered teams composed of five men. Each team member matched his skill against fifteen opponents. After the last card had been turned in and the lengthy compilations had been completed it was found that the Equitable was again a victor by a comfortable margin.

The Equitable team scored 364 points. Its nearest rival, the Central Union Trust garnered 244 points, and the City Bank 221.

F. H. Gates of the Chase National Bank led the field of eighty players with a low gross score of seventy-four, winning the Alvin W. Krech cup.

Other low gross scores were made by C. D. Smith of the National City Bank, seventy-eight; F. F. Eilers of the Bankers Trust Co., eighty-one; J. I. Bush and R. E. Hanson of the Equitable Trust Company, eighty-two.

The Sabin cup will stay with the Equitable again although the Alvin W. Krech cup won last year by an Equitable

man, will move to its new place in the Chase Bank.

The banks and trust companies competing in the event were: American Exchange National Bank, Bankers Trust Co., Central Union Trust Co., Chase National Bank, Chemical National Bank, Columbia Trust Company, Empire Trust Co., Equitable Trust Co., Farmers Loan & Trust Co., Federal Reserve Bank, Guaranty Trust Co., Irving National Bank, National City Bank, New York Trust Co., Seaboard National Bank, U. S. Mortgage & Trust Co.

BANQUE CHRISSOVELONI

The New York agency of the Banque Chrissoveloni of Bucharest, Rumania, has removed its offices to 115 Broadway, New York.

MINNIE BUZBEE BECOMES MANAGER NEW YORK OFFICE OF HARVEY BLODGETT CO.

Miss Minnie A. Buzbee, manager of the advertising and new business department of the American Bank of Commerce & Trust Company, Little Rock, Ark., has resigned her position with that institution to become manager of the New York office of the Harvey Blodgett Company, one of the old-

est and largest bank business building concerns in the United States. Miss Buzbee will spend some weeks at the plant and main office in St. Paul, and will then take up her duties at New York in the latter part of August.

Miss Buzbee is well known in financial advertising circles, although she has been in the work a very short time. Going to



MISS MINNIE BUZBEE

Who comes to New York as manager of the New York office of Harvey Blodgett Company

it without any experience or any previous preparation, she studied day and night while she carried on her work, to better equip herself for her undertaking.

She was awarded first prize by the Arkansas Bankers Association for the best series of display ads, covering the relation of a bank to the community. When the Business Womens Club of her city gave an Ad Carnival, the first prize (awarded not merely for beauty or attractiveness but for real advertising value) was awarded to Miss Buzbee's booth which represented her bank as a financial department store.

When Miss Buzbee had been at work only about three years, she was one of the principal speakers before the Financial Advertisers Association at the World's Ad-



THIS BANK offers complete facilities for the transaction of every kind of banking business.

Collections made promptly and on favorable terms on every part of the world

Foreign Exchange Bought and Sold

Commercial and Travelers' Letters of Credit

Correspondence and inquiries invited

Capital - \$3,000,000

Surplus and

Profits - 8,300,000

E. F. SHANBACKER
President

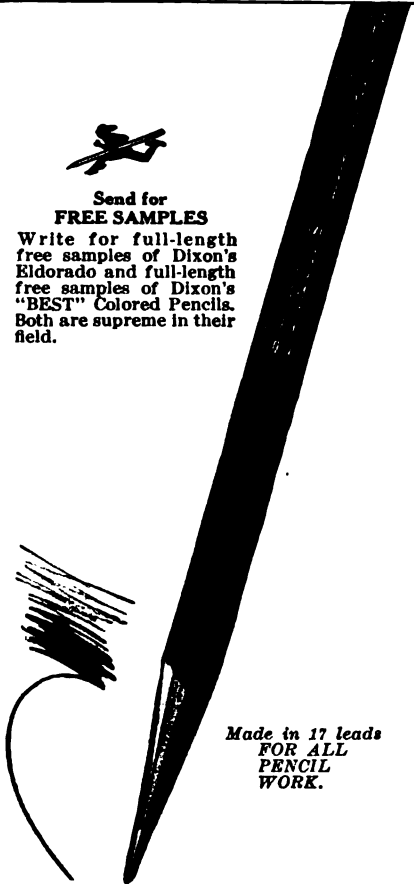
The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

DIXON'S ELDORADO PENCILS



Send for
FREE SAMPLES

Write for full-length free samples of Dixon's Eldorado and full-length free samples of Dixon's "BEST" Colored Pencils. Both are supreme in their field.



Made in 17 leads
**FOR ALL
PENCIL
WORK.**

USE an HB Dixon's **ELDORADO** for adding up the "odd stuff." The figures will stand out clear and distinct and you will never mistake a 3 for a 5 or a 5 for an 8.

JOSEPH DIXON CRUCIBLE CO.
PENCIL DEPT. 117-J, JERSEY CITY, N. J.
Canadian Distributors:
A. R. MacDougall & Co., Ltd., Toronto



LIVINGSTON JONES

The newly-elected president of the First National Bank of Philadelphia who began his duties on July 1

vertising Convention in Atlanta. A number of her articles on various phases of bank advertising have appeared in the leading magazines. She was one of the organizers of the Advertising Club of Little Rock, is a member of the board of directors, and has always been its secretary. She was also an active member of the Business and Professional Women's Club of her city.

CHEMICAL NATIONAL BANK

The statement of the Chemical National Bank of New York as published in the *New York Evening Post* show the following interesting figures for deposits:

December 31, 1921	\$123,021,966
May 5, 1922	\$133,150,446
June 30, 1922	\$144,762,141

JULIAN W. POTTER

Julian W. Potter, vice-president of the Italian Discount and Trust Company, New York, has had the Order of the Cavaliere of

the Crown of Italy conferred upon him by the Italian Government.

MECHANICS AND METALS NATIONAL BANK

The directors of The Mechanics and Metals National Bank, New York, at a meeting held recently, declared the regular quarterly dividend of five per cent., and an extra dividend of two per cent., payable July 1 to stockholders of record at close of business June 24.

The Mechanics and Metals National Bank has bought the site of the home of its Stuyvesant branch at the northeast corner of Second avenue and Fourteenth street.

AMERICAN TRUST INCREASES CAPITAL

Harry A. Kahler, president of the American Trust Company, New York, has announced that the capital of the company was increased July 1 by an additional issue of 5000 shares of stock, par value \$100. This brings the capital funds to upward of \$3,000,000, of which \$2,000,000 is capital, and more than \$1,000,000 represented in surplus and undivided profits.

UNITED STATES MORTGAGE AND TRUST COMPANY

The statement of the United States Mortgage and Trust Co., New York, at close of business June 30, 1922 shows total assets of \$74,933,908.54, surplus of \$3,000,000, undivided profits \$1,110,887.40 and deposits \$63,730,036.46.

The directors of the United States Mortgage and Trust Company, on June 23, declared a quarterly dividend of four per cent. on the capital stock of the company payable July 1 to stockholders of record June 26.

AUGUSTUS S. COBB

Augustus S. Cobb was recently elected a vice-president of the Bankers Trust Company, New York. Mr. Cobb was born in Brookline, Mass., and was graduated from Harvard in the class of 1907 and joined the Bankers Trust Company in 1919. George W. Carrington, of the Fifty-seventh street office was appointed assistant secretary.

CHASE BRANCH MOVES

The Maiden Lane branch of the Chase National Bank of New York removed on July 1 from its offices at 100 William street to the ground floor at 75 Maiden Lane. Alterations have been under way for the past

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

two months, and up-to-date equipment has been installed.

ENLARGE BANKING ROOM

The Bank of the Manhattan Company, New York, acquired several years ago the building known as 35 Pine street, for the purpose of taking care of their increasing foreign exchange business, which had outgrown its present quarters. Extensive alterations have been made to the building and it is now connected with the main banking room of the bank and the foreign exchange department is now located there.

It is interesting to note that the bank acquired this property in 1799, sold it in 1835, and repurchased it in 1919; and that during one hundred and twenty years it has only had three owners.

CHARLES E. WARREN

Colonel Charles Elliot Warren, vice-president of the Irving National Bank, New York, has been awarded the Distinguished Service Medal for meritorious service rendered to the Government during the war.



Little Giant Bank Director

Striking, Enduring, Dignified, Cheap and Effective Advertising

Sold to one bank only in any town or city.

They bring local, as well as tourist, business if erected at principal crossings, junctions and prominent points on highways entering your city. They also advertise the city in which you live.

They are furnished with any lettering desired. Can also be supplied for merchants or any other class of business.

LITTLE GIANT COMPANY

Established 1876

237 Rock St. Mankato, Minn., U. S. A.

He was a member of the staff of Maj. Gen. John F. O'Ryan, commanding the Twenty-seventh Division in France.

MECHANICS AND METALS ABSORBS LINCOLN TRUST

The merger of the Lincoln National Bank, formerly the Lincoln Trust Company, with the Mechanics and Metals National Bank of New York was completed July 22, and three of the offices formerly conducted by the Lincoln Trust Company opened their doors as branches of the enlarged institution. Formal approval of the merger was given on Saturday by the Comptroller of the Currency at Washington, following meetings on Thursday of the stockholders of the Mechanics and Metals National Bank, and Lincoln National Bank, at which the details of the merger were adopted.

The merger of these two institutions carries out the plan that was announced by John McHugh, president of the Mechanics and Metals National Bank, in February, when control of the Lincoln Trust Company was purchased by interests identified with the larger institution. As a preliminary step to the merger, the trust company was granted a national charter last month, becoming the Lincoln National Bank of New York. In effecting the consolidation no change has been made in the outstanding

capital of the Mechanics and Metals National Bank, which remains at \$10,000,000. The bank's surplus and profits are in excess of \$17,000,000.

This merger considerably enlarges the scope of the Mechanics and Metals National Bank, which two years ago entered the branch field by consolidation with the New York Produce Exchange Bank. With the addition of the offices of the Lincoln Trust Company, the Mechanics and Metals National Bank now has twelve branches in operation on the Island of Manhattan, each taking care of the customers of its particular community. The branches added by the present merger are located at 204 Fifth avenue, facing Madison square; Broadway and Leonard street, in New York Life Building; Broadway at 72nd street.

According to announcement of the merger details, there will be no change in the personnel of the active executives of the branches which have been taken over, the same staff being in charge of each that handled the affairs of the Lincoln Trust Company. Three former directors of the Lincoln Trust Company, P. F. Murphy, president Mark Cross Company, A. P. Villa, president A. P. Villa & Bros., Inc., and Frank J. Egan, have been elected directors of the Mechanics and Metals National Bank, and Alexander S. Webb, formerly president Lincoln Trust Company, has been appointed a vice-president.

AMERICAN WOMAN'S ASSOCIATION

Miss Minna M. Bruere, manager of the woman's department of the Central Trust Company of New York, addressed the campaign dinner held on July 10 at the Hotel Pennsylvania, by the American Woman's Association, Inc., in the interest of the new \$2,600,000 club house for self-supporting business women, to be erected in the near future in New York City. "Woman can make a definite contribution to the business world," said Miss Bruere, "by introducing greater kindness into business transactions. To them also has come, in many fields, the joy of pioneer effort." Other speakers were Miss Sophie Cary of England and Miss Ida Clyde Clarke, writer and editor. Miss Clarke described Eve as the first advertising woman, because she sold Adam an article he didn't know he wanted!

ARTHUR G. HOFFMAN

Arthur G. Hoffman, vice-president of the Great Atlantic and Pacific Tea Company, has been elected a director of the Chase National Bank of New York.

New England States

**Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island**

The First National Bank of Boston

**The leading financial institution of
New England**

**Foreign and domestic commercial
banking of every nature**

Correspondence solicited



First National Bank, Fort Wayne, Indiana

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

ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

THE past month has recorded a good deal of progress here in New England. Except for the textile mills that are closed by the prolonged strike, the general run of New England mills and factories are well filled with orders. The best and most encouraging feature about these orders is that they are not of the small, immediate delivery kind, but are orders for substantial amounts, with deliveries running well into the future. This attests the new stability of prices and the new confidence in the future. Money conditions here are much the same as in other parts of the country. Money rates are low, there is a good demand for first-class mortgages, and the demand for money on the part of commercial and industrial borrowers is responding to the low rates.

At this writing New England industries are much encouraged over the improved outlook for a settlement of the rail and coal strikes. The New England railroads have maintained a very satisfactory service in spite of the strike thus far, and the supply of coal in New England is fairly satisfactory. As was the case last month, the building and construction industry is leading all others in the volume of new business here in New England. Predictions are being freely made that steel and steel products are due for a sharp rise in price, owing to the tremendous demand, and all the dealers are urging their customers to cover their needs well into the future.

Brick, lumber, cement and hardware have shown a slightly rising tendency. The volume of real estate transfers is very heavy and will probably reach its peak this month. Real estate is once again moving through its accustomed channels, the brokers, rather than as it did during the housing shortage during the war, when the brokers got little of the great volume of sales.

Retail trade is good here. Most of the stores report a highly satisfactory trade in summer goods, and conditions are so improved that the stores are, in turn, placing the orders for Fall and Winter goods with confidence. Collections are better than they were two and three months ago, and losses on poor accounts are about down to normal. There has been a sharp decrease in the number of business failures.

LEVERETT SALTONSTALL.

Leverett Saltonstall, son of the late R. M. Saltonstall, was elected to the board of di-

En route to American
sidewalks

AT every stage, from living cattle to finished footwear, good banking smooths the commercial pathway for the leather industry. Whether hides and skins are shipped from the American or Canadian West, Latin America, the Orient or elsewhere, funds and documents are handled accurately, safely and swiftly. The banker also conducts investigations and performs other special services at moderate cost.

Boston, the greatest leather market, is a clearing house for domestic and foreign hides. Tanneries have operated here since Colonial days. Leather manufacture in this country employs hundreds of thousands. Sturdy Massachusetts shoes are preferred by millions, East, West and abroad. Other New England-made leather goods sell in markets nearly as extensive. In serving all this national and international commerce, the world-wide organization of The National Shawmut Bank is decidedly useful and efficient.

It is always a pleasure to welcome new clients who desire to avail themselves of our facilities and experience. Likewise, it is pleasing to serve other banks who have business in this section, and wish to handle it via the most direct route—the bank that is closest to the heart of New England's industry.

THE NATIONAL SHAWMUT
BANK of BOSTON

Capital and Surplus \$20,000,000

Park Trust Company	
Park Building,	511 Main Street
WORCESTER, MASS.	
Capital	\$200,000
Surplus and Earnings.....	102,530
F. A. Drury, President.	
T. J. Barrett, Vice-President.	
H. M. Abbott, Treasurer.	
Frederick J. Bye, Assistant Treasurer.	
Send us your Massachusetts collections.	

rectors of the National Shawmut Bank of Boston at the meeting of the board held June 29.

PROVIDENCE NATIONAL BANK

The statement of condition of the Providence National Bank, Providence, R. I., at close of business June 30, 1922, showed total resources \$5,181,987.36, surplus \$500,000, undivided profits \$802,537.94, and deposits of \$2,745,592.15.

REPORT OF STATE BANKS

R. N. Sims, secretary-treasurer of the National Association of Supervisors of State Banks, in his annual report, July 19, to the

Association at its Annual Convention in Detroit submitted a statement which shows in detail by states the capital, surplus and undivided profits, loans and discounts, bonds, stocks and securities, and total resources of all State banking institutions of the continental United States, together with totals of these items of the national banks, and all covering as of March 10, 1922.

The report of Secretary Sims covers the only available accurate and detailed data of the State banking institutions comparable with the reports of the Comptroller of the Currency which covers the national banks.

Mr. Sims said:

The total deposits are practically as high as they have ever been, except as shown by the statement of June 30, 1920, when the highest point ever known was reached.

In spite of the enormous liquidation in business which followed the unprecedented inflation in the post war period, there was a shrinkage of only five per cent. in the total deposits of all banks between June 30, 1920, and March 10, 1922, and a shrinkage in the state bank deposits during that time of only one and four-tenths per cent.

On March 10, 1922, there was a total of 30,499 banks, of which 22,302 were state and 8,197 national banks, and in round numbers a total capital, surplus and undivided profits of \$6,534,000,000.00, total deposits of \$38,901,000,000.00, and total resources of \$48,658,000,000.00.

From June 30, 1920 to March 10, 1922, the state banks increased 379 in number and the national banks 167.



New home of the Federal Reserve Bank of Boston

Vault equipment, built by the York Safe & Lock Co., comprises three vaults one above the other, each equipped with main entrances with twenty-inch outer and four-inch inner doors. These vaults have a lining four-inches in thickness including a heavy layer of York's non-burnable torch-resisting metal. There is also a night vault with similar equipment. Architect, R. Clipston Sturges. Vault engineer, Benj. F. Tripp.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

AFTER a slight set-back in May, business began to pick up in June. In New Orleans, which represents the average of the South, being neither as good as some nor as poor as others, the general retail business was about seven per cent. lower in dollars during June than it was during the same month last year, but about twenty-five per cent. greater in volume. Some stores report an increase in the money values of their sales as well.

This development goes hand in hand with the increase in savings deposits, which has been general throughout the South. Ten banks of Louisiana, for instance, report a one and three tenths per cent. increase in savings deposits in May, as compared with April; twelve of Alabama, one and one-tenth per cent.; fifteen of Florida, eight per cent.; twenty-five of Georgia, two and one-tenth per cent.; nine of Mississippi, one and five-tenths per cent.; eleven of Tennessee, two and six-tenths per cent. The general average shows a one and five-tenths per cent. improvement; but a two and four-tenths per cent. improvement, as compared with May, 1921.

Crop conditions are good. The first rice of the season has come to market. The acreage this year is larger than last, and the prices are considerably firmer. Sugar is in a good position, both as regards production and market prices. The cotton has shown improvement, and all the signs point to a good price.

Indications are that naval stores, an important industry of the South, will pay a good profit this year. Turpentine has already taken the advance justified by the general index-value; and rosin's turn is next. Turpentine in June brought ninety-one and three-quarters cents a gallon. Last year it was sixty-two cents. The average price of turpentine for the season should be around eighty-five cents. Rosin is now bringing \$4.85 a cask, whereas last year it brought \$4.12. The trade expects it to go to \$7.

On the basis of eighty-five cent turpentine and \$7 rosin, the net receipts per unit will be \$87.50. A unit is one 50-gallon barrel of turpentine and three and one-third barrels of rosin weighing 500 pounds each. The cost of production will range between \$75 and \$85 per unit. Very little of the naval stores have left the hands of the producers, so the improving market will benefit them, and not speculators.

Building throughout the South is on the upgrade. Nearly every city shows an increase, many of them substantial. The resulting demand for lumber has brought about a steady improvement in that industry, and orders have exceeded production for many weeks. Actual production by the mills has been from ten to twelve per cent. below normal, and shipments have been



The Branch
Our First President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,848,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital..... 1,000,000
 Surplus and Profits.... 1,000,000
 Resources..... 15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange
 remitted without charge.

above normal production. The actual running time of seventy-two mills, for the week ending June 30, to the Southern Pine Association, shows fifty-seven operating full time, seven operating five days and five operating four days. There were fifty-five mills that did not report. Their actual average production was 606,734 feet, as compared with a normal of 688,838.

Greater manufacturing activity is shown in the cotton mills. In the cloth factories, the production in May was ten per cent. greater than in April. In the hosiery mills the improvement is sixty-four per cent. In yarn production, the increase is fourteen per cent.

Improvement in labor conditions is shown in the principal centers of the South, with the exception of Augusta, Nashville and Savannah. In Atlanta, employment improved one and seven-tenths per cent. in May over April; in Chattanooga, five and seven-tenths per cent.; in Birmingham three and eight-tenths per cent.; in New Orleans, two and two-tenths per cent.

Henry Ford purchased in New Orleans a river frontage on which he will build an assembling plant. The contract for the first unit has been let for nearly \$500,000. Ultimately the plant will represent an investment of around \$2,000,000, according to announced plans. It will give employment to 750 persons. Another development announced for New Orleans is the extension of the facilities of the Appalachian Corporation, operating large apple orchards in Georgia, and warehouses in New Orleans, in order to meet the growing demands of foreign trade. New Orleans' foreign trade improved last year while that of the other ports dropped. Custom receipts for the fiscal year ending June 30 were \$4,000,000

greater than the previous high record in 1919-20.

Production of iron and steel in the Alabama district increased from 171,618 tons in April to 196,000 tons in May. Coal mined in the Alabama district rose from 1,170,000 tons in April to 1,380,000 tons in May. Heavy tonnages have been purchased there for the account of Western railroads.

For the first time in many months, the statement of debits to individual accounts in the principal cities of the South has shown an increase over the corresponding period of the year before. Not all of the cities show an increase, but the aggregate figures for May were one and seven-tenths larger than during May, 1921.

Failures in May were substantially smaller, both in number and in total liabilities, than during April. The liabilities were less than in May, 1921, though the number was larger.

CONVENTION DATES

Kentucky—at W. Baden Springs, Aug. 23-24.

FIRST NATIONAL BANK OF BIRMINGHAM

The statement of condition of the First National Bank, Birmingham, Alabama, at close of business, May 5, 1922, showed total resources, \$30,672,049.69, surplus and profits \$2,314,625.85 and deposits of \$24,812,299.94.

BALTIMORE BANK MERGER

Arrangements have been made for the merging of the Second National Bank of Baltimore with the Merchants National Bank of that city, effective July 1. The Second National will continue as a branch of the Merchants National. The consolidated institution will have resources of about \$55,000,000 and deposits of more than \$38,000,000. Thomas Hildt is president.

NEW BRANCH FOR INTERSTATE BANK

Another bank will serve the financial needs of New Orleans when the Interstate Trust and Banking Company opens its new Freret street branch, located at 4623 Freret street, on August 1. Announcement that the Interstate is placing a branch bank in that location was made by W. L. Ward, cashier of the main bank.

First National Bank

Richmond, Virginia

Capital and Surplus . . . \$3,500,000

Resources 30,000,000



The Old First--Established in 1865

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. BYLAND Vice-President
S. P. BYLAND Vice-President
S. E. BATES, Jr. Vice-President
THEOS. W. PURCELL, V. Pres. & Tr. Officer
A. K. PARKER Vice-President
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the development of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

MOSLER SAFE CO. INSTALLS VAULT

In June, the directors of the Henderson National Bank, Henderson, Ky., entered into contract with the Mosler Safe Company for a burglar proof safety deposit vault, which will be installed during the next six months, and which will have a capacity for 2900 boxes. The size of the vault, inside measurement, will be fifteen by sixteen feet.

HIBERNIA SECURITIES COMPANY ELECTION

R. S. Hecht, president of the Hibernia Securities Company, Inc., of New Orleans, announces that the vacancy caused by the death of Vice-President P. H. Wilkinson has been filled by the promotion of Alvin P. Howard, heretofore treasurer of the company, to the first vice-presidency.

Mr. Howard joined the staff of the Hibernia Bank and Trust Company when the New Orleans National Bank was consolidated with it about three years ago, and has since that time served as vice-president of the bank and as a member of its executive committee, and when the Hibernia Securities Company was organized he also became treasurer of that company. He will devote most of his time to the management of the

Hibernia Securities Company, but will continue to serve as one of the vice-presidents and member of the executive committee of the Hibernia Bank and Trust Company.

Joseph J. Farrell, who has been connected with the Hibernia Securities Company since its organization, and before that was connected with the bond department of the Hibernia Bank for many years, was elected treasurer of the Hibernia Securities Company to succeed Mr. Howard.

George H. Nusloch, heretofore sales manager, and J. Albert Baudean, until recently assistant sales manager of the Securities Company, were promoted to the assistant treasuryship and assistant-secretaryship, respectively.

Willis G. Wilmot was also elected an assistant secretary, and will have charge of the commercial paper department.

NATIONAL BANK OF BALTIMORE TO HAVE NEW HOME

Erection of the new home of the National Bank of Baltimore, which is to cost approximately \$1,250,000 and be at the present location of the bank, Baltimore and St. Paul streets, will be started about July 15. Official announcement of the plans was made following a meeting of the directors.

TITLES TO LAND

ACCURATELY EXAMINED

Ten Years Experience

WALDO B. LEMMON

The Arcade

Cleveland, Ohio

While the present structure is being razed the bank will occupy temporary quarters in the Merchants and Manufacturers' Building, less than a block and a half from its present location.

Plans for the new building were prepared by Fred T. Ley & Co. of New York, under the supervision of Theodore Wells Pietsch, consulting architect, who will have direct supervision of the construction of the building.

The new home will be five stories high and the architecture will be somewhat similar to that of the present building.

The exterior wall will be of granite, with entrances on both Baltimore and St. Paul streets. The main banking floor will be finished in marble and bronze, while the private rooms of the officers will be finished in mahogany or other hardwood.

The new vault will be equipped with 15,000 safe-deposit boxes.

The offices of the officials will be located at the Baltimore street end of the main banking floor. They will be raised about four feet above the main floor, but a broad stairway will make them easily accessible. Running around the entire main banking room will be a balcony, which will provide

space for the bookkeepers, stenographers and other clerks.

The fourth floor will have additional offices and the directors' room, while on the top floor will be located the file rooms, a dining-room for the clerks and a private dining-room for the directors and other officials. A completely equipped kitchen will also be located on this floor, and it is the intention of the officials to serve luncheon for the employees daily.

OPENS OFFICE IN ATLANTA

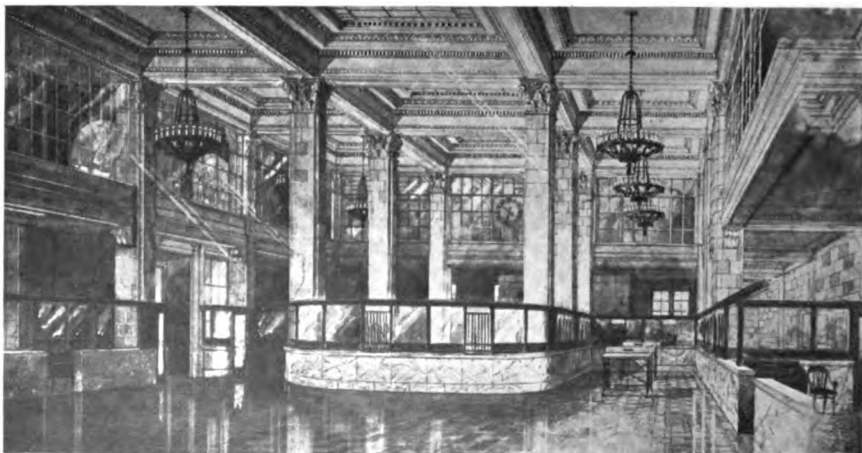
The Hibernia Securities Company announces the opening of an office at 426 Candler Building, Atlanta, Ga., in charge of J. W. Speas, formerly assistant manager of the Atlanta office of the National City Company of New York.

This office will be equipped for the selection and marketing of high-grade bonds, commercial paper, bank acceptances and other forms of first-class investment securities, and will be connected with direct private wire giving it immediate access to the New York office at 44 Pine street and main office in New Orleans.

HIBERNIA BANK OF NEW ORLEANS

The Hibernia Bank and Trust Company of New Orleans disbursed on July 1 to its stockholders the regular quarterly dividend of six per cent. on its \$2,000,000.00 capital. This is at the rate of twenty-four per cent. annually which is the rate that the Hibernia Bank has been paying on its capital stock for the past several years.

At the same time the bank paid to its employees the regular quarterly dividend of three per cent. on salaries.



Architect's drawing of the new banking room that the National Bank of Baltimore will have when the new five-story building is completed

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

ALL the barometers of business continue to indicate expansion, but the movement is slow. Progress in the last month has been steady, the principal motive forces being a brilliant crop outlook, great activity in building and sustained buying in the steel and iron industry. Labor complications have caused hesitancy in some quarters, but this has not been sufficient to alter the general trend, which is toward betterment.

Money rates have undergone no change. Commercial paper is being placed at four and one-quarter to four and three-quarters per cent., with a little of the highest class at four and other forms of accommodation are at five to six per cent., with the bulk at five and one-half. The Federal Reserve Bank of Chicago maintains its rediscount rate at four and one-half per cent., having so far refrained from following the example of the New York, Boston and San Francisco banks in coming down to the four per cent. level. Ever since the downward movement from the seven per cent. figure was begun money conditions have been easier in the east than in the west and the local reserve bank has been some weeks behind the institutions along the Atlantic coast in making reductions. The directors believe that the reasons that have governed their policy in the past still hold good. They regard conditions in this section as entirely different from those in the East and believe that a further reduction in rediscount charges would encourage a return of inflation which would not be wise in view of the fact that the banks of the district outside of Chicago still have some \$250,000,000 of frozen credits. Virtually all the large Chicago banks have paid off their loans at the reserve bank, but the country institutions will require more time in which to free themselves of the load taken on in the after-war boom times. The money advanced by the War Finance Corporation to agricultural societies has done much to relieve the banks of the section, and the proceeds of this year's crops will still further improve their position, but bankers as a rule do not believe that the time is yet at



32 Years

of steady growth without
a merger or an absorption,
and without change in
executive management.

Capital,
Surplus and
Undivided
Profits

Over
Eight Million
Dollars



Saint Louis

hand to make a further cut in rediscount rates.

The reserve ratio of the seventh district reserve bank has been improved steadily, and is now in the neighborhood of eighty-five per cent. Evidence of the strengthened position of the banks in the agricultural parts of the district is found in the fact that in the first few weeks of the harvesting season their calls on the metropolitan banks for financial assistance were much smaller than in normal years at this season. These demands recently have been increasing, and this fact probably will be added to the arguments of the reserve directors who are opposing a further reduction in the rediscount rate.

Wholesale business is running about even



Incoming Mail

This picture shows the incoming mail corner of our half acre fifth floor work room space.

Here our staff of young men and women open, sort, list and route the checks and letters sent us by our friends in other cities.

166,000 separate items pass through this Bank every day.

20,000 checks are daily sent by mail to corresponding Banks in other cities in the United States.

Facilities such as these put this Bank in first position to serve you in the Great Lakes Region.

[Formerly First & Old Detroit National Bank]

FIRST NATIONAL BANK

DETROIT

MICHIGAN

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

with last year and the volume is satisfactory, but there is no rush to buy. Increases in the prices of cottons, woolens and silks to conform to advances in the raw materials have stimulated somewhat the interest of merchants in purchases for fall delivery and commitments of this kind show a constant broadening, especially since the July 4 holidays and the mid-year taking of inventories. In the retail field the turnover of seasonable goods is on a large scale. Outing supplies of all kinds are in brisk demand. The railroads have been more aggressive in promoting vacation travel this summer than at any other time since before the war, and the response on the part of the public has brought about a record-breaking movement of passengers. The requirements of this army of travelers has quickened many lines of trade, such as light apparel and sports goods. In staple departments the distribution of merchandise is on a moderate scale, but fairly good for the season.

Activity in the building industry is one of the strongest features of the business situation. While labor conditions have not been entirely cleared they are becoming better all the time, and many large projects which were held up for years are going ahead. The great volume of construction, however, is in apartments and dwellings. New records have been made in the number of permits issued in the first half of the year and there are no signs of a slackening of the movement. The belief seems to be growing that there is not likely to be any material downward revision of building costs for some years and this gradual reconciliation to higher standards is constantly releasing new projects. All markets for materials are firm, and in lumber particularly orders of late have exceeded production, so that there has been an upward trend of prices, especially for hard woods. Hardware is in good demand, and these supplies are affected also by price advances in primary markets. Household furnishings of all kinds are moving freely, reflecting the increase in new quarters to be equipped. Lower money rates have opened the way for many enterprises that were regarded as impossible while seven or eight per cent. interest charges prevailed. Housing accommodations are still in keen demand, and notwithstanding the thousands of new living places provided in the last few months rents have not as yet begun to decline.

The steel mills of the district are operating at seventy-five to eighty-five per cent. of capacity and most of them are booked well through the current year. A further increase in working schedules is practically impossible because of a shortage of labor.



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**

Why is Your Coal Mine Losing Money?

Is it the fault of the market—the management—the operation? Ask us. Peabody Service has found the remedy time after time. 39 years experience fits us to serve you. Write for particulars.



PEABODY
COAL COMPANY

Founded 1883

332 South Michigan Ave. - CHICAGO

Operating 36 Bituminous Mines in 11 Fields with Annual Capacity of 21,000,000 Tons

The deficiency is principally in unskilled workmen and is due to the large amount of outdoor work now in progress in the agricultural sections, in the automobile producing centers and on public works of all kinds. Some thousands of new cars have been ordered in the last month and the railroads continue to buy on a large scale all kinds of track supplies. Structural materials also have been in greater demand and there has been some increase in the orders from implement makers. Manufacturers are not inclined to make commitments for distant deliveries at current prices and there is a gradual marking up of the quotations for all kinds of materials. Bars, shapes and plates, as well as wire rods, have all been advanced and pig iron is firm at \$23 to \$23.50 as compared with a low of around \$20 only a few months ago. The strike of shopmen has cut down the requirements of the railroads for repair materials, but the demand from other quarters has been more than enough to take up the slack.

Railroad traffic shows an increase from week to week in spite of labor troubles and the small volume of coal that is moving. The gain is mostly in general merchandise. The railroads are now accumulating cars in the wheat producing regions and the movement of grain to terminal points promises to be large, as farmers are inclined to sell in spite of the continued decline in prices. More bad-order cars stored in side-tracks is about the only outward evidence of the effect of labor troubles. So long as there is a surplus of available rolling stock this is

not a serious matter, but how long the margin of excess will last is problematical.

An encouraging feature of the responses to bank calls sent out at the first of this month was a substantial increase in savings deposits, indicating that the turn which was noted in last month's letter is definite and that improvement is now becoming more rapid. The increase was about \$12,000,000 for the Chicago banks, as compared with the last previous call, early in May, and brought the aggregate well up to the record figures of the early part of the year. Investment demand holds up remarkably well in spite of the large number of new security issues. Refunding operations are increasing as money rates decline, and the calling of many of the high-rate securities put out a few years ago is making the public more eager to get what it can of the high-yield issues while they last. This involves considerable risk and bankers are constantly being called upon to warn customers of danger in some of the new financing. Liberty bonds are all selling above par, and they seem to be more attractive than when they were between eighty-five and ninety, which is a good indication of the change that has come about in the last half year.



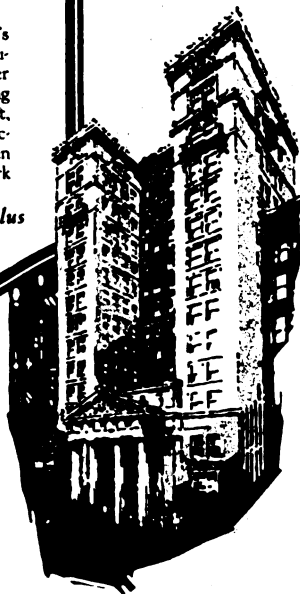
CONVENTION DATES

Indiana—at Indianapolis, Sept. 13-14.

The
**UNION TRUST
COMPANY**
Cleveland

ONE of the country's mightiest banking institutions and the center of commercial banking activity in the great, wealthy industrial section midway between Chicago and New York

Capital and Surplus
\$33,375,000



ORGANIZES TRANSLATION DEPARTMENT

Recognizing the growing importance of export work, particularly with South America and sensing the need for reliable translations of correspondence in this connection, the Cleveland Trust Company of Cleveland has established a department said to be unique in Ohio banking circles.

The new division is a bureau of translation which will not only handle the bank's own correspondence with financial houses and other concerns in foreign countries, but will serve clients and non-customers in this respect. The service will consist of translations to and from English, as desired.

There has been a growing demand for this service. One of the advantages of the bank's bureau is the eliminating of delay in sending for translations out of town, usually New York, and another is the guarantee of reliability and accuracy behind the bank's service. As far as is known the Cleveland Trust Company is the first bank in Ohio to establish such a bureau.

The department is in charge of N. de Vasconcellos formerly an instructor in the Goodyear company's industrial university at

Akron, and later in the intelligence division of the United States Army in France. He is a native of Brazil and received his education in that country and in European universities. He speaks Spanish, Portuguese, French and Italian. Correspondence in other languages will be handled by others of the bank's staff.

FIRST NATIONAL BANK IN ST. LOUIS ENTERTAINS

The First National Bank in St. Louis played a prominent part in the thirty-second annual convention of the Illinois Bankers' Association held in St. Louis, June 21-23.

Special invitations were sent out to all delegates at their hotels inviting them to visit the big bank and make it their headquarters during the convention. Hundreds responded and were conducted through the bank where they were shown the different points of interest.

The bank entertained about 300 delegates as guests at a luncheon at the Missouri Athletic Association. F. O. Watts, president of the bank presided. Special golf parties were also made up by some of the officers of the bank and entertained at the various golf

Super-Safety



Insured
BANK-CHECKS

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For the greater protection of you and your depositors without increased cost.

In hundreds of towns and cities these **INSURED** checks are now already being used by banks as a powerful influence to attract new business.

A Master Bond, beautifully designed and framed to hang in the lobby, protects each bank. Individual Bonds guard your depositors, providing most perfect identification also. They give banks a fine "point of contact" in their constant visible evidence of security against check raisers. Is your bank helping to prevent a loss estimated at \$30,000,000.00 for a single year?

Write us or see our representative

The Bankers Supply Company
The Largest Manufacturers of Bank Checks in the World

New York Chicago Denver
Atlanta Des Moines San Francisco

clubs of St. Louis where some very interesting matches were played. Those preferring baseball were taken out to the ball games.

R. S. Hawes, M. E. Holderness, Jos. S. Calfee, vice-presidents of the bank were actively engaged in the arrangements for the entertainment of the convention. Mr. Holderness was chairman of the publicity committee and the Municipal Opera committee; Mr. Hawes was chairman of the speaker's committee, and Mr. Calfee was chairman of the general committee.

CLEVELAND TRUST PROMOTIONS

One of the youngest bank officials in Cleveland assumed his duties on June 24 at the Cleveland Trust Company where Charles B. Gleason, manager of the bank's bond department is the newest vice-president. Announcement of Mr. Gleason's election is made following action of the board of directors.

Mr. Gleason, who is thirty-two, joined the Cleveland Trust Company bond department on March 1, 1921, from Borton and Borton where he was a partner. Prior to that connection he was Cleveland representative of the Guaranty Trust Company after two years' service in banking and bond departments of that company in New York. He is a graduate of Yale University.

Announcement is also made of the appointment of Acting Publicity Manager I. I. Sperling as manager of that department.

Mr. Sperling, who is twenty-five, has been with the bank for two years, going there from a four-year editorial staff connection with the *Plain Dealer*.

LIBERTY CENTRAL TRUST APPOINTS NEW TRUST OFFICER

According to an announcement made by J. L. Johnston, president of the Liberty Central Trust Company of St. Louis, Clarence D. Cowdery, has been appointed assistant trust officer in charge of probate work for the trust department.

Mr. Cowdery has been connected with the American Trust Company for several years and prior to that has had practical experience in law, having been associated with the law firm of Nagel and Kirby. He is a graduate of Washington University Law School.

AUTHENTIC NEW BOOKLET ON JOINT STOCK LAND BANK BONDS

To meet the demand for definite, authentic information on the stability of Joint Stock Land Bank Bonds, an interesting new

Special Service Bureau

All Bankers who contemplate visiting or passing through Chicago are invited to make use of our Information and Travel Service Bureau. We will gladly make your hotel or railroad reservations, furnish time tables for all railroads and steamship companies, purchase theatre tickets, furnish information regarding shops and general points of interest.

Address mail or wires to Travel Service Bureau

The NATIONAL CITY BANK *of* CHICAGO

DAVID R. FORGAN, *President*

BANKS AND BANKERS DEPARTMENT

FRED A. CRANDALL, *Vice President*

S. P. JOHNSON, *Asst. Cashier*

R. V. KELLEY, *Asst. Cashier*

booklet has been published by Stevenson Brothers and Perry, Inc., 105 S. La Salle street. The sub-title "How they originated and why they appeal to conservative investors" sums up the nature of the contents.

The Federal Farm Loan Act of 1916, under which the thirty-nine Joint Stock Land Banks in the United States are organized and do business, is reviewed in this booklet and apparent intricacies of this law are made simple to the reader. Historical references to the development of the farm loan bank idea in European countries also add to the value of this presentation as a guide to intending investors. The cooperation of such authorities as Charles L. Stewart, Land Economist, Department of Agriculture, and Guy Huston, president of the First Joint Stock Land Bank of Chicago was secured in the compilation of this booklet for which Stevenson Brothers and Perry, Inc., are receiving many requests.

CONDITION OF COTTON

Some sharp contrasts are brought out in the Government report giving the condition of cotton as of June 25, 1922, according to a statement by the Liberty Central Trust

Company, St. Louis, issued through its statistical department.

Generally speaking, the prospect is better in the western than the eastern half of the producing area, and this is due mainly to conditions that have prevailed in the past thirty days. Since the May report there has been improvement in the west and deterioration in the east. The condition in Texas advanced eleven points, while in Georgia it declined thirteen points, and in Alabama, twelve.

In eleven states the outlook is better than a year ago; in one state it is as good; in four states it is poorer. The condition in Missouri is best of all, ninety-two. It is poorest in Georgia, fifty-eight.

Fourteen states show increases in acreage, and two show declines. South Carolina planted about fifteen per cent. less than last year and Georgia five per cent. This is undoubtedly due to the extraordinary damage done last season by the boll weevil.

Some of the states producing small quantities of cotton show very large increases in acreage. New Mexico is gradually putting itself on the map as a cotton state and this year the acreage is 130 per cent. above 1921. The Florida growers apparently feel some

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encouragement, for they have increased their acreage seventy-five per cent. The figure for Missouri, Virginia and California, is fifty per cent. The largest producing state, Texas, shows a ten per cent. increase, which is the same as the average for the entire United States.

As far as figures go, the prospect at the present time is fairly good, but when we take outside factors into consideration, we

are forced to realize that the future has more than the usual amount of uncertainty. From all sides we have authoritative reports to the effect that the boll weevil is present in larger number than ever before. Cotton growing in the United States will present increasing difficulties until this pest can be successfully controlled. As we have pointed out in the past, in localities where the weevil has been present for a number of years, the grower has often found ways and means of gradually augmenting production. The outlook for large yields, however, such as past years have witnessed, is not bright under present conditions.



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This temporary frame structure was built over the sidewalk and partly into the street, and is to be occupied until remodeling of the former office is completed. The interior of the building is being replaced with tiled floor, beam ceiling, marble fixtures, mahogany furniture and modern vaults. It will be occupied about August 15.

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

HARVESTS have proceeded far enough in the Western States to indicate quite conclusively that this territory will make an important contribution toward business recovery this year. However, the contribution is not going to be of a spectacular nature, according to present indications. There is too much frugality among farmers and too much conservatism as a result of the hard experiences since the fall of 1919 to permit any sudden reaction to great activity in general business. Besides, the price levels in agricultural markets hardly warrant such an expectation when considered in connection with the state of the finances of thousands of farmers and stockmen. On the other hand, there is every reason to believe that the 1922 harvests from farms and ranges will bring better times than the marketing of crops and live stock a year ago.

The most striking development in the Western states to date is the smallness of the amount of money which has been required to finance the work of harvesting wheat. Bankers report that their demands for funds to meet the expenses of farmers in gathering the great areas in winter wheat in the Southwest, notably Kansas, Nebraska and Oklahoma, were the smallest in many years. The significance of this cannot be fully appreciated without considering the fact that the areas now in winter wheat are close to the largest on record and far in excess of the pre-war totals. The reasons for the smallness of the crop harvesting money demands are not difficult to find. Everywhere bankers answer that farmers are frugal, doing as much of the work as possible without employing outside hands. Also, outside labor costs less. For months so many country bankers have been urging farmers to halt in borrowing money and to exert themselves to pay off obligations that the farmers are now reluctant borrowers and willing to economize in labor and in other expenditures. This, as in earlier months, tells in general trade, but it

is a sign of industry and economy that will ultimately make for better business in the Western states.

Money is in such abundant supply in the Western states that banks at the reserve centers and many country institutions continue to purchase commercial paper and bonds on the open market for investment purposes. There would be more buying if rates were somewhat more attractive to the bankers. It is unlikely that new crop movement demands on banks will alter the situation materially.

While money is easy in the West, it is well to bear in mind that a large number of individuals are still engaged in effecting liquidation and will not clear up all their debts even with the good crops this year. There are enough individuals of this class to affect the rate of trade recovery. The situation respecting these individuals has reached a point where the War Finance Corporation is finding very little demand for its funds even at this season of crop moving. At Kansas City, for example, it is reported that the loans of the War Finance Corporation were reduced quite sharply the past month considering the fact that that period is normally one of expansion in borrowing by agricultural interests.

Opposition is being encountered by industrial interests seeking to advance prices of their products. Thus, the oil refiners are meeting opposition. A Nebraska farmer who drives a Cadillac car remarked to the writer only recently that his car was consuming too much oats. He pointed out oats bring him twenty-five cents a bushel, while gasoline costs twenty-five cents a gallon. He concluded by stating that he had to give too much oats to run the Cadillac. So, unless grain prices advance further, the opposition of farmers to advances in manufactures will continue. Live stock prices permit of relatively freer spending than the returns from grain, but grain is of greater importance as far as volume is concerned.

With money considerably easier, those who are surprised that commodities in general have not recorded more advances than now quoted would do well to look into Western conditions. The farmer would like to see wheat prices advanced. His debts are

smaller and he is not under the pressure to sell that he faced a year ago. But he notices that exporters are bidding less eagerly for wheat, owing to the state of European finances. He notices that domestic flour buyers are proceeding cautiously, manifesting no desire to speculate after the large losses they suffered the past year or two. The farmer knows that his markets are international whereas some manufacturers are less sensitive to world conditions. But the farmer, knowing this, revolts when the prices he is required to pay are out of line. He has been doing this for months, and, while his more comfortable financial situation so far as debts are concerned will make him a more willing spender, he does not give any sign of deviating from his determination to buy on a parity with what he sells.

Normally the beginning of a new crop movement in the Western states is marked by more or less borrowing by farmers to buy various articles they have wanted individually, or that their wives or children desired. The present season has witnessed very little of this, owing partly to the influence of the country banker and also to the attitude of the farmers themselves toward spending. For this reason there was some disappointment the past month over retail and wholesale trade in the Western states among merchandisers. On the whole bankers looked with complacency on this situation, for they regard it as constructive for the future. They feel merchandisers will do better next month and the month following.

Rains in some of the Western states where harvest has been completed retarded threshing operating, and consequently the early movement of wheat from the country was less than a year ago and less than normal for this time of year. Farmers, too, have been rather slow in offering wheat on the basis of current prices, at least, the country has apparently been educated against abnormal loadings early in the crop year. Instead, the country is expected to continue the orderly marketing of their harvests and to distribute sales over the entire crop year. Demand for the strong types of dark hard winter wheat has been a helpful influence in the market, although the trade has yielded in a measure to the relatively scant purchases for foreign account. In Montana and the Dakotas, the spring wheat crop has made excellent progress, and, while black and red rust is present in many fields, there is no great alarm over the situation.

Weather conditions have recently been of an ideal character.

Pasture and water conditions could hardly be more favorable for the live stock industry. There will be a larger percentage than usual of fat offerings in the range shipments of live stock in consequence. The grass cattle marketing season has started with quite satisfactory prices. The large crop forecasted for this year is expected to assist in maintaining cattle at a profitable level to breeders, for, with the generous profits from feeding this season it is expected that demand for stockers and feeders will increase. In the sheep trade there has been some reaction in prices, but the market is on a profitable basis. Easier wool and pelt prices have told in the sheep business. Hogs are somewhat reactionary, but paying farmers well. Hogs are more subject to financial unsettlement in Europe than other stock, and lately export advices as to provision business have not been favorable. The horse and mule market is quiet, but it is facing a season of larger business. The high prices for cotton point to larger absorption of horses and mules by the South. There would be more speculation in live stock except for the fact that the experiences of the last few years are discouraging anything except conservative operations in the industry. Bankers are using their influence to encourage the continuation of such a policy in the live stock industry.

Just how the new grain crops will be absorbed is a matter of great importance to the Western states. A good domestic demand is anticipated on a conservative scale. In foreign trade it is believed a liberal volume of business will be made possible if efforts to right the financial situation in Germany and in other European countries make some progress. Advices from Europe indicate smaller production of wheat than last year, which is favorable to American exports. Europe's ability to buy is as great a factor, however. In the domestic wheat trade it is noticeable that there is an almost general tendency to absorb supplies slowly. Millers are finding buyers of flour for deferred delivery very scarce, and an important change is being witnessed in milling market conditions on this account. One result is the employment of more flour salesmen. In the winter wheat states of the West there is so much hopefulness over the future of milling that a number of new mill projects were decided upon the past month. In the corn and oats markets the influence of speculation has made possible

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large accumulations in the visible supply, these cereals being carried by elevator interests against sales of futures. This is not entirely encouraging from the viewpoint of the future of corn and oats prices, but the maintenance of live stock prices would alter the prospect materially. Other feedstuffs are in slow demand.

Some difficulty was experienced in obtaining harvest hands, but fewer men were imported into wheat fields than in a number of years. Excepting where strikes prevail, labor is well employed. In the copper mining districts of the West there is a strong demand for labor. The principal outlet for idle workers has been and is still in construction work. There is a very noticeable absence of large building operations, but small homes and apartments projects are so numerous that building activity in the aggregate is great. The oil industry is active, but new production has been pushed with so much feverishness that there is some discussion as to the ability of the country to absorb the output of crude. Export oil trade is quiet.

Aside from labor, there is more contentment in the West. Farmers who joined wheat marketing associations, for example,

are trying to get out of their contracts, realizing now that existing agencies have served them well. No new crop season ever started with so many cooperative wheat marketing undertakings among farmers, but they do not promise to be the factor anticipated by the agricultural interests. The latter are showing more willingness to work with bankers and business men rather than to embark upon new enterprises to improve their own condition.

CONVENTION DATES

Montana—at Missoula, August 18-19.
New Mexico—at Las Vegas, Sept. 22-23.
Nebraska—at Omaha, Sept. 26-27.

VALLEY BANK AND GILA VALLEY BANK AND TRUST CO. MERGE

Consolidation of the Gila Valley Bank and Trust Company, with home offices at Globe, and the Valley Bank of Phenix, Ariz., through the purchase of the former by the latter, was announced recently following a joint meeting of the boards of directors of the two banking institutions.

The merger became effective on June 30.

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Prompt handling of collections through close connections on each of the Islands in the Territory.

The new banking institution will be known as The Valley Bank, the identity of the Phenix institution being retained and extended to the eight branch banking houses of the Gila Valley Bank and Trust Company.

Out of this merger is born the largest financial institution in Arizona and one of the strongest in the entire Southwest. It will have total resources of about \$10,000,000, a capital and surplus of \$1,000,000, and undivided profits of more than \$75,000.

As a part of the merger program, The Valley Bank increased its capital stock from \$500,000 to \$750,000; increased the directorate from eight to twelve members and created the new offices of chairman and vice-chairman of the board of directors. The new board of directors was named as follows:

C. E. Mills, I. D. Ricketts, R. E. Moore, G. A. Olney, B. M. Goldwater, T. C. McReynolds, J. H. Kibbey and A. T. Esgate, all former directors of The Valley Bank, and T. A. Pascoe, Globe; J. R. Todd, Globe; George Kingdon, Jerome, and H. S. Van Gordon, former directors of the Gila Valley Bank and Trust Company.

C. E. Mills, former president of the two banks, was elected chairman of the board, and Dr. L. D. Ricketts, former vice-president of the two banks was elected vice-chairman of the board.

R. E. Moore, heretofore general manager of the Gila Valley Bank and Trust Company and vice-president of The Valley Bank, was elected president. J. R. Todd, assistant general manager of the Gila Valley Bank and Trust Company, was elected vice-president. Mr. Todd will have supervision over the various branches in the Gila valley.

H. O. Fitzsimmons, manager of the

Miami branch of the Gila Valley Bank and Trust Company, was elected a vice-president, and A. T. Esgate of Phoenix, former cashier of The Valley Bank, was elected a vice-president, retaining his position as cashier.

All present managers of the branch banks of the Gila Valley Bank and Trust Company will be retained, said the announcement.

H. C. Wood, for the past several years auditor of the two institutions, has been retained as general auditor.

With the merger The Valley Bank takes over the direct management of ten banking institutions in the state. Eight were annexed through purchase of the Gila Valley Bank and Trust Company, while the two others were operated by the old Valley Bank, including the home bank in Phoenix and a branch institution at Ajo.

The reserve of the new system will be nearly \$3,000,000 or about thirty per cent. of the total resources. Listed in the liabilities are deposits totalling nearly \$8,000,000, while another \$1,000,000 is in capitalization and surplus.

The Gila Valley Bank and Trust Company was organized in December, 1899, and its first banking institution was established at Solomonville, Ariz., the following year. One by one branches were established, headquarters office later being established at Globe.

R. E. Moore was in charge of the first institution and has remained active in the management of the corporation's affairs throughout its existence.

**LIBERTY CENTRAL-ITES HOLD
BLIND BOGY TOURNAMENT**

Ray C. Bond was the winner of the blind boggy tournament which was held recently at the Glen Echo Country Club by members of the bond department of the Liberty Central Trust Company of St. Louis, marking the progress of the department during the first six months of 1922. The prize was \$7.50 worth of merchandise.

J. L. Johnston, president of the institution, who finished the tournament with the lowest score, offered a prize of two dozen golf balls, which was won by W. W. Seibert, who had the lowest net score after handicaps were deducted.

A dinner at which short addresses were delivered was held after the tournament at which President Johnston warmly endorsed golf, particularly as a bond man's game, there being so many similar phrases applicable to both subjects, such as, par, etc.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

BUSINESS continued to improve during the past month. The retail trade reports an increase both in volume and value of business over sales for the same period in 1921. The wholesale and jobbing trade reports business exceedingly good for the month, although the country districts were somewhat duller owing to the fact that the harvests are late. Here, too, dollars and cents income is greater than a year ago and an increase of approximately ten per cent. is reported over a month previous notwithstanding the fact that prices have gone down from twenty-five to forty-five per cent. from the peak. Banks are still conservative about advancing money for extended credits, and although prices have been stabilized and contracts are being made with more confidence, there is a disposition not to allow speculation at current prices as more than moderate advances would be regarded as but temporary. A reduction in the San Francisco Federal Reserve bank's rediscount rate from four and one-half to four per cent. has been made effective. This bank is the third institution of the Federal Reserve system to cut its rate to the four per cent. level. Reduction in the San Francisco bank's rate was forecasted several weeks ago when the institution sounded out the Federal Reserve Board as to its attitude towards further rate reductions, a move in sympathy with the general trend toward easier money conditions. An increase in total deposits of national banks of the Twelfth Federal Reserve district accompanied by an expansion in total loans and discounts, and an addition to holdings of cash and exchange during the eight weeks ended June 30, was revealed in the statements in answer to the recent call. Building continues active. Los Angeles set up an especially noteworthy record. With a total of \$10,652,000 the last month was that city's third greatest in the point of building activity, 3751 permits being issued for new buildings. Shipments of fresh and dried fruits for the six months of this year are

more than half the entire total of 1921. Shipments of canned goods are about equal. Last year, however, the heavy movement of canned goods to Eastern markets by way of the canal began much later in 1922 and if the pace set so far is maintained figures for intercoastal shipments at the end of the year will show a total far in excess of 1921. Utah business is rapidly coming out of the recent period of business depression. The wool interests are receiving handsome returns, which in turn are being passed into the banks. The copper interests are again active, creating a field for labor. The sugar industry in the state is on a much better basis and due to a large beet crop all the sugar refineries are in operation.

News of the completion last week of a \$200,000,000 Southern California bank merger, headed by the First National Bank of Los Angeles, the Los Angeles Trust and Savings Bank, and the First Securities Company, of which organization Henry M. Robinson is president, is of interest in that it gives a Los Angeles institution second place as to size among the banks of California. The Bank of Italy, with total resources of \$213,584,833, is only a trifle larger than the big southern combination.

Banking institutions in twenty-four cities were concerned in this merger.

Los Angeles bankers manifested no haste in adopting the branch banking idea, but once they did, it must be admitted that they made rapid progress.



CONVENTION DATES

Investment Bankers Association, Del. Monte, Oct. 7-10.

Arizona—at Bisbee, Nov. 10-11.

Nevada—at Lake Tahoe, Aug. 25-26.

GROWTH OF THE BANK OF ITALY

With 343,653 depositors shown in its recent published statement of condition, the Bank of Italy reports a gain of more than 52,000 customers for the first six months of 1922. During this same period, the bank's resources have increased from \$194,179,449 to \$213,584,833, a growth of over \$18,000,000.



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Capital & Surplus . . . \$ 10,000,000
Resources Exceed . . . \$150,000,000

The gain recorded for this half year is in excess of that for the first six months of 1922 when the *Wall Street Journal* credited the Bank of Italy with the largest increase of any bank in the United States. The gain in deposits for the half year is in round numbers \$18,500,000. The bank is operating fifty-two branches in thirty-eight California cities. In August by the issue of 50,000 shares of stock, the paid-in capital will be increased to fifteen millions and surplus to five millions. These amounts, with undivided profits of approximately \$2,700,000, will give an aggregate capital of \$22,700,000, the largest of any banking institution west of Chicago.

AWARDED CUPS FOR ADVERTISING DISPLAYS

Three silver cups—one for the best display of bank advertising, the second for the best bond advertising display and the third for the best general advertising exhibit—have been awarded the Bank of Italy, by the Pacific Coast Advertising Clubs, at the San Diego convention. Telegraphic advice announcing the judge's decision was sent to W. W. Douglas, vice-president of the Bank

of Italy, immediately following the close of the convention.

The trophies were won in competition with more than 150 exhibitors, representing members of the seventeen Pacific Coast clubs and including the principal stores, factories, and financial institutions engaged in general advertising. All three cups will be displayed throughout the state.

The prizes were offered by the Burroughs Adding Machine Company of San Francisco, Johuck, Beran and Kibbee of San Francisco and Parmelee Dohrmann Co. of Los Angeles.

The winning exhibit was composed of newspaper advertisements that have appeared in all sections of California.

RALPH P. ANDERSON

Ralph P. Anderson has become advertising manager of the Anglo-California Trust Company, of San Francisco. This bank, known as "The City-Wide Bank", has six complete banks in San Francisco and has branches of its bond department in Oakland, Los Angeles and New York.

Mr. Anderson was previously manager of advertising and publicity of Stephens & Company, California investment house.

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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

ALTHOUGH a hot spell in mid-June did some damage to the crops in Southern Alberta, the droughted-out areas were limited and the prospects generally throughout Canada, and particularly in the other prairie provinces and Ontario, continue to hold promise for a bountiful harvest. Such has been the experience in the past, however, that there is little indication of business improvement in the West at this stage, and the West is usually the factor which decides the balance of the scales of prosperity in Canada. In a large portion of the West where there has been little crop return in several years and where last season the results generally showed little or no profit the credit situation has become very strained. It is becoming increasingly evident in view of this situation that merchants, manufacturers, banks and mortgage institutions are not going to extend further credits until there has been an adjustment of the standing accounts—evidence of an ability and willingness to discharge obligations.

The result is that, while there is a steady and gradual improvement in the business situation throughout the country, there is not likely to be any evidence of the influence of the good crop returns until the crop is actually harvested and the real money put into circulation. Western dealers are not showing any inclination to book on the strength of crop prospects as they have been optimistically done in the past. This means that there is little movement in staple lines outside of actual necessities. On the other hand, however, there has been some buying of passenger automobiles and other luxuries by people who laid up comfortable balances during the fat years and are now beginning to spend more freely with the outlook for a return to a normal business income.

It remains to be seen of course to what extent the Western farmers can clean their debts off this year. Undoubtedly, however, there will be a strenuous campaign by col-

lection agents who have been put off so long. There seems to be no shortage of funds either in the hands of the bankers or of the mortgage companies but they are going to look for substantial payments against present obligations even though they may then be willing to extend still larger credits on sound security. Farmers are evidently seized of this situation because protests are being made in advance against the anticipated activities of collectors. No doubt this situation will right itself. The banks and the mortgage companies have no desire to do anything to handicap the farmers in their operation of the land but they will undoubtedly expect to be paid what is coming to them rather than see the money spent for joy-riding cars or trips to the Sunny South.

The industrial situation in Eastern Canada shows continued improvement. The paper and textile industries are particularly active. In the Maritimes there is some betterment in the lumber industry and an improvement also in the outlook for the fisheries. Industrial centers are experiencing a period of activity in residential construction, the demand for both labor and materials in many cities having resulted in some new advances in prices from the low point struck in the reaction from the post-war high level.

Canada like the United States expects to benefit from the reductions being made in freight rates. In this country, however, the situation is somewhat complicated and the extent to which the benefits of the lower rates will be passed on to the consumer and the manufacturer remains to be seen. It is estimated that the last adjustment will reduce the income of the railroads, including the government system, about \$22,000,000 per year. It had been proposed by the roads to make a general reduction on commodities of about twenty per cent. which would not only have reduced the cost of production but would have undoubtedly led to an increased consumption and a wider revival of industrial activity. However, there had been suspended during the war an agreement by which Western Canada got a particularly beneficial rate on wheat and wheat products.

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The West demanded that this agreement be again brought into operation. The opinion of the Railway Commission favored a further suspension of this special rate arrangement. The Western members in the House of Commons then brought their influence to bear upon the government which over-ruled the Railway Commission and gave a decision under which the great bulk of the benefits of the savings in freights goes to the Western grain growers and the twenty per cent. reduction proposed on general commodities has been adjusted to a reduction of six per cent. only. The situation has been followed with keen interest indicating as it does the power of the Farmer bloc in parliament over the government, the weakness of a three party parliamentary representation and establishing a precedent in undermining the supposedly supreme judicial powers of the Railway Commission.

The last monthly statement of the Canadian banks shows a contraction in current loans of about \$22,500,000, but the total of \$1,140,000,000 was still \$130,000,000 greater than a year before. The reduction in commercial credits was a rather surprising development in view of the general improvement in the industrial situation but no doubt represented a concentration of funds look-

ing to the movement of the crop. For some months previous the tendency had been towards expansion of the current loans. The banks have curtailed their financial position to the extent of \$210,000,000 in total assets during the year, the total now being \$2,660,000,000. During the month covered by the report the banks reduced their loans from the government under the War Measures Act by nearly \$50,000,000 and circulation was cut down by \$9,000,000; government obligations are about \$67,000,000 less than a year ago while the circulation has been reduced by \$37,500,000.



MAKING SERVICES PAY

The statement made at the annual meeting of the shareholders of the Home Bank of Canada, by General Manager J. Cooper Mason, to the effect that, as the result of increased government taxes on circulation and stamp dues, it would be necessary for the Canadian banks to pay more attention to what are termed "minor profits," probably means a changed policy on the part of the banks in regard to small services upon which there are at present incidental losses

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amounting to considerable in the total. Checking privileges, involving work for the staff, stationery, etc., in connection with small savings deposits, where no substantial balances are carried, may be particularly referred to in this connection and bank officials have for some time been considering steps to reduce losses here by either restricting the number of cheques to be issued or making a charge in each case of above a certain minimum. The fact that certain general changes with regard to public services for which a charge will be made by the banks were considered at a recent meeting of the Canadian Bankers' Association, gives particular point to General Manager Mason's statement.

AMERICAN BANKERS GO TO CANADA

A delegation of twenty prominent American bankers, including the administrative committee of the American Bankers Association, and representatives of the various activities of the organization and of different sections of the United States, left New York July 23, for Montreal, Canada. The trip is being made for the purpose of discussing with leading Canadian bankers the commercial and financial relations between the Dominion and the United States and bringing about close coöperation between the Canadian Bankers Association and the American Bankers Association in developing the resources of the two countries.

While in Montreal the American bankers were to be the guests of the Canadian Bankers Association of which Sir Frederick

Williams-Taylor is president. The conferences occupied two days, July 24 and 25. The party included Thomas B. McAdams, president American Bankers Association and vice-president Merchants National Bank, Richmond, Va.; John H. Puelicher, first vice-president of the association and president Marshall and Ilsley Bank, Milwaukee, Wis.; Joseph Wayne, Jr., president Girard National Bank, Philadelphia, Pa.; Frank I. Hilton, vice-president Bank of Manhattan Company, New York; J. A. House, president Guardian Savings and Trust Company, Cleveland, Ohio; John W. Barton, vice-president Metropolitan National Bank, Minneapolis, Minn.; Samuel H. Beach, president Rome Savings Bank, Rome, N. Y.; R. S. Hecht, president Hibernia Bank & Trust Co., New Orleans, La.; Fred I. Kent, vice-president Bankers Trust Co., New York City; M. A. Traylor, president First Trust & Savings Bank, Chicago, Ill.; Francis H. Sisson, vice-president Guaranty Trust Co., New York; Lewis E. Pierson, chairman Irving National Bank, New York; E. C. McDougal, president Marine Trust Co., Buffalo, N. Y.; Frank W. Blair, president Union Trust Co., Detroit, Mich.; Walter Lichtenstein, executive secretary First National Bank, Chicago, Ill.; E. R. Rooney, vice-president First National Bank, Boston, Mass., and of the American Bankers Association headquarters staff, F. N. Shepherd, executive manager; Thomas B. Paton, general counsel; William G. Fitzwilson, secretary; Gurden Edwards, secretary Public Relations Commission; and Lewis L. Strauss, of Kuhn, Loeb & Co., secretary Commerce and Marine Commission.

HOME BANK OF CANADA

In view of the depressed industrial and commercial conditions during the past year the reduction in the profits of the Home Bank of Canada indicated in the annual report was to be expected. However, the income was sufficient to pay usual dividends and the various heavy taxes and provide contingent fund of \$100,000 without materially reducing the balance. Following are comparative figures from the profit and loss account for the past three years:

	1922	1921	1920
Bal. forward	\$134,867	\$146,874	\$158,349
Profits	275,112	278,556	268,895
Prem. on stock	147	140	3,787
	\$410,126	\$425,570	\$431,031
Dividends	\$137,184	\$137,154	\$117,237
Tax on circ.	18,346	19,494	19,535
Res. depreciation		50,000	25,000
Patriotic			1,875
Prov. taxes	22,821	23,423	
Premises			15,000
Reserves		50,000	100,000
Income tax	6,690	10,632	5,510
Contingent	100,000		
Balance	125,085	134,867	146,874
	\$410,126	\$425,570	\$431,031

The balance sheet indicates a contraction of total assets to the extent of \$445,000 which is accounted for in a reduction of circulation of \$290,000 a decline in savings of \$48,000 and a cut in demand deposits of \$119,500. The amount due to the Dominion Government was reduced by \$78,000.

Current loans contracted to the extent of \$240,000, which is a slight change in view of business conditions and the fact that the total of current loans continues about \$15,500,000 or more than half of the total assets of \$30,000,000. Loans on public securities

declined about \$925,000 and holdings of Dominion notes by about \$540,000.

CANADA'S PUBLIC BONDS

Canadians hold \$2,680,000,000 of a total of \$3,737,000,000, representing the outstanding public bonds of the country, according to *The Financial Post*.

The figures herewith are worthy of close scrutiny. They constitute an estimate of the total funded debts of Canadian governments and municipalities. No guaranteed bonds have been included. While the proportions of bonds outstanding in the three countries have necessarily had to be estimated, comparison has been made with data secured from well informed sources to insure as much accuracy as possible.

The estimate of Canada's national wealth makes no allowance whatever for undeveloped farm lands, minerals, forests or other potential sources of wealth. Canadians have capitalized their national development at a large sum but already the wealth created by that development is many times the total debt piled up.

In private conversation the other day a great Canadian business man stated that having regard for Canada's vast potentialities we could afford to further capitalize our future by borrowing for development. While outside observers might qualify this by advising against the increase of public debt for current expenditures and by advising repayment of war debts, the figures below indicate that Canada can borrow in world markets with assurance of present financial stability.

THE FINANCIAL POST'S ESTIMATE OF CANADIAN BONDS OUTSTANDING

	Outstanding Bonds	Held in Canada	Held in United States	Held in United Kingdom
Dominion of Canada	\$2,472,000,000	\$2,000,000,000	\$136,000,000	\$336,000,000
Provinces of Canada	520,000,000	270,000,000	150,000,000	100,000,000
Municipalities	745,000,000	410,000,000	260,000,000	75,000,000
Totals	\$3,737,000,000	\$2,680,000,000	\$546,000,000	\$511,000,000
	Percentage	71.7%	14.6%	13.7%

PUBLIC DEBTS OF CANADIAN PEOPLE

	Outstanding Bonds, Less Sinking Funds	Per Capita
Dominion of Canada, net debt	\$2,427,300,000	\$277.50
Provinces of Canada	498,200,000	56.70
Municipalities	687,500,000	78.30
Totals	\$3,581,000,000	\$412.50
Canada's national wealth as estimated by Dr. R. H. Coats, Dominion Statistician in 1919		\$19,002,758,125



THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SEVENTY-SIXTH YEAR

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The Coal and Railway Strikes

FOR some weeks the country has been in the throes of serious coal and railway strikes which have injuriously affected practically all lines of production and trade and have been accompanied by a number of violent demonstrations.

The questions involved in these industrial disturbances do not differ greatly in their general character from those involved in many other preceding strikes. It is therefore very difficult to say anything new in regard to them. These strikes are deplorable in every respect. They represent great loss to all concerned. It would seem a fair statement to declare that in all cases of disputes between employees and employers, where efforts looking toward a mutual settlement of differences are unavailing, that each side ought to be willing to submit the controversy to the judgment of an impartial tribunal, and to accept the decision reached. If this is not done, the result is to plunge the country into that condition of strife which has marked the recent strikes. American common sense should be equal to finding a better way than this.

The hope entertained in the views expressed above has been disappointed. For, in the case of the railway employees at least, such a tribunal existed, constituted by governmental authority. But it was unable to prevent the strike or promptly to bring about a settlement once it had occurred.

If all efforts to reach a mutual accommodation of differences fail, the country will be forced to put a check upon the pretensions of organized bodies to have their own way regardless of the injuries inflicted upon the community at large. In all such controversies there lies somewhere a just basis of settlement. When by legislation the best possible means of discovering such a basis are provided for, they will have to be utilized. For groups of labor and groups of capital are alike amenable to law and public opinion.

Probably the situation disclosed by these recent strikes will serve sharply to direct attention to some fundamental difficulties in our present economic and social structure. All through our society there exists a lamentable disposition for various powerful groups to organize for the purpose of attaining selfish ends. This

tendency appears not only in industrial and commercial circles, but it is also a marked characteristic of our present-day politics. Even in this land of supposedly high intelligence, the fact that extreme individual or group selfishness always reacts against those aiming to profit by it does not appear to have permeated many minds.

This country was just beginning to experience a slow return of more prosperous times after the period of depression which followed the wild era of inflation and speculation, and this healthful progress has now been interrupted if not seriously delayed by the coal and railway strikes. The hope may yet be entertained that American sense and patriotism will find less costly means of settling such disputes. Toward this end every leader in industry, enterprise and government, and all citizens, should and must contribute the very best of their thought and effort.



A Successful Popular Investment Appeal

INTEREST has been aroused in investment circles by the recent successful appeal made by the American Telephone Company to its patrons to subscribe for an issue of \$25,000,000 of the company's stock. Just how successful the appeal was may be seen from the fact that while the number of shares to be issued was only 250,000, the aggregate applied for was 796,715. That the applications were widely distributed appears from the total number of applications, 101,766.

This successful experiment in interesting the users of the services of a public utility corporation in the ownership of the corporation's stock may be studied with great profit. It can not be generally copied with like results, because every corporation does not have the successful record of the New York Telephone Company. The offering of bonds and stocks "over the counter," as these direct sales to the public are styled, is no new development in American finance. It is an expedient that has been tried repeatedly, though not always with the gratifying results recorded in this instance. Quite often sales of bonds are attempted on this plan with the thought of avoiding the commission charged by the investment banker, and in the hope of obtaining a better price for the securities. The results, as a rule, have not been of a character to justify the expedient as a settled policy.

It would no doubt serve a useful purpose if more people would become financially interested, not only in the ownership of public utility corporations, but in all sorts of industrial corporations. If

more workers on the railways, and more citizens generally, owned the shares and bonds of railway corporations, it would probably tend to bring about a better understanding all round. People who swear at the bad service of a street railway or lighting corporation might modify the force of their objurgations somewhat on realizing that they were really cursing themselves. If the workers on a railway or in general industries could acquire a substantial share of ownership therein, they might get a new light on the wage question, and be less ready to strike because of any real or fancied grievances, when they came to understand that they were striking against themselves.

No claim is made that such wider distribution of ownership of enterprise would afford a panacea for industrial ills, and indeed the plan is not free from weighty objections; but, making due allowance for all these, it is believed the plan has much merit.

Very likely the New York Telephone Company will find, as a consequence of a more general distribution of ownership among those making use of the company's facilities, that public interest in the character of the service rendered will be enhanced and more fairly applied. The working out of this development affords an interesting and profitable field for observation.



The Bankers Meeting in New York

FOR several reasons the convention of the American Bankers' Association in New York next month may be regarded as of special importance. No meeting of such large numbers of bankers as will then take place could fail to attract attention. But this year the meeting is more than usually significant.

In the first place it is of importance that the meeting is being held at the center of the country's finance and commerce, for the importance of preserving our standards of commercial and financial integrity are sure to be stressed at some stage of the proceedings. The meeting would afford a good opportunity for some bright young banker who values truth more than temporary popularity to tell a plain tale about Wall Street—the bugaboo of the demagogue.

The resolutions likely to be adopted should have a steadying effect in these turbulent times. When other people are losing their heads, the banker seldom loses his. And the assembled bankers have a fine opportunity on this occasion to point out the eternal verities upon which national prosperity and national character depend.

The world today, as perhaps never before in modern times,

furnishes abundant illustration of the folly of departing from the sound principles and practices upon which alone human advancement may be predicated with confidence. It is reasonable to expect that the bankers in their convention will not fail to call attention to the futility of hoping for prosperity by disregarding the common rules of sound business and finance.

New York is glad to have the bankers of the country as guests, and has prepared a generous welcome for them. It is the belief of those active in the arrangements for the meeting that this will prove a successful convention in all respects.



Something Wrong With Prices

THAT prices of many commodities are still extremely high is a fact easily demonstrated without the assistance of statisticians or economists. Any ordinary citizen will get convincing evidence of this by starting out to buy almost any article. Housewives, with market baskets on their arms, trying to procure daily food supplies are confronted with prices that in many cases seem exorbitant. They read of bountiful crops, of low prices on the farm; but somehow the bountiful crops and low farm prices fail to benefit the consumer to any great extent. Prices keep up, and they are again showing a still higher tendency. This is one reason for labor unrest.

While the fact of high prices is too patent to require demonstration, the causes contributing to this condition are less clear. Undoubtedly a number of factors have played a part in shoving prices near the top notch and keeping them there. Chief of these is the spirit of extravagance and almost of recklessness in spending money begotten of the war. This spirit has not yet wholly subsided. Inflation was checked, but the evil has not been cured; in fact, it is beginning to show its ugly head once more. The high wages in several lines of industry, reacting on a number of other lines, must bear their due share of the rise in prices, though too much stress has probably been ascribed to this element. Inefficient and costly means of distribution of some products have robbed both producers and consumers.

A factor not given due weight, perhaps, is the weakening of the actual cash reserves of individual banks. These legal reserves may no longer consist of cash, so far as members of the Federal Reserve System is concerned, but must all be in the shape of loans to the Federal Reserve Banks, to be in turn partly loaned out again by

them. The State banks also hold their reserves largely in one form of credit or another.

So long as the reserves of the individual banking institutions of the country consist so largely of credit so long will there be inflation and an unhealthy condition in price movements—violent fluctuations up and down.

Before we talk so glibly about “stabilizing exchange”, we ought to take prompt and effective action tending to stabilize prices. One way to do this would be to get our individual banks squarely back on the gold standard of value from which they were unceremoniously thrust by the Federal Reserve Act.

Allowing for all the factors named, it is probable that the principal cause of continued high prices is the inordinate craving for gain by far too many of those engaged at some point in the production and exchange of goods.



Difficulties of Congress

BEING a Congressman, compelled to attend upon the sessions at Washington throughout the greater part of the summer, with all the accompanying worries that beset the statesman's life in these days, affords but little prospect of unalloyed pleasure.

Perhaps the chief difficulty of the present Congress consists in its failure to follow the advice of the late Thomas B. Reed, who said in regard to legislation of doubtful value, “When you don't know what to do, don't do anything”. Clearly enough, this Congress doesn't know what to do, yet is bent upon doing something. If an adjournment had been taken after the reduction of taxation, and the passage of necessary appropriation bills, the outlook for the Republican party in the autumn campaign would have been much better. A good start was made in reducing internal revenue taxes. But from that time onward the record has been in a contrary direction—toward increase of taxes; as witness the bonus, the ship subsidy and the tariff. At a time when reduction of taxation is imperative if prosperity is to return, Congress, with the exception noted, seems incapable of doing anything except to pile up more taxes on the backs of the already burdened people.

In criticising our representatives at Washington, however it must be remembered that they were called on to meet an unprecedented situation, one marked by enormous expenditures and calling for correspondingly heavy outlays. Moreover the confusion of the period following the war has rendered it extremely difficult to satisfy public demands. It is a time of divided counsels. For this

reason it would have seemed a wise policy to defer much of the legislation which has provoked bitter controversy.



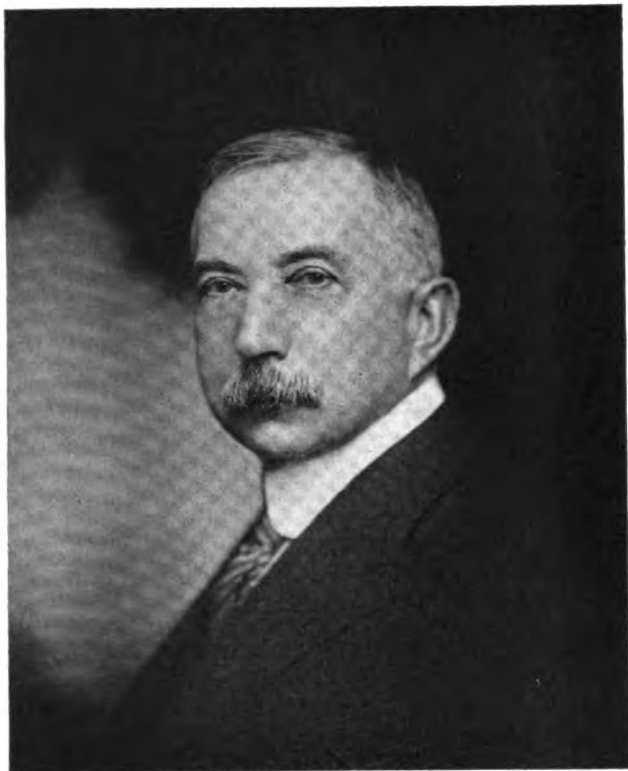
Financial and Other Panaceas

TIMES like the present are sure to produce fresh crops of sure cures for the world's financial and industrial ills. Because conditions are in many respects bad, aspiring philosophers and financiers would have us believe that the cause lies in the failure to adopt their peculiar nostrums. Careful study of thousands of these proposals, animated by a sincere desire to find the great truths which they profess to herald to a waiting world, leads to the conclusion that in nearly every case the schemes are deceptive and wholly unfitted to be of any benefit whatever to the human race.

This is not to say that the entire economic situation is perfect, and not open to any improvement. Great changes are going on all the time, but they are generally merely adaptations of a system whose fundamentals remain substantially unchanged. Industry, integrity, thrift, judgment and skill—these are indispensable elements of individual and national welfare. No magic formula for dispensing with them has ever been discovered. But science, invention and the perfection of administrative methods have all combined to render these homely virtues more and more productive.

If the qualities named are those most instrumental in aiding human progress, ignorance, hatred, class consciousness and movements aimed to undermine the foundations of society are no less certainly calculated to hinder such progress. The way to combat error, and to bring about beneficent changes, is to uphold the truth. Simple and trite as this statement appears, it is being overlooked by people all over the world today, and by millions in our own land.





JOSEPH F. SARTORI

President Security Trust and Savings Bank, Los Angeles, California

THIRTY-FIVE years ago, J. F. Sartori, a young Iowa lawyer went to Southern California. In 1889 he was one of the founders of the Security Savings Bank, was its first cashier and later became its president. The Security Trust and Savings Bank now has resources exceeding \$150,000,000, with many branches in Los Angeles, Long Beach, Pasadena, Hollywood, San Pedro and other towns in the Los Angeles locality.

As a member of the legislative committee of the California Bankers Association he had a leading part in the preparation of the California Bank Act, with its excellent provisions regarding departmental banking, and since its enactment has counselled its revisions, including the changes which permitted the California State Banks to join the Federal Reserve System. Mr. Sartori has served the American Bankers Association on important committees and as chairman of the Savings Bank Section. He is a director of the Los Angeles branch of the Twelfth District Reserve Bank.

Harmony in Industry Through Employees' Stockholdings

By Oscar Newfang

IN recent years the directors of many large industries have begun to realize that ownership of stock by their employees tends to promote loyalty to the management and to lessen the probability of labor troubles. They have come to see that, as the ownership of a business rests more largely in the hands of those actually employed in the business, the interests of capital and labor are more nearly centered in the same group of persons, and are thus merged and harmonized.

Among the leading industrial companies in the United States that have adopted the policy of encouraging their employees to invest in the stock of their companies are the American Sugar Refining Company, American Woolen Company, Central Leather Company, United States Rubber Company, Studebaker Company, Underwood Typewriter Company, and many others. The plans adopted by these companies vary; but the underlying thought in each case appears to be, to reduce friction between capital and labor and to promote loyalty to the company. Thus, President William M. Wood of the American Woolen Company said in his annual report for 1920: "In pursuance of plans which have long been under consideration, the board of directors deemed it prudent during the year to acquire a substantial number of shares of the common stock of your company with a view to offering to its employees—without profit to the company—an opportunity to become financially interested in its ownership. It was felt that this course would be a guaranty of the continuance and furtherance of the existing conditions of mutual understanding and loyalty between the company and its employees, and a well-deserved recognition of their coöperation with the management in meeting the hardships and

difficulties of the past year. The plans for the distribution of this stock necessarily require consideration from many different angles, and some time will doubtless be needed for working them out in detail." In his report for 1921 he says: "It gives me particular pleasure to comment on the satisfactory relations existing between your company and its employees. This was made especially apparent by the enthusiastic response to the opportunity offered to all employees to subscribe to the common stock of your company. In my last report to you it was stated that plans for the distribution of the shares of common stock acquired by the company, with the intention of offering it to its employees, were in process of formation. On May 13, 1921, the offering was announced, and was cordially received, over 13,000 employees subscribing for various numbers of shares each. In view of the long period of unemployment during the latter half of 1920 and the early months of 1921, the volume of subscriptions was considered a great success."

President Earl D. Babst, of the American Sugar Refining Company, says in his annual report for 1921: "A plan has been in effect since 1919, by which employees of the company may purchase on partial payments the stock of the company. Employees on the labor pay-roll are limited, however, under the plan to the purchase of a single share of the preferred stock. Upon completion of payments the employee may purchase an additional share of the preferred stock. Stated in an accumulative way the result of the plan is shown as follows:

	Shares purchased	Par value
1919	5,823	\$ 582,300
1920	8,254	825,400
1921	12,282	1,228,200

President A. R. Erskine, of the Studebaker Corporation, in his 1920 report says: "The corporation is holding in trust 12,208 shares of the common stock and ninety-one shares of the preferred stock for the account of 2391 or 22.6 per cent. of its employees, who are paying for it under a copartnership plan". In his 1921 report the number of shares subscribed for by employees was 12,948 common and ninety preferred.

The Underwood Typewriter Company in 1916 inaugurated a plan for distributing among its employees twenty per cent. of the profit remaining after dividend and sinking fund requirements, this sum to be invested in common stock of the company, which was to be given to the employees. In addition to this the employees were given facilities to buy common stock with their own savings. In his report for 1918 President John T. Underwood says: "Over one half of the company's employees are now stockholders."

The United States Rubber Company report for 1919 has the following: "With a view to increasing the zeal and efficiency of the employees of the company, by encouraging them to have direct personal interest in its success, your directors have from time to time provided through a 'stock subscription and profit-sharing plan' and a 'value sharing plan', and options on stock in certain special cases, for such employees to acquire such stock by carrying it for them for certain periods, over 4500 employees being included this year in such plans. Your chairman cannot but feel that the enthusiasm and earnestness which such personal interest has engendered has had much to do with the unusual growth of our business and profits." In his 1920 report the late Samuel P. Colt, chairman, stated that 98,326 shares of the common stock were being carried for employees, and in addition \$2,427,705 (book value) (estimated by the writer to be about 48,000 shares) were being carried for some of the principal officers of the company.

Many other cases might be cited, but

these will suffice to show that, while the motive is a good one, the extent of the investment contemplated is in all cases only a very small minority interest; and these plans are with some reason looked upon by organized labor as merely throwing a sop to the workers to keep them contented, rather than as intended to give the workers any real voice in the management, or any real interest in dividends.

It is evident, therefore, that the best that can be said of the plans for employees' stock ownership mentioned above is, that they tend to diminish to some extent the friction between capital and labor. Let us now inquire in what manner stock ownership by workers could entirely eliminate the possibility of friction between capital and labor. There seem to be two conditions necessary to produce this result. First, the ownership must be complete; that is, all the people actively engaged in an enterprise or an industry (including brain workers as well as brawn workers) must constitute the entire list of stockholders in that enterprise or industry. And secondly, the percentage which the stock held by each worker bears to the total issue must be the same as the percentage which each worker's annual salary or wage bears to the total annual pay-roll.

Let me illustrate these two points by an example reduced to the lowest terms. Suppose that two men decide to establish a retail grocery. They are both experienced grocer's clerks, who have by thrift saved a few thousand dollars out of their wages. Each puts into the business the same amount of capital, and each devotes his entire time to the business. Assuming that their experience and ability are equal, their wages would rightly be equal, and if the concern earned more than their drawing accounts, the profits would be equally divided. It would make no difference to these men, whether the wages were small and the dividends large, or vice versa, since each would share equally in both wages and dividends. There would be here no possibility of friction be-

tween owners and workers. It is the simplest possible case.

Now suppose that one is an experienced grocer and the other a grocer's errand boy merely, but still that each is able to make the same investment. The experienced man would naturally demand a larger wage than he would allow to the inexperienced boy (say twice as large), but the profits remaining would be equally shared. In this case it would evidently be to the interest of the experienced man to make the wage distribution as large as possible and the dividends as small as possible; because he would obtain two-thirds of the former and only one-half of the latter. The interest of the boy would be exactly the opposite. Hence friction between ownership returns and workers' returns; that is, between capital and labor. This friction could be entirely eliminated only by making the investment of the experienced man twice the investment of the boy. Then it would again be immaterial to each of them, whether profits were paid out as wages or as dividends.

Now adding to the problem another element which almost invariably occurs in all large enterprises, let us suppose that, in addition to the capital invested in the proportion just stated by the two men mentioned, an amount equal to the investment of both is added by an outside investor, who is not active in the business, and whose experience and advice is of no value to the business. The relative proportions of the investments of the three men would then be two-sixths for the experienced man, one-sixth for the boy, and three-sixth for the outside investor. It is evident that, in this case, it is equally to the interest of both the experienced man and the boy to have as large a proportion as possible of the profits paid out as wages, and as little as possible in the form of dividends; because the active men receive two-thirds and one-third respectively of the amount paid as wages, whereas they would receive only two-sixths and one-sixth respectively of the amount paid as dividends. This is the

fundamental reason for the divergent interests of capital and labor; and this also shows the reason why all the workers have a common interest as against all the capitalists.

The best way to eliminate this source of friction is, entirely to eliminate the outside investor, as stated above. An alternative plan, however, must be here noted. If both the capitalists and the workers can agree upon a fixed amount of rent for the capital employed; that is, upon a fixed maximum dividend to be paid, this would tend largely to remove the divergent interests between capital and labor, and this plan, while not as perfectly effective as the other, is much more feasible in actual practice.

In order to remove entirely all investment other than workers' investment, there would be required an amount of thrift and perseverance among the working classes which many of my readers would consider out of the question. Let us take a concrete instance, and examine whether it would be possible for workers by united action and united investment to obtain control or practical ownership of an entire industry. We will consider the railroad industry in the United States; first, because in this industry all the necessary statistics are available; and, secondly, because in this industry a larger proportion of the capital is borrowed through bond issues than in almost any other industry, and therefore the controlling stock issues constitute a much smaller proportion of the total funds employed, and could be more easily acquired by the united action of the workers.

According to the Bureau of Railway Economics, Washington, in 1918 the total amount of of railroad stocks and bonds amounted to \$20,784,000,000, of which there were in the hands of the public (that is, excluding investments held by one railroad in another) \$16,454,000,000. Of this amount \$9,700,000,000 consisted of bonds, and \$6,700,000,000, of stocks. Ownership of half of these stocks (or \$3,350,000,000) would constitute control of the railroads

of the Country. According to Walker D. Hines, former Director General of Railroads, there were in 1919 a total of 1,977,000 railway workers in the United States, whose wages for that year amounted to \$2,744,000,000. If these workers should get together through their brotherhoods, practice the necessary self-denial to save ten per cent. of their wages (say \$270,000,000 a year), in fourteen years they would own control of the entire railroad system of the United States. In twenty-eight years they would own the railroad system completely. All this may sound Utopian; but when it is considered, that for forty years the American Federation of Labor has been fighting "the tyranny of capital", does it not look like a common-sense proposition, to get down to hard work and stern self-denial for one-third of that period and buy out the bosses altogether? We commend this financing to President Stone as a real, man-sized job for his brotherhood bank in Cleveland.

The necessary statistics are not available to the writer for applying this calculation to other industries. It must be admitted, however, that it would require a much longer time to obtain control in other industries, for the reason that proportionately less of the capital employed is in the form of bonds (which, of course, do not vote). In order to obtain some idea of the long-continued effort that would be required, let us take a few single representative companies in different lines of business. Taking the Central Leather Company, mentioned at the beginning of this article, recent annual reports give the average number of workers as 9627, and the average annual pay roll at about \$11,700,000. As the company's capital is \$73,000,000, it would require an investment of ten per cent. of the worker's wages for a period of about thirty-one years to obtain a majority interest in the stock of the company. In the case of the American Sugar Refining Company with 9500 employees (the writer estimating the annual pay roll at about

\$14,000,000) and with \$90,000,000 of capital, the same percentage of saving and investment would have to be continued for about thirty-two years to obtain a majority holding.

Passing from these statistics to a few final considerations, it may be well to note here, that the investment plan above suggested is being actively pursued at this time in Germany. A recent article in the *Cologne Gazette* has the following: "The Christian Trade Unions have been buying up stock on the quiet in the big industrial and mining enterprises for some time past, it is said, a fact which is attested by the fact that labor leaders have been present at the general meetings of some of the big enterprises, which could only happen through their being actual stockholders."

While complete stock ownership by the workers would end friction between capital and labor, it would sharpen competition and increase friction between the different crafts of workers in the industry owned. The divergence of interest between dividend receivers and wage receivers would be abolished by the identity of stockholders and workers; but the relative amount of both dividends and wages to go to each class would remain a source of friction, which would be increased by the knowledge that the gain of each would be the loss of the others. At present one class of workers does not as a rule resent an increase of pay granted to another class, because they reason that the increase comes out of the dividends of the capitalists; and they rather feel that the fact that an increase has been gained by one class of workers increases their own chances of obtaining a similar increase. All the increases are regarded as coming out of the share of capital, and so the workers feel that they have a common interest in boosting the pay of all classes of workers. This would be entirely changed, if the workers and capitalists were identical, and an increased share for one necessarily meant a decreased share for the others (as-

suming the total earnings to be constant).

This source of friction could be overcome only by free competition without restrictions of any kind among workers,—a fair field and no favors. Free competition would tend to regulate the flow

of labor as needed into the various crafts, would best value the relative degrees of skill required in each craft, and would therefore be the best method for determining the relative wages of each craft and of each workman in his craft.



How Banks Handle Their Mail

Many Banks Comment on System Followed by Them in the Care of Incoming and Outgoing Mail

WHAT system do banks which do not have a volume of business large enough to warrant the maintenance of a separate mailing department follow in the handling of their mail?

The frequency with which inquiries have come in with regard to this matter has led *THE BANKERS MAGAZINE* to send out a questionnaire to banks in all parts of the country asking them what procedure they follow in taking care of their incoming and outgoing mail. The banks to whom this questionnaire was sent are for the most part small or medium-sized rather than those in our largest cities, which were not addressed.

The following questions were asked:

1. How is your incoming mail opened, sorted, and classified?
 - a. What is your method of distribution?
 - b. What precautions do you take to insure the prompt handling of checks and collection items?
2. How do you arrange your mailing schedule for your outgoing mail?

HANDLING THE INCOMING MAIL

On the subject covered by the first question most of the answering banks

indicate their belief that the responsibility for the proper handling of the mail should rest on the shoulders of some person or persons specifically designated to take care of it. Many of the banks have a mail teller whose duty it is to see to it that the incoming mail is properly sorted and distributed. In other banks the supervision over the mail's handling is in the hands of one of the bank's officers, usually an assistant cashier or an assistant treasurer. Extracts from letters from various banks in all parts of the country on the system which they follow in this matter follow:

Central and Middle Western States

A bank in Missouri writes:

Our incoming mail is opened by a clerk who has charge of that particular duty, and the mail is distributed as follows: Cash letters, containing checks, drafts and cash items, also deposits received in the mail, and all other routine mail, are carried through a daily mail sheet and this balances. The other mail, requiring the attention of an officer of the bank, is delivered to the cashier for his attention. The prompt handling of checks and collection of items is personally supervised by an officer of the bank.

An Arkansas bank states that:

Incoming mail is laid on the desk of one of our assistant cashiers who sorts same to be distributed to the departments as follows: Collections, remittance mail, country bank credit mail, individual credit mail and transit department mail. In each of the

above departments we have a clerk who is responsible for the prompt handling of the items contained in the mail that is turned over to him, consequently we receive very satisfactory results in handling the mail as indicated.

An Iowa bank says:

Our incoming mail is opened by the mail teller who sorts out the collections to be turned over to the collection clerk and the cash letters are turned over to the remittance clerk. Deposits by mail are handled by the mail teller and the balance of the mail is turned over to the cashier.

Another bank in Iowa writes:

Ours is only a small country bank, but we believe our departments are well organized. However, we always invite new ideas for improving our system, and would be glad to receive the summary of the reports from banks to whom you have submitted the same questionnaire.

We have a mail clerk who brings our mail from the post-office at 8 a. m. and at noon. He opens all envelopes and leaves them for the attention of the auditor, no one being allowed to remove the contents from envelopes without his consent. On his arrival he removes all mail from the envelopes, and after sorting it routes it to the respective departments with instructions on any letters needing attention.

For use in the transit department we have a chart showing the quick use of all funds received on items, and one person sorts these items in accordance with their availability before such letters are handled or proven by anyone else. After they are proven with the cash letter they are ready for posting on our transit machine. The mailing schedule of outgoing mail is regulated by railroad schedules showing when items on different correspondents are to be mailed to reach them for the earliest possible credit. In our particular case we have a heavy mail at noon in order to reach Chicago for the next morning's clearings. This is delivered to the post-office by the mail clerk at a certain time, and for the remainder of the day all other letters of importance are handled in the same manner.

Collection letters are followed directly with instructions noted on letters and in case we receive a letter of collection without any instructions whatever we immediately make inquiry from the sender as to the disposition when due, in order to avoid delay and dissatisfaction on the part of the sender.

An Ohio bank says:

Mail is opened and distributed by treasurer or assistant treasurer. This department is under direct supervision of assistant treasurer.

From a bank in Illinois:

All checks are cash items. Those received in the mail are put in one cage and listed noting from what banks received. After taking out checks on us, they are given to clerk in another department and relisted for clearings, checking up with the former list. Collection items are put in the hands of collection clerk who is responsible for their receiving proper attention.

An Indiana bank remarks:

All mail is opened by one person and sorted to various departments. All savings books received by mail with deposits are returned to an officer who writes a personal letter to the sender and returns the book. The same with withdrawals.

A West Virginia bank writes:

Our bank opens here for business at 9 o'clock in the morning, and at 8 o'clock all of the employees are on hand for the day's work. The mail is delivered to the bank at 8 o'clock and is sorted by the assistant cashiers into four groups—remittance banks, credit banks, general correspondence and Federal Reserve Bank. After the mail is sorted it is handled by three commercial tellers, one foreign teller, two proof tellers, savings teller and the general bookkeeper.

The remittance banks are handled by three tellers; the credit banks by three tellers and the general bookkeeper; and the Federal Reserve Bank by the savings teller. The general correspondence is handled by the assistant cashiers, who go over each letter and sort out for the different departments. The first assistant cashier has charge of the notes, certificates of deposit, safety deposit boxes and deposits by mail. The second assistant cashier has charge of the commercial department, savings department, general books and transit department. The third assistant cashier has charge of the individual books. All letters in regard to credits are given to the vice-president and cashier for their attention.

The remittance and credit banks are listed out to the clearing house and are cleared the same day they are received. All of our mail is gotten out of the way before the bank opens at 9 o'clock.

Collection items are handled through our savings teller, who is the oldest teller in the bank, and in this way we feel pretty safe that the items will receive prompt attention.

A letter from a Kansas City bank says:

We have a young man whose job it is to go to the postoffice and bring our mail to the bank every twenty minutes. After he

brings the mail to the bank he goes through it, sorts out the personal mail from the bank mail, and we then have our city collectors slit the envelopes open, take the contents and place them in files. The mail then goes to the distributing desks and is sorted by the assistant chief clerks to the different departments where it belongs. All the mail of importance, inquiries, etc. is sorted to the chief clerk, he then goes through it and distributes it to the different officers, or looks after it himself. Our mail is distributed to the officers by the chief clerk's office boys.

Regarding the prompt handling of checks and collection items—they are delivered to the departments as soon as they come in the bank instead of being sent to the distributing desk.

New England and Eastern States

A Massachusetts bank writes:

We find it desirable to have one person open all the morning mail, distributing to the different departments, according to the contents. There are, of course, some slight errors of judgment, but nothing to cause us any difficulty. Being a small bank our mail is not large enough to go into much detail; and, as it happens, one of the receiving tellers is the clerk who opens the morning mail, handing to his neighbor, the collection department, and to the other receiving clerk, remittances and collections which are acknowledged and checked at once, checks going immediately to the check tellers' department.

A Vermont bank says:

Our mail is opened by a clerk who gives his especial attention to it and distributes it to the various departments according to its contents. Mail consisting of deposits is handled by him entirely, the checks being turned over to the check teller, whence they are forwarded by mail for collection. Checks deposited are promptly handed to the check teller, who promptly passes them along to the transmission department for collection.

A bank in Maine writes:

Our incoming mail is delivered to a teller who has the responsibility for its being opened and sorted. The registered mail is also handled by the same teller, he makes a record of the registry numbers on each letter, when received for future reference in event of the necessity of tracing such a letter arising. In our case this one teller distributes the mail to the various departments after it has been opened.

Another Maine bank remarks:

All incoming mail is cut and placed on the cashier's desk and is examined and

sorted by him and distributed to the different departments.

All outgoing mail in the nature of correspondence comes under the supervision directly of the cashier or his assistant.

All collection items are handled by two people and all cash items, such as checks, etc., are handled through the transit department. Our outgoing mail is scheduled to accord with destination.

In my opinion, the executive officer of the bank should see all the mail, in order that he may judge of its importance and method under which it should be handled.

From a Rhode Island bank:

Our incoming mail is brought into the treasurer's office as often during the day as the mails are opened at the post-office. It is opened and sorted as far as possible into baskets belonging to the bank department referred to. In order to insure the prompt handling of collection items and checks we give preference to these letters in that they are taken care of immediately on their receipt while ordinary requests or inquiries are placed in secondary order, but no letter of any sort or description ever fails to receive an answer on the day of its receipt at our offices.

A bank in New Jersey writes:

Our mail is opened by one clerk. Personal mail for officers, envelopes are slit and sent to respective desks with contents intact. Deposits are sent to teller for checking and acknowledgement. And items for each department—notes to note teller—collections to general bookkeeper, etc. Matters needing officers' attention are placed on the particular officer's desk.

A Syracuse bank says:

The messengers get the mail from the post-office on week days at 7.45; on Saturdays and Mondays at 7.30. The mail is brought to the bank, taken out of the bag and then sorted as to the size of the envelope. The personal mail is then separated and laid to one side, while the bank mail is opened on the top and two sides of the envelope by a machine. This machine is a hand machine and is operated by one of the messengers. After the bank mail is opened, it is usually around 8 o'clock and by that time the assistant secretary, together with two clerks, take the enclosures from the envelopes and sort them into trays which are subdivided as to the different departments. Before this is completed, the messengers have distributed the personal mail, unopened, to the officers' desks and the desks of the chiefs of various departments. In the case of any registered mail, same is not left on any officer's desk or in any department, unless the officer is at his desk and in such case the absent officer's mail is

given to the officer in charge and in the case of registered mail for a department, it is left with the chief or assistant chief; otherwise it is returned to the mail teller.

By the time the messengers have distributed the personal mail and perhaps have performed other duties, the mail, sorted as to the various departments, is ready for distribution. This mail is taken out of the trays by the messengers, labeled as to departments and distributed.

During the day we have three deliveries of mail during banking hours. This mail is received by our new account teller only, whether special delivery, registered or regular mail, and is handed by him to our mail teller, who is situated practically in the center of the main counting room. The mail teller pursues the same procedure as aforementioned and hands it to the messenger for distribution. The rules mentioned above relative to the distribution of the mail by the messenger prevail with each delivery.

Western and Northwestern States

A bank in Minnesota writes:

Our mail is opened and sorted by an officer and distributed by him.

The prompt handling of checks and collection items is under the managers of the respective departments and they are held responsible for the promptness of the returns.

A California bank remarks:

We are not a large enough institution to have a separate mailing department.

The envelopes of our incoming mail are slit by the messengers and opened and sorted by three assistant cashiers. We have no particular method of distributing except that the bank remittances are distributed to the tellers who have certain banks that they run and prove. The letters for inclosing deposits are all handled by one man, and letters referring to some particular business in the banks are handed to the assistant cashier in charge of that department.

A bank in Colorado states that:

Our mail is generally received about 11 a. m. It is the general practice of one of the officers to open the mail and sort it, handing all bank remittances to one of the tellers to be handled through his window and given to the general bookkeeper. Collections are separated and handed to the collection clerk for his attention. The general correspondence is divided among the officers.

A Utah bank remarks:

All incoming mail is handled under the direction of the manager of our central de-

partment. This department is for the clearing of all checks that come into the bank. The mail is brought from the post-office at 8 a. m., 11.30 a. m., and 1.30 p. m., by the bank messengers. It is then sorted and mail addressed to the officers is given to them unopened. The remainder is opened by the department manager who notes contents and makes presentation of general correspondence to the assistant cashiers. Collection items are referred direct to the collection teller and cash items sent for credit are retained in the central department. We find merit in our system because it assures an early start for all employees concerned in the mail.

Collection items, received in cash letters sent for immediate credit which are to be presented and paid or returned the same day are charged to the collection teller. He then has them presented for payment and in case any are not paid he charges them to the account of the customer from whom received.

From a Spokane bank:

Our mail is brought to the bank by our messengers and the large and small letters sorted. The small letters are run through an electric opening machine and the large letters are slit with letter openers.

It is then sent to our blotter clerk, who take it out of the envelopes and sort it to the various departments, such as collection, transit, personal deposits, remittances from country banks and officers' mail. The various departments call at the sorting desk for their mail. The officers' mail is turned over to a junior officer, who sorts it to the various officers to whom it belongs. Cash items and collection items are sorted out and charged to the collection tellers the first thing, so that action can be gotten on the collections before clearing time.

A Seattle bank says:

Mail is opened under the supervision of our mail clerk and is then sorted and classified by officials. Checks and collection items are turned over to those departments handling such items who see that they receive prompt attention.

From a Wisconsin bank:

Incoming mail is opened, sorted and distributed to different departments and officials by 8.15 a. m.

Cash letters are proved, sorted and checks prepared for clearing at 9.30, in transit department.

Mail is also received and opened by collection department at 11 a. m. and 3 p. m. Only the most urgent business received at 3 o'clock is handled that day. The balance is carried over to the next day.

*Southern and Southwestern States***A bank in Richmond writes:**

The mail at the post-office is sorted to our boxes and sent for by us at regular intervals throughout the day. All the mail comes first to the transit department, where it is sorted by the letterheads to different departments. The miscellaneous and personal mail is handled by a special clerk who distributes it as soon as it is received.

Our division of bank accounts and assortment of checks is arranged according to their geographical location and the mail received for the credit of bank accounts is sorted to different units which represent the ledger on which the account is carried. Each unit has two or more clerks. One clerk opens the mail and see that the checks agree with the letters which accompany them and that the items are endorsed. He also sorts the other contents and turns same over to their respective departments. When several letters have been opened, he puts a rubber band around the letters and the checks. This we call a "break". The other clerk sorts the checks according to states, making a separate list for city items and cash drafts. The checks are then listed. By this method the incoming mail is proved and distributed with only one listing.

From a bank in Virginia:

On receipt of the mail it is sorted by an assistant cashier for the different departments, either from being so addressed or from our familiarity from long association with the correspondent, except pieces we are unable to identify readily, and they are opened, inspected and then sorted.

The mail checks (as are all checks) are proved, and distributed and charged to the different departments, who at the close of business have to report the disposition of all checks to the head bookkeeper.

Collections are sorted according to their nature: Drafts with bills of lading drawn "on arrival" are filed alphabetically and payment demanded when car is placed, and if not paid, drawer is notified immediately either by wire or letter, depending on the cargo, sight drafts are either paid and remitted for on the day of receipt or returned the following morning, and time drafts are matured like notes and if not paid on maturity are returned with proper notations the following morning.

A Florida bank says:

Our mail is opened and sorted by our assistant cashier and distributed in person to each officer or department. Our collection clerk keeps records of all collections with a follow-up system and personally presents these items on the day they are due,

in addition to the regular notices sent several days in advance.

A bank in Louisiana states that:

We have a bank with only nine employees.

Mail goes immediately to first assistant cashier, who opens, sorts, and passes it to collection and transit clerks, and tellers. Receipts for deposits go out on next mail train, while the large items go into the post-office after bank has been balanced for the day.

A bank in Texas writes:

Our method of handling the incoming mail is a trifle crude, but very practical. We maintain a post-office drawer and the runner brings in the first mail at 7.30 a. m., and thereafter at intervals of thirty minutes until 10.30 a. m. The head of the mail department sorts all incoming mail and distributes it according to address of each officer of department addressed. Mail addressed to the bank only is sorted according to its origin indicated on face of envelope "from whom received".

Letters from our correspondents for credit go in two piles—one on the National bank credit desk, and State banks, bankers and individuals on another desk. Letters presumed to contain remittances covering our cash items or country collections go direct to the transit department and country collection desk. Letters presumed to contain city and county collections go to the head of the city collection department.

The manager of the mail department has four assistants to assist in distributing the mail. This method of distribution enables ten men, besides the officers to be opening all the mail at one time, and all local collections, whether they are received for credit or remittance are shot right over to the city collection man, as the runners go out on their routes at 10 o'clock.

A Georgia bank says:

Our bank does a clearing business for country banks throughout the country, and therefore our mail is quite heavy.

We have part of our force come on duty at 4.30 a. m. for the purpose of securing the mail from the post-office, sorting each officer's personal mail to his desk, and opening and sorting the mail addressed to the bank. The method of distributing is simply to sort it in separate piles for each officer or department and have one man distribute it to the place where it belongs.

All checks and collection items are sent immediately to the department where they belong and are handled the same morning they reach us. Checks which are to be returned are thrown out by the bookkeeper and sent to a return item clerk who sees that they are promptly returned to the party from whom received. All items are

cleared out every day. Cash collections are reported on the day received unless instructions are received to hold them.

A bank in Alabama writes:

Upon receipt of our mail and before it is opened it is sorted and classified by departments. In our first sorting all the mail will not be properly classified, due to the fact that it is absolutely impossible to tell exactly what is in each envelope, however, after the various departments have opened the mail they take all letters that are due to be handled by their departments and return the balance to the mail table where it was first sorted and then the contents of these return letters together with all other miscellaneous items which went to the wrong departments are distributed to the correct department. All checks and collection items that come into the bank during the morning are sorted and given to the various departments and are forwarded for collection on that day.

SCHEDULES FOR OUTGOING MAIL

In answer to the second question, "How do you arrange your mailing schedule for your outgoing mail?" most of the banks replying state that they arrange their schedule so that such mail will be sure to reach the post-office in ample time for all important trains. Train schedules in many cities are such as to eliminate the necessity of any complicated system for getting the outgoing mail in the postoffice at the most appropriate time. The system of inclosing all matter addressed to one correspondent under one cover in a large envelope is followed by many banks. Extracts on this subject from some of the letters sent in read:

New England and Eastern States

A Massachusetts bank says:

As there are very few late deliveries of mail containing collection and cash items we have not had any trouble with prompt handling. As all of our transit items in the way of checks go directly to Boston, with the exception of a very small list, that, also, is a simple matter, as we simply see that the day's remittance to our correspondents and the Federal Reserve Bank are in the post-office in ample time for the mail which would deliver items to the Federal Reserve Bank, and to our correspondents, in season for their night transit force. We also endeavor to have our registered mail go at the same

time, and take considerable pains in the matter of sealing and delivery that everything may be accounted for, and records are kept of all registered mail.

A bank in upstate New York writes:

In regard to our outgoing mail schedule, we would say that the bulk of our mail leaves the bank before 6.45. We have, however, from our transit department a letter to the Federal Reserve Bank of New York, enclosing all the checks, which amount to a great deal of money, drawn on different banks throughout the section covered by the Federal Reserve Bank, and which is deposited in the post-office before 3 o'clock in the afternoon. The reason for this special mail deposit is that we found that it insured earlier credit to our account with the Federal Reserve Bank by forwarding this letter at 3 o'clock instead of holding the same until the time that the bulk of the mail was deposited in the post-office. We also follow the custom of enclosing letters which come from different departments, addressed to the same bank or person, in one envelope instead of sending out numerous envelopes individually.

A Rhode Island bank remarks:

In regard to our outgoing mail schedule I would say that as letters are complete for mailing they are immediately carried to the postoffice so that our desks are clear at all times for new work and our depositors are rendered as speedy and efficient service as possible. We also find that in so doing fewer mistakes are incurred than would be the case if the mail was allowed to accumulate all day and to be hurriedly put up in the late afternoon. We take particular pains with our outgoing registered packages containing currency, securities, or coupons and endeavor to have all such letters checked up by at least two clerks, and in the event of a considerable sum entailed we always send two men, including a special police officer, to oversee its safe arrival and registry at the post-office.

From a Connecticut bank:

Mailed at post-office by special messenger and afternoon mail in special mail bag, which is used the next day to deliver the morning incoming mail to our messenger. Not sorted for destinations.

Western and Mid-western States

An Arkansas bank writes:

In regard to how we arrange our mailing schedule for outgoing mail will say, that fortunately all fast mails leaving Fort Smith leave after 6 o'clock in the afternoon, consequently we do not have to make a special arrangement for mailing schedule as we have

all our mail ready to be mailed by or before 6 o'clock.

In event that we have special mail that is to go out on an earlier train we make arrangements to send that particular piece of mail over to the post-office in time to be mailed on the earlier train.

Another bank in Arkansas says:

Train schedules here eliminate any problems as to outgoing mail. All trains (practically) leave here around 7-8 a. m., 4 p. m., reaching all points. Our only real effort is to get all mail to the post-office in time for sorting for these trains.

A Wyoming bank states that:

Use wire basket for all outgoing mail, which is sealed and stamped and posted at about thirty minutes before mail closes for trains out.

A Wisconsin bank writes:

We have nine mail trains South, seven North, one from the West and one going West.

Mail is dispatched at 9 a. m., 11 a. m., 1 p. m., 8 p. m., and one between 5 and 6 p. m. These are convenient hours and make close connections with mail trains.

We are situated midway between Milwaukee and Chicago so the bulk of our mail is received in the morning.

From a Seattle bank:

We do not have a mailing schedule, as it is possible for us to get practically all of the mail to the post-office before the mail trains leave in the evening. There are a few exceptions and in these cases we get the letters to the post-office about three-quarters of an hour before train time.

A Kansas City bank says:

As regards our outgoing mail, we have all of our mail in the post-office between 4 and 4.30 p. m. That enables us to catch all important trains out of Kansas City.

South and Southwest

From a Virginia bank:

By our method of assorting checks, each outgoing mail desk has all the items of its

particular section, and this enables us to mail our letters by sections in time to be sent out on trains going in that direction. As soon as our miscellaneous mail is ready, it is sent direct to the post-office.

Another Virginia bank writes:

Our outgoing mail is arranged to catch the trains making the best connections, for instance, it happens that it is best to get our Federal Reserve remittance off at 11.30 a. m., certain other letters at 2.30 p. m. and the last mail is deposited in the post-office at 4.30 p. m.

An Alabama bank says:

All miscellaneous outgoing mail, such as credit advices, collections and tracers are written up and given to the transit department and enclosed in the same envelope with our regular cash letters. All other mail is written up by various departments and deposited in the outgoing mail. We have no special mail schedule, other than to see that the New York mail leaves on the early train, which saves one day in transit.

A bank in Georgia writes:

Our outgoing mail is all sent to the mailing department where it is sorted and sent over to the trains at least thirty or forty minutes before time for departure from the post-office.

A Texas bank states that:

Outgoing mail is handled with the idea of "the quicker the better". Large envelopes, addressographed are kept on hand in a mailing device made for that purpose, and each department uses the same envelopes addressed to each correspondent, so that practically all of our mail matter intended for a certain correspondent, goes under one cover. What we call the "eastern mail", including all Federal Reserve banks and former reserve agents, is in the post-office not later than 4.30 p. m.

A bank in Florida remarks:

Outgoing mail is handled by collection clerk and deposited in the post-office in time to catch each outgoing mail.



Thrift and the Mutual Savings Bank

By James Dana Coit

Assistant Treasurer, The Chelsea Savings Bank, Norwich, Conn.

WHAT is being done today to encourage thrift? The writer honestly feels that the mutual savings banks of today are doing more to further thrift in this country and with a less selfish motive than any other agency. Of course, the Government is encouraging thrift with its savings certificates and postal savings, but there is a certain amount of selfishness in its motive for the money deposited is simply a loan to the Government who receives the benefit of the use of the money and pays only a small rate of interest to the depositor. In the case of postal savings, only two per cent. interest is paid. The mutual savings banks of this country have joined together in a concerted effort to increase the number of their bank depositors from 11,000,000 in 1921 to 20,000,000 in 1930. They are using every means possible. Probably the war demonstrated as clearly as anything else the possibility of thrift in this country. A small New England city with a population of only 28,000 raised \$9,077,900 in the five Liberty Loans with 34,648 persons subscribing. One of the savings banks of this city, which we will call "The Home Savings Bank" had 5279 partial payment subscriptions, amounting to \$490,250, almost all of which were bought on the installment basis of \$2 per week on a \$50 bond and bought by the laboring people. I venture to say that not twenty-five per cent. of this amount would have been saved except for the fact that it was a set obligation to pay a small amount each week.

For a great many years the mutual savings banks have been regarded as dead institutions—carefully and conservatively run for the benefit of those who wanted to save and have their funds taken care of, but not doing a great deal to encourage new savers. The old idea was that a depositor would enter a

bank and, if the clerk was not too busy, he would wait on him, otherwise he, the depositor, would wait until the clerk had finished what he was doing and then the clerk would confer a great favor on the depositor by taking care of his needs. This is all very different now. Today the savings banks are live business institutions which are striving in every way to aid not only their depositors but everyone to practice thrift—not only aid but urge to save regularly and systematically.

It will be interesting to take up a few of the features which this "Home Savings Bank" of the same New England city has installed along this line. Realizing how much money had been accumulated during the war and how easily through the sale of Liberty Bonds on installments, a plan was worked out by which the wage earner may make regular systematic weekly deposits in this bank without any inconvenience to him or loss of time from work, the "Industrial Thrift Club" was inaugurated, which is now operating in twenty-five industrial plants in and around this city. The plan is very simple. An employee of a company may sign an order authorizing its paymaster to deduct any amount that he desires from one dollar up, from his pay envelope each week and deposit the same for him in the bank. The paymaster places a small green certificate in the employees' pay envelope each week certifying that that week's deposit has been made. These certificates are receipts for the deposit. When the first deposit is received from the employee of a certain mill, a regular savings bank account is opened for him and the book mailed directly to him. He retains the book in his possession—brings it into the bank at any convenient time to have the deposits entered on it. In the meantime he has receipts from the paymaster for his deposits. This deposit

account is covered by the regular savings bank laws and is identical with the accounts, which are opened through our teller's window. This business is kept as far as possible from the company insisting that all transactions other than the actual deductions of the weekly pay and the weekly deposit, be made directly with the bank, for it is desired to encourage the depositor in acquiring the habit of coming into the bank and securing an interest in it and to impress him with the fact that the bank's officers and clerks are his servants, who desire to aid and serve him in every way.

When installing this club, the writer was very much impressed with the attitude of the management of all the companies. He has called on and discussed this plan with the officers of fifty-one industrial concerns in the vicinity of this city. Of these fifty-one companies there were just two who were not interested in this plan because they had no interest in their help. "The help did as little as possible for them, and why should they do anything for them in return" was their attitude. Three companies had plans of their own such as selling their capital stock on installments to their employees. But the most impressive thing was that the management of the forty-nine out of the fifty-one were not only willing to install the plan for the good of their help, but were willing and enthusiastic to push the scheme as hard as possible. For instance, the largest company approached was so enthusiastic about it that they started similar clubs in all of their plants through the local banking institutions of the towns where they are located, copying the "Home Savings Bank" forms exactly. There are various special reasons why several companies have not installed the club as yet but probably will later on.

However, the point I want to make is that all but two companies were desirous of doing everything possible to better the condition of their employees and encourage their thriftiness.

At the present time there are about eight hundred mill operatives who are members of this Industrial Thrift Club,

each saving one dollar or more each week. The average for the week of this writing is \$2.45 per member. This is on a basis of \$75,000 to \$100,000 in one year. Most of these people are the young men and girls, those who have been in the habit of spending all they have earned and of saving nothing. This cannot help but be a great benefit to this New England town as well as to the individual mill employees and to the bank. Two or three of the bank's force canvass each mill going directly into each room and talking to the operatives at their machines. Great care is taken not to urge anyone in a dictatorial way that it is their duty and that they ought to save money. It is surprising to see how many catch the idea and are delighted to take advantage of this easy method of saving money. During the past six months, the writer has talked with several thousand persons on the subject of thrift. It has been intensely interesting. In one of the first mills taken on, notices of the club, which have an order attached at the bottom for the employee to sign authorizing the paymaster to make the weekly deduction, were inserted in the pay envelopes, and three weeks elapsed without any interest being shown by the employees. The assistant treasurer went to one of the officers of the company whom he knew very well, and asked if he could suggest any way to arouse the interest of the help. It was suggested that the assistant treasurer go into the mill and talk with one of the foremen, which he did. The foreman suggested that he explain the scheme directly to some of the help. He stayed in that mill for about an hour and a half, and when he left he had forty-two members enrolled, with a total of about \$65 a week. That was in October of last year, and with the exception of a few who have left the employment of the company, practically all of those who joined are still members saving each week and now have savings accounts with from \$30 to \$75.

It is only a case of getting the people started and impressing them with the fact that small amounts saved regularly

accumulate into large amounts in a surprisingly short time. Many people feel that the banks do not care to be bothered with a few dollars at a time and that it is not worth their while to take the trouble of saving in that way. The other day a Thrift Club member came into the bank with his book showing only the original entry of his first week's deposit of \$3. The book was written up and returned to him showing a balance of \$63. He said there must be a mistake as his account could not amount to as much as that. It was figured up that he had been in the club for twenty-one weeks, depositing \$3 each week, and that he had saved \$63. He was perfectly delighted and said that it was the first money he had ever saved and that the best of it was that he had not missed a cent of it. Through his influence, the next week several new members were enrolled from that mill.

If systematic saving is advantageous to the individual why should it not also be advantageous for the merchant and business house? This question came to the writer's mind recently. After talking with a few merchants he discovered that scarcely any stores carried anything in the description of a reserve fund or sinking fund for contingencies that might arise in the future. Consequently "The Home Savings Bank" has recently opened a new department known as "The Mercantile Reserve Department" which specializes in inducing the business houses of the city in making regular systematic deposits of from \$20 to \$50 weekly which are placed to the credit of the firm. These accounts receive the regular bank dividends and are subject to the regular savings account rules of the bank. Everything possible is done to aid the stores in making their deposits with as little trouble and delay as possible. During the first week that this new feature was offered to the merchants twenty-seven out of thirty-eight made their first weekly deposits. The balance delayed action in order to talk with other members of the firm. Only one merchant was not interested. He claimed to have all the funds he would ever need. With that

one exception every business house consulted has adopted this method of creating a reserve, which they have not previously had, or for some special reason has deferred coming in until a later date.

Like many other savings banks "The Home" has found that being opened a short time Saturday evening has been a great help to the working people. Quite a number have started the habit of coming regularly each week and depositing small amounts who could not do their banking business during the day or without losing any time from their work.

The "Home" also sends a representative to two neighboring mill villages to receive deposits each Tuesday afternoon which is pay day in the mills in those villages. This is proving to have a very good effect on thrift in these villages, where new regular savers are being secured.

There are Christmas Clubs and Vacation Clubs which instill a spirit of systematic savings. Many contend that these clubs are contrary to the real idea of thrift as the money saved is returned to the depositors at Christmas time to be spent on Christmas presents—something that is very much overdone and causes a large amount of money to be wasted each year. But as a matter of fact, from thirty to forty per cent. of the Christmas Club funds run by savings banks are immediately transferred from the club department to the regular savings department and not spent on presents. It is the writer's contention that clubs are beneficial and instill the right kind of spirit.

Many banks aid their depositors in arranging their financial affairs on a budget basis. Some of the larger banks even have a regular budget department, with a specially trained attendant to aid people to plan for the proper disposition of their money. The "Home Savings Bank" has endeavored to interest its depositors in budget books in which to keep their account with this end in view, but for some reason it has not found much interest taken in it there, although very popular in other cities.

There is another method which is

being used to lay the seed of thrift, and with great results. This is through the school savings. There are many different ways in which this is handled. Some banks supply each school building with a slot machine in which pennies, nickels, dimes and quarters may be inserted for which stamps are given out. These stamps are pasted on cards by the children. After a card has stamps representing a dollar, it is accepted by the bank as cash and is deposited to the child's savings account. There are other very elaborate schemes which necessitate a good deal of work on the part of the teacher, which is a very bad feature as the teachers have all they can attend to.

"The Home Savings Bank" has evolved a very simple scheme which is meeting with very good results in sixty-one schools in this vicinity. Each school has what is called a "banking hour" immediately after prayers each Monday morning. At this time, the children bring their money to the teacher's desk and deposit what they have with the teller. One of the older scholars always acts as the teller. Each pupil has a card with his name and address on it on which the teller enters the date and amount deposited. The teller has a pad made up of duplicate forms, one white sheet and one yellow sheet. The teller enters the name of the school, teacher and date at the head of the form and below the name and amount of each deposit received. After the deposits are all made, our juvenile receiving teller counts the cash received and foots up the total of the deposits entered on the sheet and then the two must agree. We feel that this little banking experience is a very important part of school savings as it gives the children a little practical experience and also tends to keep up their interest. The yellow

sheet, with the names, is sent to the bank each week and the amounts credited on the bank's books to the scholars' accounts. The duplicate sheet is retained by the teacher as her record. Any amount from one cent up may be deposited. Each pupil's first deposit is acknowledged with a personal letter and a Club Button. It has been found that these buttons are worn with great pride by the children and that they are an incentive for other children to join so that they may also have a button. Each time a dollar is accumulated by a child, it is transferred from the school department to our regular savings department and he receives a regular bank book and the regular bank dividends.

It is intensely interesting to see how the children save their pennies and how much interest and pride they take in the showing made by their own schools. The writer has gone to many of the schools and has spoken to many of the children telling them about the school savings club and has invited them to come to the bank and see how the inside of a bank looks. One little fellow from a neighboring town, not more than seven or eight years old came in one very busy Saturday morning. He introduced himself and said he belonged to our school club and wanted to see the bank. We showed him our safe, adding machines, packages of money, etc. He was most interested and stayed with us for nearly an hour.

The interest which the teachers and state supervisors of schools are taking in this work is a source of great gratification to the bank officers. There is no question but that their school savings are going to have a great effect on the coming generation. It is getting them started and making them feel that they have a personal connection with a savings bank, and giving them a good start on the right road.



Does the Agricultural Department Pay?

By Tom Delohery

FINDING their active interest in agriculture is not only helpful to themselves, but to the merchants and bankers of the community, many rural and country banks have gone a step further and have established agricultural departments. In some instances they are managed by bank officers, while the more progressive institutions have hired technically trained men to handle this work.

While the possibilities of having a man trained in agriculture at the head of this department have been fully demonstrated, it brings up the question of just how far banks should go in this direction. I have talked with several bankers on the subject, and while their views differ, they are unanimous in the point that such a man can do a whole lot of good for the institution, the farmer, and incidentally the community at large.

Having at the head of this department a man who knows agriculture, either as a friend or technical expert, is, of course, the big thing, since he is equipped to meet the farmer on common ground. The necessity of this is quite obvious; and, it goes without saying that if he is a hustler, he will make the department pay for itself.

Some bankers would have the trained expert do the work of a county farm advisor; others would have him act in the capacity of financial advisor to the agent and farmer, along with being a representative of the bank on his own hook, in the point of drumming up new business. My thought in the matter is this: The bank man can do a whole lot of good by following up the work of the county agent as far as progressive agriculture is concerned; and then try to meet the individual and make him a booster for the bank.

Recently, while down in Maryland, I stopped off at Salisbury, and visited the People's National Bank. After talking over conditions in the locality, C. M. Paynter, cashier of the institution, took me into the directors' room and asked

me what I knew of the possibilities of a bank having a trained agriculturalist to handle such a department. It seems there was some agitation in his bank at the time, but some of the directors, very conservative and wealthy men in other lines of business, were not very warm on the subject.

SUGGESTS HIRING COUNTY FARM ADVISOR

He then sent me out to see W. F. Allen, one of the bank directors. Incidentally Mr. Allen is one of the biggest strawberry growers in the country. Being a farmer, naturally he is in favor of the plan; in fact, he proposed it. His idea is to hire the present county farm advisor and to let him do much of the same work he is doing in addition to fostering the bank's welfare.

"Such a man would undoubtedly prove a success," he told me. "Our bank is helping the farmer, because we realize agriculture is basic. With a man known to the farmer in the field, it is quite plain that we could be of greater assistance to the farmer, and, in addition, make the People's National more favorably known. This man could likewise meet new people coming into Salisbury and solicit their accounts.

"Of course in hiring such a man we would have to pay more than if we took a man right out of college, but the fact that he is well known over the county and knows the problems of the farmer, is something worth a whole lot of money. He could plunge right into the work, and would not have to spend a lot of time getting acquainted with people and conditions.

"I can see where such a department and man would pay for themselves in a few years. Of course the first year would not be very profitable, if at all; but as soon as the farmer saw our interest in him, you can rest assured he would take a similar interest in the bank.

"Other institutions have found the idea profitable, and I expect we would

too. The fact that we have a good field and a well known man in view, further tends to strengthen my conviction. Bankers and farmers must get into closer coöperation. Their welfare is rather interwoven, but one on the outside would hardly think so because of the lack of friendship between the two interests.

"Just how far our man should go I don't know, but I expect he could help the farmer with his production and marketing problems. He is accustomed to doing that now, and I believe he could well afford to continue it."

What Mr. Allen says about the ends to which the banker-farmer should go may be true in his section of the country, but Reid Murray, manager of the farm business department of the Old-Commercial National Bank of Oshkosh, Wisconsin, thinks differently.

NOT BANKS PART TO EDUCATE FARMER

"As to how far the bank should go I want to say this: I have never believed the bank should be the head of the agricultural education of the community. This work, I believe, should be carried on by the county agent and the farm bureaus, and the bank's relationship with the farmer should be purely from their standpoint. There are many ways in which a bank can be of service without doing actual production work, such as boosting the community fair, coöperating in starting pure bred herds, promoting pure bred sire campaigns and distributing pedigree seeds. These, of course, are only a few of the ways the bank can help.

"We have always gone on the basis that the bank was a public service institution, and that the more we could build our county, the more benefits would reflect back on us. The management of the Old-Commercial National Bank has taken a very broad view of the work, and we believe that if we give the best service this would bring us patronage. We aim to give the farmer the same banking service which we give our other clients.

"As to the results we have achieved through this department, I just want to

point out the fact that in the three years it has been operating we have increased our rural patrons by seven or eight times. This is something tangible and, as I said, achieved in three years.

"Our help, through this department, has resulted in a lot of good. Here, for instance, are one or two items by way of illustration: Four years ago there were only twenty-seven per cent. of the sires in the county pure bred. At the present time the percentage is around fifty-two. In other words there are more pure bred sires at the head of herds in the county as the result of our work, than there were in the years previous to the campaign. Moreover, there are seventy-five more pure bred herds of cattle now than there were three years ago. I have coöperated with the breed associations and county agents in putting over this work; and there are many instances of personal loans to farmers that, while they have not been out of the ordinary, are the result of the work of this department. Incidentally these loans have improved the farms of these men, and have put them in better position to succeed. That they appreciate this service and that they are boosters of the Old-Commercial National, goes without saying."

Over in Burton, Ohio, George Fox, head of the First National, takes an active interest in agriculture. In a few years he has doubled and tripled the deposits of the institution. And, since farming is the only industry in the community, it is plain to see his interest in agriculture has been profitable to the bank.

A farmer himself, he is likewise an officer of the County Farm Bureau Federation, and through his efforts the office of the Farm Bureau is located at Burton instead of the county seat, the usual custom. He is always in close touch with his customers, and is ever ready to help the farmer.

LETS COUNTY AGENT TAKE LEAD IN NEW WORK

"We never take the lead in any new agricultural work," he said. "I prefer to let the county agent do this, although

many times I make suggestions as to what might be done, and if he thinks it right, it is carried out. For instance, he put on a tiling campaign at my suggestion; and when we found clover did better than alfalfa this was also told to the farmer.

"When the matter of tiling was brought to the attention of the farmer, our bank was right there to offer money to worthy farmers who wanted to drain their land. Those who took advantage of the opportunity not only increased the value of the land, but are raising better crops. The bank stands ever ready to assist with club work carried on through the farm bureau, offering prizes and that sort of thing.

"I give a whole lot of time to the development of our farming industry, and the bank lends money for improvement of farms and for the buying of better cattle and live stock, in addition to the other ways in which financial help is of benefit to our customers. The problem of keeping accounts is something which has fallen upon the bank. Our property statement started this; and now we continue it as a means of showing our customers their exact financial status, regardless of the fact that they might not be borrowers. This has often been the means of a man changing crops, live stock, and doing other things to make his business profitable."

The First National Bank of Stillwater, Minnesota, is another institution which has a man to handle the bank's connection with agriculture. The rural development and credit department is the name of it. The manager was formerly a county agent before taking up bank work, and has played a very important part in the development of the community's agriculture.

Mr. Rogers, in addition to handling a lot of credit work, has been instrumental in the farmers buying foundation herds of good dairy stock. The bank announces its willingness to have

him assist in this matter, and farmers find him fully capable of doing good work.

Another point which the First National of Stillwater has developed is publicity. Unlike the Oshkosh bank, which finds local papers willing to print news matter, the Minnesota institution gets out its own paper—an eight page booklet, which it calls the "Rural Review." In it are the messages regarding better agriculture which the bank wants to get across.

In one issue, by way of illustration, is a number of articles on the care, feeding, and handling of dairy cattle. Instead of merely writing theoretical stuff, Mr. Rogers prints the experience of many of the leading breeders in the state, having them tell how they handle different phases of the dairy and breeding work.

The bank, in its announcement, says the idea of the paper is to acquaint its customers with the methods of other successful farmers which ordinarily they would not have an opportunity to know or study. It is plain that successful articles of this kind will stimulate, and, at the same time, they eliminate the necessity of the bank getting down deep into the educational branch of farming.

It would appear from the information presented herein, that the bank's position, even though it does have a technical man, does not call upon it to get very deep into the educational phase of farming. There is plenty to do otherwise in backing up campaigns in a financial way, to helping the farmer solve his money problems.

And, as all bankers have pointed out, the results are obvious. In three years the Wisconsin bank increased its rural patrons by seven to eight times, and Oshkosh has several good banks. This merely goes to show that rural patronage goes to the bank which gets acquainted with the farmer, and offers him just as good service as they give other lines of industry.



Paying Employees by Check

E. Padelford Cochrane

SOMEONE figured but recently that in six months, the system of paying employees by cash had cost the country twenty-four lives, and hold-up men had secured nearly \$1,250,000. Payroll carriers have been attacked as freely in the heart of New York as in some small isolated town.

All of which raises the perfectly logical question—Is there no way to avoid the carrying about of cash for payrolls? Is there no more modern way to pay employees?

Surely the losses the old method entails are worth thinking about. Sometimes it is the paymaster or his guards, and sometimes it is the innocent bystander, and once in a while one of the bandits; but someone has paid heavily in money or life or injury in the almost chronic payroll hold-ups.

The natural alternative has often been discussed—that of paying by check, but the objections have usually been considered much greater than the proposals in favor of it. The question arises whether the demonstrated need for a new method is not great enough to surmount the difficulties and objections. The banks in larger cities do not encourage the opening of small checking accounts, and savings accounts are used only for such sums as can remain untouched for some time, so that the great bulk of the average wage earner's salary passes into and out of his hands as cash. He has no bank account, and therefore no ready means of cashing a payroll check. Objectors also point to old saloon days when the saloons willingly cashed employees' checks—sure of a goodly share of them.

It has remained for the great English soap concern of Lever Brothers to attempt what appears to be the only real solution of this difficulty that has been suggested, and a résumé of this plan cannot be otherwise than interesting to the firm whose payroll is large enough to make it interesting for the underworld.

PAYING DIRECT TO EMPLOYEE'S ACCOUNT

The Lever plan is to pay salaries direct to the account of the employee. This no doubt sounds startling to an American worker who has visions of being coerced into all sorts of delays and difficulties in getting the actual cash in his hand. It smacks rather too much of paternalism to be popular either with employees or bankers. Most of the latter figuratively hold up their hands in horror at the thought of such accounts.

INSTRUCTION SLIP
PAYMENT OF WAGES.

To Messrs. Lever Brothers Limited

_____ 19__

I request that, until further notice, you will pay my net salary to
CANCELLED _____ Bank.

(Address of Bank) _____

Signature _____

Department _____

Specimen Signature for the use of the Bank.

CANCELLED

Name in full _____

Address _____

This instruction slip is filled out by the employee and shows his signature

However, the English are a liberty loving people also and there the plan has found some strong adherents.

First of all, such method of payment is entirely optional and is suggested with the sole idea of making saving so interesting for the employee that he will actually take some interest in accumulating a bank account and thereby establish himself as a solid citizen. There is nothing that gives the average man more satisfaction than his check book. The check book is held in high regard

which has been credited, and attached to such statement is a blank form (perforated) which the employee can fill out to cover the amount which he wishes to draw out. This statement is given out on Thursday evening, so that the employee can give the attached slip to any member of his family and such member can get the required funds on Friday morning. Any additional withdrawals which may be desired are made on blank forms furnished by the bank, or if preferred, on regular checks. The banks issue pass books with each account, and give regular check books if such are requested.

NO SUPERVISION OVER ACCOUNTS

The company makes it plain to the employees that no supervision is kept over such accounts. The company gets no record from the banks as to any individual, and does not know anything concerning the amount which has been saved. The bank sends a statement once a year notifying the company of the total amount necessary to make up the difference between the two and one-half per cent. interest allowed by the bank and the five per cent. guaranteed by the company, but such statement contains no details as to individual accounts.

The employee is supplied with a list of banks which have agreed to the plan, and must notify the company at which one he desires to carry his account. This is in order that the company may send proper notice of salary credits. This is the only knowledge the company has of the transaction between employee and bank.

Banks were approached first, in order to get their coöperation and consent to the use of their name in the list given employees.

The payroll is written up in the usual way, and cash drawn for all persons who do not care to take advantage of the bank plan. The balance is credited to the banks specified by the employees and such payments distinguished accordingly. Lists of accounts to be credited, together with the amounts, as

well as the notifications for the individual employees are made up the day before the usual pay day, and checks sent to the banks to cover the amounts listed.

American bankers do not believe the plan would work in this country, but no logical objections have been offered. Most of them feel that there is some coercion about it, but that is not apparent from such knowledge of its working as is available. Lever Brothers state that the number of persons who take advantage of the offer increases constantly, and there is bound to be a considerable sum saved at five per cent. interest that would have been squandered. It should prove greatly beneficial to both employees and banks when it becomes established.

Only large numbers of employees and large sums of money would make it appear interesting to bankers, it is with companies handling such numbers and sums that it would be of greatest importance. It combines safety of money with benefit to employees—a benefit which must be reflected in greater value to the company. The employee who becomes possessed of a savings account is furnished with the incentive to become a permanent citizen—to acquire possessions of a permanent nature, such as a home, and thereby many labor problems are solved.

PLAN SUITED TO LARGE PLANTS WHERE LABOR IS NOT TRANSIENT

The plan seems to be particularly suited to large plants where labor is not entirely transient and where the companies have made some effort to make length of service attractive to the better class of employees. In more prosperous days, the large rubber plants were excellent examples of this type of plant. The Du Pont Company has done considerable along these lines also. By most of these concerns, homes are sold at something near cost and on long terms, which offers the buyer a financial interest and an interest in remaining at the place in question. The plan of salary paying described is only a variation of

many more familiar, with the added advantage of offering valuable insurance against payroll thefts as well as greater liberty to the employee. He may spend his money as he likes or save it without supervision from the company. This is not true in cases where the employee is buying a home from the company, nor

is it true where he purchases stock in the company.

While a number of banks are opposed to the plan it would not be difficult to get their coöperation. Unquestionably great benefit would result to them in added deposits, in spite of the inevitable opposition of many employees.



What the Budget Department Can Do

By Frank J. Campbell

Publicity Department, First National Bank, Detroit, Michigan

THE workings of the Home Economics Department of the First National Bank in Detroit are such that they have attracted the attention of newspaper writers from even distant cities.

One young woman—a writer with a newspaper in a distant city—who was on her vacation in the city went home and reported what she saw as follows:

"A crowd of people, two or three deep, more men than women, politely jostled one another to get a better view of the show window of the First National Bank in Detroit one day last week. Why shouldn't banks have show windows?—and libraries too, for that matter? The bank window displayed a collection of things to represent the family budget—what people spend money for in every-day living."

Shelter, food, clothing, operating expenses, recreation, insurance, advancement and savings were concretely illustrated in the window by means of characteristic examples. In the center was a cleverly laid out tiny golf course, about a yard square, with its miniature winding road leading up to the clubhouse; a toy automobile was driving up the road to a toy garage. This setting represented recreation. At one side a full grocery basket indicated food ex-

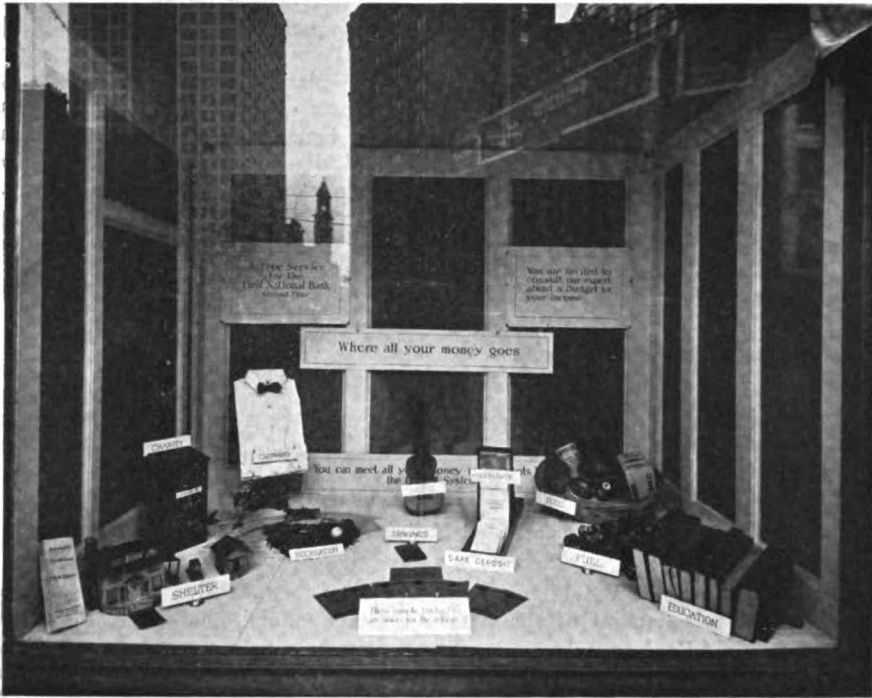
penses; it was filled with packages of cereal, canned goods, bread, etc. Of course, a toy house represented home, while insurance was manifested by written policies.

A soft white shirt mounted on a window dressing frame stood for clothing and books represented education. A ukulele was used to represent music; a small pile of coal as fuel; an ordinary suggestion box with a sign attached to it "contribution box" signified charity and a savings bank book "savings".

The aim was to represent living expenses pictorially and focus attention on the budget sign in the window: The First National Bank of Detroit will tell you how to do it.

If you step inside you will find a married woman of education, Mrs. Frank Rosenblatt, a graduate of the Economics Department of the University of California who has gained much valuable experience by teaching people how to save for Liberty Bonds during the war; she was employed by the government. Her office is on the first floor next to the tellers' cages.

The advertising department of the bank made the window display on the street floor, as is shown in the accompanying picture. It attracted much attention. Mrs. Rosenblatt's advice con-



Window of the First National Bank in Detroit arranged to draw attention to budgeting one's income

cerning individual or family budget (proper division of one's income) is free to the patrons of the bank.

The First National Bank issues a free household budget and account book about seven by eight and one-half inches. The frontispiece reads:

This little budget book and record of expense may prove to be just the thing to put your feet on the road to true thrift.

This we know: If you will only make the entries faithfully for a time, it will show you just what is necessary to get ahead and how the little leaks can be stopped.

We wish you success and if we can assist you at any time we shall be glad to do so.

Surely, here is a live-wire idea that works for good both ways. It aids the personal progress of every man and woman who takes advantage of it and adds to the bank's new accounts—two very important factors these days.

It follows up its window-lead by printing small pamphlets, handy for one's pocket, containing budget tables for newly-married couples, individuals,

and families of four or five members. Incomes from \$1000 per year up to \$50,000 have suggested budgets made out for them.

Its foreword reads:

From the experience of business men and thrifty women we know that foresight, system and the making of a budget are necessary to help eliminate work and anxiety, and also to make possible a saving of time and money.

In this unusual time when incomes are not increasing in proportion to the cost of living, and when there are so many demands on money that no income seems large enough, men and women must adopt business methods in spending the income if an accumulation is to be effected. In order to allow a maximum spending as well as a definite saving, a working plan for the income is necessary.

Budgets have been prepared by the educational department of the bank in accordance with the present day prices and local conditions, but are only offered as a possible guide.

The department will be pleased to assist you in making any readjustments to meet your individual requirements and to give

you a household budget sheet. This is a free service.

Suggested budgets are made out by the bank for newly-married couples whose incomes range from \$150 per month to \$300 per month also for families of four living on incomes of \$4000 per year to \$50,000.

Items are grouped under these general headings in the household budget and account book presented with the best wishes of the First National Bank in Detroit:

Income—salary, commissions, rentals, dividends, interest, coupons.

Bank savings.

Insurance—life, accident and health, investments made, payment on home or payments in Building Loan Association.

Food—milk and ice, groceries, provisions, meals out, board, fresh fruit, vegetables.

Shelter—rent, taxes, repairs, fire insurance, upkeep on mortgaged home.

Operating—heat, light and water service, servants, equipment, and replacement, repairs, telephone, laundry, household supplies, furniture, burglary insurance, allow-

ances, gifts, entertaining, cigars, carfare, candies, income and personal taxes, dentist, doctor and drugs.

Advancement—church contributions, charity, vacations, amusements, automobile upkeep, instruction, books, magazines, travel.

Clothing—ready-made clothes, material for clothing, tailoring repairs, cleansing, pressing, dressmaking, etc.

Sundries—all items not listed elsewhere.

There is also a "when in doubt" page and a monthly expense page. At the foot are allowance spaces for budget estimated, "over" and "under" statements.

Suggested budgets for newly married couples:

Monthly Income	\$125	\$150	\$200	\$250	\$300	\$400
Savings	10	11	20	25	30	40
Insurance	10	11	15	25	30	60
Food	30	35	40	45	50	55
Rent	30	38	50	60	75	100
Clothing	20	25	30	35	45	50
Operating	12	15	18	25	30	45
Advancement	13	15	27	35	40	50

Like budgets are made out for the average family living on varying incomes.



The Effect of Foreign Loans

RECENTLY the lower yields on high-grade domestic bonds have led many investors in this country to place their funds in foreign issues yielding higher returns. The question to be considered is not the soundness of all such foreign investments, in regard to which there may well be difference of opinion, but rather the effect which the large volume of foreign financing in this market has had in enabling merchants in this country to secure payment for goods sold abroad. Foreign loans sold here result in placing at the disposal of foreign countries credits which may be employed in buy-

ing goods either in the United States or in any other world market. Whether the proceeds of such loans are used directly for the purpose of buying American goods or not, such credits must eventually be employed in settling debts to the United States, unless indeed we ship gold abroad. This is necessarily so, because of the position occupied by the United States as a creditor nation. The result is that in any event the proceeds of these loans are used here—either for the purchase of goods to be shipped abroad, or in settlement of debts already incurred.

A Checkmate to the Practice of Bill Raising



Designs suggested for bills in order to prevent raising

CURRENCY that cannot be raised as to denomination is believed possible by adoption of a design which Edgar E. Austin of Portland, Me., has perfected. He believes he has hit upon an idea by which counterfeiters can be checkmated when it comes to the practice of bill raising, so prevalent and easily accomplished.

A margin on the right hand end of every greenback, varying in expanse and in design, will stop the practice because of extreme difficulty in passing bills on which alterations have been made. In short it will be quite as easy to detect the face value of a greenback by sight as the denominations of coins by feeling each one in making change.

He has obtained a patent on the idea and has submitted it to treasury department officials. They have it under consideration and protracted deliberations there will ensue necessarily as the government does not move hastily, especially in changing fundamentals.

It is his purpose to have the issuance of such money authorized by the government and he offers the patent rights forever free to the United States. His profits would come from sale of the same sort of rights to National banks and foreign governments.

Inability to raise a one-dollar bill to a ten-dollar bill can be seen by noting the wide margin, filled with vertical lines on the bill of smaller denomination. A narrower margin, filled with oblique lines, characterizes the larger bills. Disparity between the two and the twenty and the five and the fifty indicate the certainty of detection in the fraud once the people become familiar with the new designs.

Bank men especially would recognize each bill by the margin and sort and count more rapidly than at present.

Mr. Austin has had lightly drawn cuts made for display of the idea only. Expert engravers would be able to follow closely existing designs other than in developing the margins, and bills of attractive and distinctive features would result.

Bank men and secret service agents alone realize the extent which bank note raisers operate. Skillful operators affix corners from ten-dollar bills to corners of ones and thereby pass them at a profit of nine dollars. The same process with greater reward attaches to fraud practised on two and twenty dollar bills, five and fifty dollar denominations.

It is necessary to snip one corner off each of four of the larger denomination to obtain the false numbers to attach to a fifth of smaller face value. The slightest mutilation of these notes does not impair their value as mediums of exchange.

Mr. Austin has mailed a set of the designs to National banks all over the country and endorsements are received in return which are being held, to be presented to the U. S. Government in urging adoption. Many bank men write strong commendation of the idea as embodied in the designs he has printed and he is confident that in due time the paper currency of the world will be based on this patented idea.

Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable bank 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 person asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or 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: There is one other item that isn't quite clear in my mind and that is frequently mentioned in journals of your kind and that is the "loan turnover of a banking institution." I have always wondered what was really understood by that term. Take our institution in which we have about four million dollars in bonds, receivable and collateral notes running for a period of not to exceed ninety days. We have about two million dollars in municipal, corporation and railroad bonds, about one million dollars in first mortgage loans running for a period of not to exceed ninety days, about one million dollars in liberty bonds and other United States securities. What in your opinion would be considered the "loan turnover" in our institution? I have noticed quite frequently in reference to the question of losses that a well-managed institution should not exceed one-fifth of one per cent. of the loan turnover. Do you consider such percentage reasonable?—A. K.

ANSWER: The term "loan turnover" used in connection with a banking institution is rather difficult of definition, in that it is apparently an attempt to apply to banking transactions a phrase similar to that used in a mercantile business to represent the merchandise turnover during the fiscal year. As such it is rather unusual language and is frequently employed without any clear conception of what the term itself really means.

In ordinary business circles the phrase "merchandise turnover," as applied to the business of a mercantile house, represents the number of times that a company's normal or average stock of merchandise on

hand at a given date is turned over or liquidated during the period of a year. Usually this turnover is figured in the following way: From a concern's balance sheet at the beginning of a fiscal year the merchandise on hand at that date, both finished product and raw material, is computed; to this is added the company's purchases of merchandise during the year, and then from this total is deducted the amount of merchandise on hand at the end of the year, the result being the actual amount of merchandise sold by the concern in question during the fiscal period. If this sum is divided by the amount of merchandise on hand at the beginning of the year, (or by the average monthly amount on hand during the year, provided the former figure is not sufficiently accurate), it is obvious that the result will be the merchandise turnover, or the number of times that the concern's original stock on hand revolves. To illustrate the above the following example is given:

Merchandise on hand January 1, 1921.....	\$ 15,000
Purchases during 1921	100,000
Total	\$115,000
Less merchandise on hand close of business December 31, 1921.....	10,000
Merchandise (cost price) sold during 1921	\$105,000
Turnover (\$105,000 divided by \$15,000)	7 times

From the above it can be seen that the term "merchandise turnover" as applied to a business house is quite different from the phrase "loan turnover" as applied to a bank. In business circles losses (from bad debts) are figured in connection with sales, and among banking institutions losses from bad loans must be computed in connection with the total credit expended, or what is sometimes called the loan turnover. It is consequently evident that these latter two terms, sales and loan turnover, are more or less synonymous expressions as applied respectively to the operations of a business house and of a bank.

Loan turnover, then, as commonly used, represents the sum total of a bank's loans

during a calendar year. By the term 'loans' is meant all the loan operations of a bank's loan, discount and foreign departments, such as discounts of customers' own paper, discounts of customers' notes receivable, collateral and non-collateral loans, purchases of commercial paper on the open market, foreign bills purchased, etc. etc. Investments in bonds and stocks are of course not considered loans. In actually computing the loan turnover, (which by the way is not a common practice) two methods are generally advocated: (1) The loan turnover is taken to mean simply the sum total of the bank's loan and discount operations during the year, regardless of the varying length of times for which the loans may run. For instance, (to take an improbable case for sake of example), if a bank's total loans during a year consisted of one loan of \$100,000 for three months and one loan of \$100,000 for one month, the loan turnover for the year would be \$200,000. Under the second method the loan turnover is taken to mean the sum total of a bank's loan and discount operations during a year *after* the various loans, discounts, etc. have been reduced to some common basis of average maturity. For instance, if a bank's total loans for a year consisted of one loan of \$100,000 for three months and one loan of \$100,000 for one month, (and the common basis for reduction was three months), the loan turnover would be \$100,000 plus \$33,333, or \$133,333. In view of the fact that the majority of loans and discounts are generally for three months' time, ninety days is usually the suggested period to which loans and discounts should be reduced.

In considering the above two methods of figuring loan turnover, the editor believes that the first method is the only correct and accurate way of making the computation, and does not consider the second method, which is sometimes advocated, as being the proper one. We do not feel that the time element should be allowed to enter into the computation, as it is then practically impossible to compute losses accurately in connection with loan turnover. The essential point in question is the credit risk involved, as expressed in amount of dollars, regardless of the time for which the loan runs. If one loan of \$100,000 were made for six months, and one loan of \$100,000 for three months, the common basis for reduction being ninety days, it would be an obvious fallacy to consider the former amount at \$200,000 in making the computation, for the simple reason that at no time could a loss of more than \$100,000 be involved.

A rather interesting example of how the figuring of a losses-from-bad-loans to loan-turnover ratio may be worked out to practical use is indicated on the statement of a bank in the Middle West which comes to our mind at this time. On the liability side of

the statement of this bank appears an item "Special Reserve." This item was formerly called "Special Guaranty Fund" and is very similar to a "Reserve for Bad Debts" carried on the statement of a mercantile house. In the case in question it is the custom of the bank to close up its books at the end of each month as far as the profit and loss account is concerned and to compute the amount of income derived from interests and discounts, as well as the amount of loans from which these discounts and interests are received. It was formerly customary for this bank to take one-eighth of one per cent. for its monthly earnings and to set this amount aside in a special guaranty fund against which all losses in connection with bad loans would be charged. The percentage mentioned in this case was worked out on averages and was based on observations covering a period of years. In applying this percentage each month to the bank's loans, only new loans or net increases in old loans during the month were taken into consideration. During the year 1920, when the profits of the bank in question became abnormally high, due to the high interest rates, the practice of applying a percentage of one-eighth of one per cent. was abandoned, the bank officials realizing that such abnormally high profits would inevitably be offset by abnormally large losses. The bank officials therefore increased the amount of monthly appropriations to the special reserve to a sum which, practically speaking, brought down its net profits to a normal point. The adoption of this plan enabled the bank to absorb the unusual losses due to post-war liquidation without resorting to depletion of its undivided profits account. At the present time the executive committee of this bank is considering the advisability of returning to the old plan, i. e., that of determining the monthly transfer to the special reserve by the percentage method.

In his question A. K. asks what would be considered the loan turnover of his bank, based on the figures submitted. This is of course impossible to determine, as the figures submitted are merely taken from the bank's statement and represent simply the bank's loaning position on one day of the year, furnishing no basis for computation of the yearly turnover. As to whether we would consider the percentage of one-fifth of one per cent. of the loan turnover as a reasonable loss standard for a well-managed bank, we would say that generally speaking in normal times, we would. Such a percentage, however, is extremely elastic, varying greatly according to the section of the country to which it is applied and the type of mercantile accounts which the bank in question handles, and consequently can not be taken as a definite fixed standard. It is quite obvious that in the last two years the same percentage could not fairly be set up

for banks in the Southern cotton growing districts that would be applied to banks in the north-east. Also it is apparent that the above named percentage can not be applied in abnormal times, such as the past year, when losses have been exceedingly heavy and have undoubtedly in a great many cases far exceeded the normal standard suggested. Alexander Wall, in his excellent book "The Banker's Credit Manual" published in 1919, expresses the following interesting opinion on the subject under discussion: "A certain amount of loss is bound to occur (in all banks), except in an air-tight policy, and it is very difficult to make any policy air-tight enough to stop all loss. There is such a thing as a fair percentage loss, and if the bank falls much below such a fair percentage then it is either extremely fortunate, or, more probably, too conservative and losing good business through fear of "taking it on," as the phrase goes. If a bank can operate on a one-fifth of one per cent of its loan turnover as a loss it is safe. If this percentage be reduced to one-eighth of one per cent, it probably has good credit management. If it falls to one-tenth or a twelfth of one per cent, the bank is becoming conservative, and if it gets much below this it is a pretty certain thing that the bank is losing good business by being afraid to take a fair banking risk. Therefore if the loss is far above or below normal, the risks taken have tended to be too great or too narrow."

QUESTION: On the statements of lumbering concerns and of manufacturers of wood pulp and paper I have noticed at various times the item "Advances against the cutting of timber." It has been a question in my mind as to whether such advances are quick or slow assets and I would appreciate very much your opinion as to how they should be treated. Can you also give me any information as to the methods of financing in these industries?—J.J.V.

ANSWER: Advances to finance the cutting of timber are quite common in the lumber, wood pulp and paper industries, and if these cover current operations to be liquidated within the course of a year, which is usually the case, they should be regarded as a quick asset.

The method by which the cutting of timber is financed presents a very interesting topic for study and discussion. Among lumbermen in this country the cutting of timber usually begins in September, lasting through the fall and as far into the early winter as is possible, and is followed by the manufacturing period commencing in May and the selling period in July. If the lumbermen

need outside funds to finance their business, as is usually the case, they call upon their banks for accommodation in the fall and generally begin to liquidate this in the early summer around July. Lumbermen very often employ operators to cut the timber on their own lands and advance funds to these operators at various stages of the work to finance the cost of labor, hauling, cutting, freightage, etc. In this country most of the lumber cut is carried to its point of destination by the railroads and all timber operations are completed within the course of a year, sometimes only a few weeks elapsing from the time the cutting of timber begins to the period when it is piled up in the lumber yards. In such cases advances against the cutting of timber obviously constitute a quick asset, as they are nothing more or less than advances against merchandise which is soon to be delivered. However, there are certain points in Canada where the lumber mills are located 400 miles or more away from the timber lands and where, due to the difficulty of transportation and necessity of floating the lumber down streams, it some times takes two years for the cutting, logging and transporting operations to be completed. In such cases advances against the cutting of timber can not be called a quick asset. It is consequently necessary to investigate each case and ascertain definitely the length of time which the cutting and hauling process involves.

The wood pulp and paper industries are closely connected together and as wood is the primary material used in the manufacture of these products, it is necessary for manufacturers to make large purchases of timber as raw material or to make substantial advances to operators to finance the cutting of such timber. The largest wood pulp manufacturing houses usually cut their own timber lands, whereas the smaller ones generally buy from various timber jobbers or dealers. There are, however, two other methods by which timber is obtained: 1. Wood pulp manufacturers, while owning their own lands, may finance various operators or contractors who cut timber on these lands for them. 2. They may finance independent operators or contractors who cut wood for them on other timber lands. The purchase and carrying of this timber is the main financial problem which wood pulp manufacturers have to face.

Normally it is necessary for wood pulp houses to carry a very substantial stock of lumber on hand, the average supply varying from twelve to eighteen months' stock, with the largest amount generally carried in the fall. In order to finance this manufacturers usually have to borrow extensively from their banking connection. Manufacturers of chemical pulp (i. e. pulp produced by chemical process) usually borrow largely in the winter and spring, liquidating their loans in

the summer and fall; manufacturers of "mechanical" pulp (i. e. pulp produced from ground wood) usually borrow most extensively in the spring and early summer, paying off their obligations in the fall. Terms of sale in this industry are as a rule net thirty days and in the vast majority of cases trade obligations are paid on a strictly prompt basis.

In connection with the advances made against the cutting of timber, wood pulp manufacturers usually make the advances in varying amounts according to the progress of the work under way. With northern manufacturers of chemical pulp these are generally divided as follows: a payment of so much per cord when the timber is cut; so much when peeled and piled; so much when the wood is delivered on the banks of the stream; and the balance thirty days after receipt of the wood at the mills. Advances in all such cases should be treated as a quick asset, the only point necessary to take into consideration being that the advances be for current operations to be liquidated during the course of the year.

QUESTION: Do you consider advances against growing crops, fruits, etc. a quick asset.—W. M.

ANSWER: Advances against growing crops and fruit are in the majority of cases quick assets. They are usually made to temporarily finance the season's crop until the crop itself can be picked and by its sale liquidate the advance. However, it sometimes happens that under this heading there are carried advances which will not be liquidated during the ordinary course of a year's harvesting operations and which are being used for the more or less permanent finance of the business itself. For instance, if the advance consists of an investment in fruit bearing trees or plants which take several years to develop and fructify, such advances are obviously not quick assets. As a general rule advances should cover simply the temporary financing necessary to "carry" the ordinary planting, seeding and cultivating operations prior to the actual time when the crop is ready for harvest and sale. In making loans against statements showing large advances, bankers should investigate carefully the nature of such items and make sure that they understand fully the character of the financing involved. It is particularly important that the crop owners take the customary precautions against destruction of their crop by making adequate insurance provision against fire and the usual contingencies.



Rate of Exchange at Genoa

A WIRELESS to the New York Times from Berlin pictured money values at the conclusion of the economic conference:

The Genoa conference is over and the chief guests are paying their hotel bills. Mr. Lloyd George pays in gold, Signor Schanzer in silver and lire notes, M. Barthou by means of a check on the Credit Lyonnais.

When his bill is presented to Herr Schober, Austria's principal representative, he takes out of his portfolio two vast sheets of paper and presents them to the maitre d'hotel. There are stamps on them—round, oblong and triangular revenue stamps—there are rubber stamp markings in black, red and green and blue ink; there are signatures legible and illegible; there is much writing and typewriting; there are long columns of figures.

"Excuse me, your Excellency," ventures the maitre d'hotel, "but are those orders on your bank?"

"Oh, no, no," replies Herr Schober.

"These are two bills of lading. Two wagon loads of Austrian notes are at the Piazza Principe Station. You can obtain the delivery of them at once".

Tchitcherin, in a cloud of cigarette smoke, is presented with his bill. From his pocket he takes a packet and throws it on the table. The sound suggests that something metallic is in the packet. Is it, wonders the maitre d'hotel, some of the gold which the Soviet government has been taking from the Russian Churches?

"Is it gold or silver, sir?" he asks.

"Oh, dear no; the packet only contains a couple of plates from which we print our banknotes," replies Tchitcherin. "Take them away, and print as many as you like."

Herr Wirth, chief German delegate, approaches and has private conversation with the maitre d'hotel. As a result, the matter of the hotel bill is satisfactorily settled on a basis of a moratorium and subsequent payment in kind.

Banking and Commercial Law

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

Bank Liable in Paying Fraudulently Altered Checks

City of St. Paul v. Merchants National Bank, Supreme Court of Minnesota.
187 N. W. Rep. 516.

THE defendant bank was a depository of city funds of the City of St. Paul. One of the chief clerks of the department of public works was charged with the duty of making out time slips for men in the city's employ. He conceived the idea of padding the pay roll for his own advantage. This he did by making out time slips in the names of persons not at the time employed by the city. After these checks had been signed by the commissioner of finance, the chief clerk indorsed the names of the non-employees on the backs of the checks, and then cashed them at various places of business in St. Paul. The checks were in due course collected from the defendant bank, on which they were drawn. The clerk continued this practice for about four years and during that period his defalcations amounted to \$8,222.01. When the fraud was discovered, the city brought suit against the bank and it was held that the bank was liable. The indorsements of the payees' names were forgeries, and the rule is that, when a bank pays a depositor's check, bearing a forgery of the payee's indorsement, the bank cannot charge such check against the depositor's account. If it does charge the check against his account, it can be compelled to make the amount good to the depositor.

OPINION

Action by the City of St. Paul against the Merchants' National Bank, and from a judgment for the plaintiff, and from an order denying its motion for new trial the defendant appeals. Affirmed.

QUINN, J. Appeal by defendant from an order denying its motion for a new trial. The action was brought for the recovery of \$8,222.01, paid by defendant upon vouchers issued by the plaintiff against its deposit account with the defendant, upon which the payees' names were forged, and which were spurious when issued. The Merchants' National Bank, during the years 1917 to 1920, both inclusive, was a depository of city funds of the city of St. Paul. The city kept a large account with the bank, subject to check during that time. Frank F. Roeller was, and for a number of years prior thereto had been, employed as chief clerk in one of the bureaus of the department of public works of the city. He had charge of a large number of men employed by the city. It was his duty to make out the time slips for the men. He conceived of the idea of padding the pay roll to his own advantage. To this end he issued time slips in the names of persons not then in the employ of the city, and included them with the regular slips. The pay rolls were made up from the slips and signed by the commissioner of public works, then sent to the comptroller who made out the pay checks or vouchers, which were signed by the commissioner of finance. Roeller would then receive the checks for delivery to the men, and in this manner obtain the spurious checks issued in the names of non-employees. He would indorse the name of the payee on each of the spurious checks and get them cashed at business places about the city, when in turn they were passed through various banks, finally reaching the defendant bank where they were paid and charged against the plaintiff's check account. This manner of business was carried on during the four years mentioned. All checks paid by the bank and charged against the plaintiff's check account were returned to it at the end of each

month. At the close of the trial the court directed a verdict in favor of the plaintiff for the amount of the spurious checks so paid and charged to its account.

Plaintiff bases its right to recover squarely upon the proposition that it was the duty of the bank to account for all funds received by it as such depository, and that the city is not limited or controlled by the fact that it might also look to the officials who issued the checks, or to their bonds; that the bank is liable for the amount so paid, and that its negligence in failing to ascertain whether the indorsements of the payees' names upon the checks were genuine was the proximate cause of the loss, the same as though the checks had been properly issued. Upon the other hand, it is contended by defendant that the burden is upon the plaintiff to show that it did not negligently suffer or permit any course of conduct upon its part or that of its officials which materially contributed to the payment of the money in controversy, and that if the plaintiff were negligent in this regard it cannot recover in this action. It is further contended that the issue of defendant's negligence in the first instance and that of the plaintiff's contributory negligence in the second were questions of fact which should have been submitted to the jury. There is no controversy as to the relation of the parties, the character and amount of the deposit account, the number and amount of the checks in question, their description and method of creation, nor the manner of their indorsement and payment.

As between a bank and its customers, the general rule is that, in order to charge the account of a depositor, a bank must pay a check only to the payee named, or his order, and payment made otherwise is at its peril, unless it can claim protection upon some principles of estoppel or negligence chargeable to the depositor. The rule is that a banker on whom a check is drawn must ascertain at his peril the identity of the person named in it as payee, and whether his indorsement thereon is genuine. It

is only when he is misled by some negligence or fraud of the drawer that he can set up his own mistake in this particular against the drawer. 3 R. C. L. § 171, p. 542, and cases cited; Grand Lodge, A. O. U. W., v. State Bank, 92 Kan. 876, 142 Pac. 974, L. R. A. 1915B, 815; Shipman v. Bank of the State of New York, 126 N. Y. 318, 27 N. E. 371, 12 L. R. A. 791, 22 Am. St. Rep. 821. In *Armstrong v. Pomeroy National Bank*, 46 Ohio St. 512, 22 N. E. 866, 6 L. R. A. 625, 15 Am. St. Rep. 655, it was held by the Supreme Court of Ohio that, as between a bank and its customers, the duty of the banker is in all cases to pay to the person named, or his order, where the terms of the check are such, and he may and should withhold payment until fully satisfied as to the genuineness of the indorsement. See, also, *Frank v. Chemical Nat. Bank of N. Y.*, 84 N. Y. 209, 38 Am. Rep. 501.

The bank's obligation is to pay the checks only upon a genuine indorsement. The drawer is not presumed to know, and in fact seldom does know, the signature of the payee. The bank must, at its own peril, determine that question. It has the opportunity, by requiring identification when the check is presented, or a responsible guaranty from the party presenting it, of ascertaining whether the indorsement is genuine or not. When it returns the check to the depositor, as evidence of a payment made by its direction, the latter has the right to assume that the bank has ascertained the fact to be that the indorsement is genuine. 3 R. C. L. p. 535, § 165; *Shipman v. Bank*, 126 N. Y. 318, 27 N. E. 371, 12 L. R. A. 791, 22 Am. St. Rep. 821; *German Savings Bank v. Citizens' Bank*, 101 Iowa, 530, 70 N. W. 769, 68 Am. St. Rep. 399; *Murphy v. Met. Nat. Bank*, 191 Mass. 159, 77 N. E. 693, 114 Am. St. Rep. 595.

It is urged that the larger portion of the checks in controversy was issued to fictitious or nonexisting persons. Roeller testified that such checks were issued to persons not at the time in the employ of the city; that he knew certain of them and could not say that any of the checks were to fictitious persons. If such were

the facts the burden of proof was upon appellant. The testimony discloses that the city had no knowledge that the checks were improperly issued. However, where by the fraud of a third person a depositor of a bank is induced to draw a check payable to a non-existing person or order, the drawer being ignorant of the fact and intending no fraud, the bank is not authorized to pay the same and charge it to the account of the drawer on the indorsement of the party presenting it, although it appears to have been previously indorsed by the party named as payee. Such indorsement is, in effect, a forgery, and the payment thereof by the bank confers no right on it as against the drawer of the check. *Armstrong v. Pomeroy Nat. Bank, supra; Shipman v. Bank, supra; Board of County Com'rs v. Nelson, 51 Minn. 79, 52 N. W. 991, 38 Am. St. Rep. 492; Board of County Com'rs v. Elmund, 89 Minn. 56, 93 N. W. 1054.* In the case last cited it is held that, under such circumstances a municipal corporation is not estopped from saying that the payees' names were fictitious and the indorsements forged.

Affirmed.

Bank Liable for Careless Investment of Creditor's Funds

Gebhart v. Kansas State Bank, Supreme Court of Kansas, 205 Pac. Rep. 1036.

When money is given to a bank for purposes of investment, the bank is under obligation to exercise at least ordinary diligence in seeing that the funds are safely invested. If it is not diligent in this regard, it will be responsible to its customer for any loss that results.

This case presents a situation in which a bank was held liable for a loss of this character. It appeared that the plaintiffs were the executors of an estate and that they delivered to the defendant bank \$6750, with instructions that the same be invested. The bank gave them a receipt which read in part as fol-

lows: "We have agreed to keep this invested for you, as executors, in good negotiable loans that will net your estate six per cent. interest."

The bank invested the money in notes bearing seven per cent. interest, of which the bank paid six per cent. to the plaintiffs and retained the balance. The funds were eventually invested in three notes indorsed by one Broeker who owned twenty per cent. of the bank's stock, the investment being made on the strength of his indorsement. It appeared that the bank had acquired paper indorsed by Broeker totalling some \$2,200,000. The three notes in question proved to be uncollectible.

It was held that the bank had failed to exercise ordinary diligence and was, therefore, liable to the executors. "The circumstances," said the court, "gave room for the jury to draw an inference that some representative of the bank availed himself of the opportunity to unload its own worthless or doubtful paper upon the plaintiffs".

OPINION

Action by N. B. Gebhart and another against the Kansas State Bank and Fred R. Fitzpatrick, receiver thereof. Judgment for the plaintiff's, and defendants appeal. Affirmed.

MASON, J. On October 28, 1915, N. B. Gebhart and J. W. Krafts, as executors, had \$6750 in their hands for investment. They turned it over to the Traders' State Bank, of Salina; its president giving them a receipt undertaking to show the nature of the transaction. That bank was later reorganized as the Kansas State Bank. On September 26, 1918, the executors brought this action against the bank for the recovery of the amount named. A receiver for the bank was appointed May 27, 1919, and was made a defendant. A verdict was returned and a judgment rendered in favor of the plaintiffs, and the defendants appeal.

The defendants assert that the money was given to the bank for investment for the benefit of the executors; that it was invested in promissory notes; and that

the evidence did not justify a judgment against them on any theory. The plaintiffs contend that the transaction amounted to a deposit which they had a right to withdraw on thirty days' notice; and that, even if the bank held the money for investment on their account, its conduct made it liable to them for its return. The body of the receipt referred to read as follows:

"This is to acknowledge that you have this date left with us a sum of \$6750 which is to draw six per cent. interest from date. Interest payable semi-annually. It is to be divided into two sums as follows: Elsie Basel, \$2750, Rose Rittersbacher, \$4000. We have agreed to keep this invested for you, as executors, in good negotiable loans that will net your estate six per cent. interest. It is understood also that this fund is to remain a considerable time in this form, but if for any reason it should be necessary to have any or all of it withdrawn all parties agree that with thirty days' notice it will at all times be available."

The first and last sentences suggest a deposit, while the next to the last sentence standing alone would indicate an undertaking to keep the money so invested as to return six per cent. interest. There was evidence tending to show these facts:

The bank paid the executors interest every six months at the rate stipulated until April, 1918. It used the money for its own purposes and selected from among the notes owned by it, bearing seven per cent. interest, several amounting in the aggregate to something over \$6750, which it placed in an envelope indorsed with memoranda regarding the matter and kept in a different pouch from that containing the bank's notes. Whenever one of these notes so segregated was paid, the bank would pass the money received in payment to its own credit and substitute a new note taken from those it already owned. Such exchanges may have taken place when no payment had been made. The executors were not consulted about these substitutions or advised of them, nor had they ever expressed a willingness

that the bank should invest the money in notes of which it was the owner. The view of the bank's president was that the notes in the envelope belonged to the executors to the extent of \$6750, any surplus belonging to the bank, which was also entitled to the interest in excess of six per cent. When the action was brought there were two notes in the envelope, given in the fall of 1917, for the total amount of \$6500, which proved uncollectible. They had been taken by the bank on the recommendation of Felix Broeker, who owned twenty per cent. of the bank's stock, and on the strength of his indorsement. The bank in 1917 acquired paper indorsed by Broeker totaling some \$2,220,000. A third note for \$750 was placed in the envelope with the two referred to about a year after this action was begun.

Whatever general term may be applied to the transaction evidenced by the receipt, its concluding sentence seems to show an agreement on the part of the bank to repay the money on thirty days' notice. If the relation of the plaintiffs to the bank is regarded as that of principal and agent for the purpose of investing the money, express authority, which was not conclusively established, would seem to be required to authorize the investment to be made by transferring to the principal notes owned by the agent. 2 C. J. 704. The defendants concede that they are liable unless the bank exercised ordinary care and diligence in investing the money for the plaintiffs' benefit. We think the evidence warranted a finding, which must be presumed to have been made, that the bank did not meet that requirement. The circumstances gave room for the jury to draw an inference that some representative of the bank availed himself of the opportunity to unload its own worthless or doubtful paper upon the plaintiffs. The jury found specifically that the bank did not keep the money invested in good negotiable loans, that the president did not from time to time invest it in negotiable loans, but that it was finally invested in three loans. A special finding was also made which the

defendants regard as showing good faith on the part of the bank. It was that its president believed Broeker was solvent when he took the two notes in the envelope bearing his indorsement. This falls short, however, of determining that the notes were regarded as good at the time they were placed in the envelope for the plaintiffs.

The judgment is affirmed.



Bank Paying Checks Drawn by Agent Held Liable

Goodloe v. Fidelity Bank, Supreme Court of North Carolina. 111 S. E. Rep 516.

The fact that a person has authority, as agent, to deposit money for another person, does not give the agent authority to draw against the account in which the money is deposited. The payment of checks, drawn by an agent, who has not been authorized to draw the same, will render the paying bank liable.

The plaintiff gave money to a person to deposit for her in the defendant bank. The agent carried out the instructions to make the deposit, receiving a passbook in the plaintiff's name. He also entered into an agreement with the teller, under which he was to be allowed to draw checks against the deposit, signed by him in the plaintiff's name. This arrangement was unknown to, and entirely unauthorized by, the plaintiff.

Acting under his agreement with the teller, the agent drew checks against the account and, under the rule above stated, the bank was held responsible to the plaintiff for the amount withdrawn.

OPINION

Action by Rebecca Goodloe against the Fidelity Bank. Judgment for defendant, and plaintiff appeals. Reversed.

STACY, J. This was an action commenced in the court of a justice of peace, and tried de novo on appeal to

the superior court of Durham county. In the latter court the parties waived a jury trial, and submitted the case to his honor for determination on an agreed statement of facts, the material parts of which were as follows:

(1) On August 16, 1917, Rebecca Goodloe had Eugene Weaver deposit to her credit in the Fidelity Bank the sum of \$143. No part of said sum was ever drawn out by the plaintiff, and she at no time gave authority to any one to withdraw the same.

When Eugene Weaver deposited said money in the bank he had an agreement with the teller that he might check the deposit out by signing the checks: "Rebecca Goodloe, per Eugene Weaver." The passbook was made out in the name of Rebecca Goodloe, and the account stood in her name on the books of the bank. Eugene Weaver was permitted by the defendant to draw out said account, and he had the passbook in his possession at the time of his death in 1921. The defendant permitted this to be done without authority from the plaintiff and without her knowledge or consent.

The defendant bank had no direct dealings or communication with Rebecca Goodloe at any time prior to the death of Eugene Weaver, and the defendant was never notified by her not to pay said money to Weaver.

Upon these, the facts chiefly relevant, we think his honor should have rendered judgment in favor of the plaintiff. The actual or implied authority of Weaver to withdraw said deposit (*Heath v. Trust Co.*, 184 Mass. 481, 69 N. E. 215) is specifically negated by the facts agreed; hence we are driven to the conclusion that the defendant has paid out the plaintiff's money wrongfully and without authority. 2 C. J. 664; 7 C. J. 641; 3 R. C. L. 546.

(2) A bank "receives the depositor's funds upon the implied condition of disbursing them according to his order, and upon an accounting is liable for all such sums deposited, as it has paid away without receiving valid directions therefor." *Crawford v. Bank*, 100 N.

Y. 50, 2 N. E. 881, 58 Am. Rep. 152. Again, in *Hall v. Fuller*, 5 B. & C. 750, Bailey J., speaking for the court, said:

"If the banker unfortunately pays money belonging to the customer upon an order not genuine he must suffer, and to justify the payment he must show that the order was genuine, not

in the signature only, but in every respect."

Applying these principles to the facts in hand, we think the plaintiff is entitled to recover. This will be certified to the superior court, to the end that judgment may be entered for the plaintiff on the agreed statement of facts.

Reversed.



Princeton to Have Library of Industrial Relations

THE growing need for a special source of comprehensive information on industrial relationships and the human factor in industry has lead to the establishment at Princeton University of a "Library of Industrial Relations". The need for such an institution was presented to John D. Rockefeller, Jr., who has generously agreed to provide the funds immediately necessary, namely \$12,000 a year for five years.

The library will include pamphlets, documents, reports and books dealing with the interpretation and discussion of industrial relations and will seek to bring together all available data on the actual establishment and working out of industrial relationship plans. Digests will be issued from time to time concerning developments in the handling of industrial relations problems.

The library will be in direct charge of Dr. Robert F. Foerster, who has been given the rank of professor of economics at Princeton. He will have a skilled librarian as his assistant, thus being free to spend a portion of his time in the field studying the actual situation as to industrial relations in the United States. Dr. Foerster received his Doctor's degree at Harvard in 1909, and for the following twelve years taught at Harvard in Department of Social Ethics. He was director of the Social Research Council of Boston, and Chairman of the Massachusetts Commission

on the Support of Dependent Children, whose work eventuated in the Mothers Aid Law. Dr. Foerster has made extensive studies in social and labor conditions in this country and Europe.

The suggestion to establish the Library of Industrial Relations grew out of experience with the Pliny Fisk Library. In that library Princeton has already gathered much valuable material relating to the interpretation of current economic information and facts. This library has been a source of information not only to the students and professors of the University who avail themselves of it constantly for economic and financial information, but to business men and industries throughout the country who have come to regard this library as being one of the most complete of its kind.

It is intended that the Library of Industrial Relations shall be made equally practical and useful not only to students but to those who desire to avail themselves of the experience of others in dealing with industrial relationship problems. The library will also be of great utility in aiding the study of industrial relations from the viewpoint of actual experience as well as from the theory of the subject, thus following out the present policy of the economic faculty of Princeton in the field of finance through the use of the Pliny Fisk Library.

International Banking and Finance

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Germany and Russia*

A Chapter of Uncertainties

By Benjamin M. Anderson, Jr., Ph.D.

Economist of the Chase National Bank, New York

ECONOMIC analysis of the present tangled condition of world affairs sometimes presents an analogy to the pursuit of the pot of gold at the end of the rainbow. The goal recedes as the quest goes on. Prosperity in the United States is seen to be dependent upon prosperity in Europe, but the revival in France and Great Britain seems to wait for revival in Germany. Revival in Germany is then made contingent upon the restoration and exploitation of Russia.

It is, of course, true that economic revival in any part of the world would help economic revival in any other part. It is, of course, true that turmoil and disorganization in any part of the world reacts adversely upon every other part. But perspective is needed in these matters. Some relations are more important than others. There are centers of gravity. There are places where a moderate amount of effort and capital will bring great results, and there are places where great outlay of capital and effort will bring meagre results. An impoverished world with limited capital, weakened organization, and reduced efficiency in political functioning cannot afford to make mistakes in these matters.

The writer believes that Europe's revival is necessary to prosperity in the United States, and he believes that the demoralized condition of German finance, currency, and industry, and the unsettled state of the reparations question constitute the most serious obstacle, though by no means the only obstacle, to an early revival in Europe. He recognizes, too, that a prosperous and normal Russia would be of marked assistance in facilitating German revival, but he does not believe that it is a factor of first magnitude. He believes that it is possible for Germany's position to im-

prove very greatly in the absence of early change in Russia's affairs.

THE GERMAN PLEA

German plans for the development of Russia rest on a variety of motives and a variety of theories. These are partly political and partly economic. There is one group of irreconcilables which looks to Russia to supply the new energy which Germany would require for successful renewal of the war with France. This group talks a great deal, still has funds for propaganda purposes, and is not without influence. It does not appear, however, that the really serious plans which Germany entertains in connection with Russia are of this character.

Among the economic reasons which Germans have been offering for the serious consideration of the outside world, there are two of outstanding importance. The first is that the world is suffering from overproduction and lack of markets, and that, in order to bring about economic revival, it is necessary to bring in a new body of consumers. Russia has a vast population which formerly had great consuming power, and which with Russian revival would again enter the world's markets as a great consumer. It is urged that Russia must be made an ever greater consumer than she was in the days before the war, that the development of Russia must proceed much more rapidly than it did before the war. The analogy is made between the Russia of today and the great West in the United States in the days following the Civil War. The rapid development of the West made it easy for the United States Government to pay off its war debts, the argument runs, and a rapid

*Reprinted from the CHASE ECONOMIC BULLETIN.

exploitation of Russia would make it possible for Western Europe, and particularly for Germany, to pay off war debts and to settle reparations.

The second argument is that as a consequence of the War Germany has millions of surplus population, for which she must find an outlet in other lands, and that Russia seems the only place for them.

RUSSIA'S PLACE IN THE WORLD'S EQUILIBRIUM

The first of these arguments rests on what appears to be a basic economic fallacy, but a fallacy which has had great influence in German economic thought and which has largely influenced German economic policy. The doctrine has been most clearly stated by Karl Marx, the great Socialist writer, who believed that crises are due to periodic gluts in the market growing out of over-production. Marx's view was that capitalistic methods have enormously increased production, but that labor is so poorly paid under the capitalist system that it cannot consume nearly all that it produces. As a consequence, surpluses of goods pile up and crises occur. His forecast was that this would grow progressively worse. We escape from the evils of each crisis simply by widening the market, developing the export trade, finding new markets in China, India, Russia, and South America, and in other parts of the world outside the center of capitalistic production. But as such markets are more and more exploited, relief comes harder and harder, and finally fails entirely. Then, Marx held, socialism comes.

The view commonly held by English and American economists has been that a general overproduction is impossible. It is possible to produce too much of one thing and too little of another, but it is impossible to produce too much of goods in general if the proportions are right. Cairnes, the last of the great classical economists, states the argument thus: There can be no such thing as a general over-supply in excess of demand, because supply and demand in the aggregate are merely different as-

pects of the same thing. Wheat comes into the market as supply of wheat, but it also comes into the market as demand for clothing, for sugar, and for the other things which the wheat producer needs. Sugar comes into the market as supply of sugar, but it also comes into the market as demand for the various things which the sugar producer requires. And so with all commodities. In the aggregate, therefore, supply and demand are identical. Maladjustment is possible, and indeed all too often occurs, but a general overproduction is impossible.

While English economic life has been ordered in accordance with the teachings of the English and American economists, German economic life has been profoundly influenced by the idea set forth by the Socialist Marx, and even the German Government, the German banks, and German business men have acted in accordance with Marx's theory. They have believed in the danger of overproduction and they have felt that their salvation lay in a forced expansion of the export trade. To a very great extent indeed they have pressed the policy of getting an export trade by means fair or foul, feeling that everything else in their economic life depended upon it.

In the detailed analysis of German trade there is striking evidence of the correctness of the teaching of English and American economists on this point and the fallacy of the Marxian-German economic doctrine. Despite Germany's feverish and expensive efforts at expanding her export trade in the outlying regions of the world, she had an unfavorable trade balance with the non-European world as a whole, and according to her own figures she had an unfavorable trade balance with Russia. On the other hand, in the highly developed manufacturing countries of Europe she found her great market and with them she had a favorable trade balance. Sixty-seven per cent. of all her exports went to Europe outside of Russia and she drew only forty-one per cent. of her imports from Europe, exclusive of Russia. Her great market

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was with her western and her southern neighbors. From the Americas, including the United States, Germany drew twenty-eight per cent. of her imports, and to them she sent only fifteen per cent. of her exports.

The great producers are also the great consumers. Production and consumption go together.¹

It is not necessary to analyze the Marxian theory of distribution. The facts are, of course, against Marx in his theory of wages, and in his contention that the lot of labor is growing progressively worse. Even if this were true, however, it would not prove that the population of a country as a whole is unable to consume all that the country produces. The capitalists are also the consumers. If goods are produced in kinds and proportions that the markets require they will be bought. A country ought, of course, to have a surplus of production over immediate consumption. A more accurate statement would be that utilization equals production, including under utilization both immediate consumption and the increase in roads, bridges, houses, and other long time capital goods.

It is essential that fallacies of this kind be met wherever they appear. It is necessary that the sound doctrine on this point be stated and reiterated many times. Beginning with 1914 the world went through six years of the most wasteful kind of consumption, which created a temporary and feverish "prosperity," and the world has been left sadly demoralized as a consequence. It is not new consumers or forced consumption that the world needs today, but more production and better balanced production.

In determining the importance of special measures for the revival of Russia one must look at the world as a whole, and one must consider the part which Russia has played and can play in the world's economy. Sound prosperity will return when a balance of the productive forces is restored. There must be a proper balance and proportion among manufacturing, shipping, foods, raw materials, etc. This balance has been broken by the War, and

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broken primarily through the demoralization of manufacturing in Europe. The world as a whole is producing far less than it did in 1913, but the reduction has been far greater in manufacturing than in the production of foods and raw materials, while the volume of available shipping very substantially exceeds the current needs of ocean transportation. The balance will be restored, not by the exploitation of new regions which produce primarily food and raw materials, but by the restoration of the manufacturing centers of Western Europe. To center attention upon Russia and to give a disproportionate part of the world's scant capital to the development of Russia, at the expense of direct effort to rehabilitate Germany, France, and other parts of Western Europe, would be an economic mistake of the first order.

Revival in Russia is eminently desirable. Considerations of humanity justify large efforts to help Russia out; considerations of good business justify such outlay as the world can afford in particular ventures in Russia which promise large returns. But we cannot afford to sympathize with the dreams in which many Germans and Russians have been indulging regarding Russia. One Russian economist has seriously proposed that something like \$56,000,000,000 of new capital be spent in Russia during the next ten years, of which about half shall come from the outside world. He would spend \$5,500,000,000 in building new railroads, \$3,500,000,000 on new locomotives, freight and passenger cars, etc., \$4,000,000,000 on improvements in agricultural machinery, \$2,000,000,000 on central electric light and power stations, \$500,000,000 in making an adequate survey of the forests and other natural resources, and so on. These are fantastic dreams. Russia's importance in the world's economy could not possibly justify such outlays.

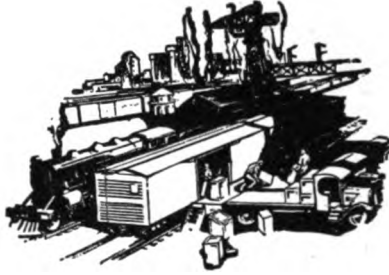
In this connection it is worth while to recur to the analogy between the exploitation of Russia and the development of the western part of the United States following the Civil War. The



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long run effect of that development was beneficial to the United States, but it was a very long run, indeed. We overdid the pace in earlier years. We built railroads in advance of the market for railway transportation with the result that the railroads failed to earn enough to pay interest on their bonds, and the Panic of 1873 was a consequence. As the West filled up we overdid the production of foods and raw materials, with the result that farmers, both in the East and West, suffered very greatly, had their buying power reduced, and so were unable to buy manufactures in adequate volume. This, be it noted, was not a *general* overproduction. It was a relative excess, first of transportation, and later of foods and raw materials, as compared with the growth of manufacturing. It created maladjustment. We disturbed our economic equilibrium, and we had two decades of relatively unsatisfactory economic conditions and the two severest depressions in our his-



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tory (those following the panics of 1873 and 1893) as a consequence.¹

Finally, the point must be made that Russia's pre-war course was not such as to justify the expectation that Russia would make very rapid progress in the near future. Even if we should discount the difficulties which the Bolshevik régime has created and discount the demoralization which the War has brought about, there is still a serious question of whether Russia could be expected to develop rapidly in the near future. In the period before the War she showed nothing like the capacity for economic progress that many other smaller countries showed. In 1890 Russia was more important in foreign trade than Canada, the Argentine, and Japan combined. In the years 1911-1918 these three countries combined very substantially outranked her in their participation in foreign trade. The following table exhibits the story.²

(Figured in Per Cent.)

Years	Participation in World Trade			
	Russia	Canada	Argentine	Japan
1890	8.5	1.2	1.3	0.6
1896-1900	8.4	1.5	1.2	1.0
1901-1905	8.3	1.8	1.5	1.3
1906-1910	8.2	1.8	2.0	1.4
1911-1918	3.6	2.0	2.0	1.5

There are a good many similar facts in the pre-War history of Russia which make one hesitate to grow enthusiastic over the probability that this great country could rapidly shoot forward in any such way as our own West did in the period following the Civil War. Great natural resources undoubtedly are there, and vast areas. There is a population which so far as germ plasm and native abilities are concerned may be expected some day to exhibit very

¹Other factors were, of course, involved in both of these panics, but the severity of the depressions which followed is largely to be explained by the fundamental disturbance of the economic equilibrium due to the over rapid exploitation of the sources of food and raw materials.

²See J. M. Goldstein, "Russia, Her Economic Past and Future." Copyright, 1919, Russian Information Bureau, New York, Page 28.



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great economic qualities. But social, economic, and political organization, and social, economic, and political traditions are of such a character as to make rapid progress in the near future difficult. It is one thing for pioneers to go into virgin soil carrying with them the traditions and technique of a highly dynamic civilization. It is another thing to introduce rapidly the technique and traditions of a highly dynamic civilization into the life of a population of 136,000,000 who are used to their own ways of doing things and little disposed to change.

In conclusion, Russia is important, and the world must consider her, but Russia must not have the center of the stage. The economic center of gravity lies farther west. Instead of building up new sources of raw materials and foods, Western Europe will do better to make use of idle shipping and to

bring in raw materials and foods from the regions already functioning, and ready to supply them. Instead of drawing upon the world's greatly depleted store of capital for expenditures in Russia on a vastly greater scale than the world was willing to consider in 1918, the world will do well to economize and use its limited source in the most productive ways possible. Capital in last analysis is accumulated surplus of production over current consumption. That surplus is smaller today by far than it was in 1918. Instead of using it more lavishly we must use it less lavishly. Instead of making more venturesome investments we must make more careful investments. Above all we must avoid the illusion that the continued manufacture of bank credits and bank notes can serve indefinitely as a substitute for real savings.

RUSSIA'S PLACE IN GERMAN TRADE

In pre-War days Germany bulked large in Russia's foreign trade. Russian officials figures make it appear that in 1913 Germany supplies forty-seven per cent. of all Russia's imports and that Germany received thirty per cent. of all Russia's exports. According to these Russian official figures, Germany had a "favorable" balance of trade in dealing with Russia of nearly half a billion marks a year.

German official figures give a radically different picture.¹ The German figures make it appear that in 1913 Russia had a favorable balance of trade with Germany of over half a billion marks a year. Both sets of figures would indicate that trade between Rus-

sia and Germany was of first magnitude in Russia's international trade. It is probable that the German figures are much more accurate than the Russian figures. This is to be expected on general principles because German statistics are in general more carefully compiled than were pre-War Russian statistics. The best students of the problem that the writer has been able to consult agree in this view. Explanations of the discrepancy between Russian and German figures have been made both by Russian and by German authorities. The Germans state that the Russian statistics of the value of imports from Germany are several hundred million marks too high. This is due to the fact that the Russians include the entire importation over the German-Russian border, whether of German origin or merely goods shipped through Germany. On the other hand they say that the Russian statistics of value of exports to Germany are much too low, because the Russian assign to the non-German transit countries goods destined for Germany.

Russian statisticians concur in this statement regarding exports from Germany into Russia. They think that the Germans, however, exaggerate Russian exports to Germany in that they do not take account adequately of the ultimate destination of certain goods which may merely pass through Germany to Holland or other places.

There is real uncertainty about the matter—as indeed is the case with practically every question relating to Russia. Probably the German figures are much more nearly accurate. Both sets of figures agree, moreover, in making it appear that so far as Russia is concerned, trade with Germany was much more important by far than Russian trade with any other country.


On the other hand, Russia's place in German trade was comparatively unimportant. German trade was very important to Russia; Russian trade was much less important to Germany. According to German figures, Russia took nine per cent. of Germany's exports and Russia sent Germany thirteen per

¹Germany's Trade with Russia in 1913

	Exports to Russia	
*German figures	880,000,000	marks
Russian figures	652,208,757	roubles
	Imports from Russia	
German figures	1,424,600,000	marks
Russian figures	453,584,437	roubles
	Balance	
German figures	—544,600,000	marks
Russian figures	+198,624,320	roubles

*Statistisches Jahrbuch für das Deutsche Reich, 1914.

cent. of Germany's imports. The export percentage is probably correct. The import percentage is probably a little too high in view of the probability that the Germans include some goods destined for re-export. Certainly, Russia was not Germany's most important market. The rest of Europe, outside of Russia, was overwhelmingly more important to Germany. To Europe, outside of Russia, Germany sent sixty-seven per cent. of her total exports. To Europe, outside of Russia, and to the United States, Germany sent seventy-four per cent. of her total exports. Great Britain and Austria-Hungary were the two greatest markets for German goods. It is therefore vastly more important for Germany to restore promptly her export trade with the rest of Europe and the United States than it is for her to restore her trade with Russia. Moreover, this part of her trade is the part that can be most easily rebuilt. In Russia it is necessary to build from the ground up. The collapse of Russian foreign trade appears to be almost complete. Such information as is available regarding Russian exports in 1921 would indicate that they were just about one per cent. of Russian exports in 1913. Russia's imports in 1921, including a large volume of goods sent through charity to relieve famine, were 9.6 per cent. of her 1913 imports. To revive trade with Western Europe and the United States is primarily a matter of building up production in Germany and improving international credit relations. Internal reforms in Germany affecting currency and finance, together with a proper settlement of the reparations question, will go far in this matter. But the restoration of German trade with Russia would seem to require the rebuilding of the whole basis of civilization in Russia, the reestablishment of law, and particularly of commercial law, as well as the physical repairing of transportation and the physical restoration of production. Germany has far more to gain from straightening out her relations with her western and southern neighbors than she would have from even an early com-



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plete rebuilding of her relations with Russia.

Germany's dependence on Russia in pre-War days was not, as has often been supposed, primarily for raw materials. Germany did receive important raw materials from Russia, but her greatest dependence on Russia was for foods. Among the foods the most important of the imports was barley, and apparently the most important use made of the barley was for brewing beer.¹

¹Barley was also used in Germany in feeding live stock and to a very limited extent in making bread. Information regarding the use of Russian barley in pre-War days is unsatisfactory. One good authority states that the bulk of barley from Russia was used for brewing purposes, though if the barley was badly bleached it was used only in feeding live stock. Another authority states that the bulk of the Russian barley was used in feeding live stock, and that the imported barley used for brewing purposes came largely from Roumania and Austria-Hungary.

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The value of the barley imported was 326,000,000 marks in 1913—an amount greater by 244,000,000 marks than the value of the next article imported from Russia, namely, wheat. The item next in importance is eggs, of which the value was 80,000,000 marks; the next item is butter, 68,000,000 marks; the next item is hay, 60,000,000 marks.

When we get into the field of raw materials our most important item appears to be swung flax, of which Germany imported about 58,000,000 marks' worth in 1913 from Russia. Pine and coniferous wood amounted to 58,000,000 marks, and of this a very substantial part no doubt may be looked upon as raw material.

It is clear that Germany got the bulk of her raw materials from other countries than Russia. She got them largely from the United States, from South America, and other parts of the world—from the general sources which all manufacturing countries have relied upon for their raw materials. Germany's

great export market was Western Europe and the United States. With Europe, outside of Russia and including Great Britain, Germany had a favorable balance of trade on a great scale. She sent, as shown above, sixty-seven per cent. of all her exports to Europe, exclusive of Russia, and she drew only forty-one per cent. of her imports from Europe, outside of Russia. Her balance of trade, therefore, with her western and southern neighbors was very great. From the Americas, including the United States, Germany drew twenty-eight per cent. of her imports, and to them she sent fifteen per cent. of her exports. In other words, Germany imported raw materials from the Americas, made them up into finished products, and sold them to Western and Southern Europe. She paid the Americas for these raw materials by using the proceeds of her sales to Western and Southern Europe, and Western and Southern Europe paid the Americas

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for their exports to Germany by sending exports to them.

A similar story appears if we take the whole world outside of Europe and the United States. Twenty-nine per cent. of Germany's imports came from the world exclusive of Europe and the United States; seventeen per cent. of Germany's exports went to the world exclusive of Europe and the United States.

In a word, Germany imported largely from the raw material countries, exported largely to other manufacturing countries, and left other manufacturing countries to settle her debts with the raw material countries by their own exports to the raw material countries. Germany's success in foreign trade, therefore, was essentially dependent upon good relations with her neighbors to the west and south far more than upon close relations with any other part of the world.

With the British Empire Germany's trade was much more important than her trade with Russia. There was a close balance between exports and imports with the British Empire. In 1911, eighteen per cent. of Germany's exports went to the British Empire and eighteen per cent. of her total imports came from the British Empire. In 1913 the figures were: exports, eighteen per cent., and imports, nineteen per cent. To Russia in 1913, as has been stated above, Germany sent nine per cent. of her exports and from Russia she drew thirteen per cent. of her imports.

To bring these somewhat wearisome

comparisons to a close it may be noted that Germany's trade with France, on the export side, was almost as important as her trade with Russia. Eight per cent. of German exports went to France. Germany bought, on the other hand, only five per cent. of her imports from France.

THE ATTITUDES OF FRANCE, GREAT BRITAIN, AND THE UNITED STATES

No confident conclusions can be reached regarding the international political factors involved in the future relations of Germany and Russia. Any statements that one might make today could easily be proved erroneous by over-night developments, particularly in view of the rapid movement of events at Genoa. One who seeks to reach the "inside" of the matter finds many opinions, many confident statements, but very little consensus of opinion.

Regarding the attitude of France there is real uncertainty. On the face of things it would appear that France is fearful, and not without some measure of justification, of the possibility that intimate economic relations between Germany and Russia would lead to a military alliance between Germany and Russia which would ultimately menace the security of France. The French reaction to the announcement on April 17 of a special treaty between Russia and Germany gives evidence of great concern. Whether it is significant of French hostility toward any cooperation between Germany and Russia, however, is another matter. It may well be that

had German and Russian plans been submitted to France for approval in advance a different attitude would have been manifested. From certain German sources the writer has gained the impression that the matter has long been under discussion between France and Germany, that Germany has offered to make concessions to placate French fears, but that the French have been unable to find guaranties of a sort which would justify them in acquiescing.

It has been suggested, moreover, that French financial interests in Poland, Czecho-Slovakia, Rumania, Turkey, and other countries in the neighborhood of Russia would make France hostile to German plans for the exploitation of Russia. On this point one may find a great deal of opinion, but hardly enough definite information to justify confident conclusions.

On the other hand, from exceedingly well informed sources the writer has heard very clear-cut and definite statements to the effect that France is quite ready to acquiesce in plans for the German exploitation of Russia, expecting that Germany will thereby be enabled to make reparations payments. These same reasons represent the British Government as more reluctant than the French Government to consent to German plans in Russia. Opposed to this view are various reports which would make it appear that there is considerable accord between German and British financial interests regarding these plans, and that the British Government looks with favor upon this accord.

There are a host of diplomatic and political questions on which information shifts from day to day. Perhaps no country involved is showing its full hand; perhaps most of the countries are manoeuvring for position; perhaps several of them are developing "talking points" and "bargaining points" as a means of concealing their real purposes and real interests.

Among these real interests, to which the world must give most careful consideration, is the political interest of

France. France has a right to expect that whatever else may be done her future peace and security will not be jeopardized.

One clear conflict of interest between Britain and France grows out of the relative economic self-sufficiency of France on the one hand, and, on the other, the vital dependence of Great Britain for her very food itself upon foreign trade. France can view the stagnation of international trade with much greater complacency than can Britain. The British have a more vital concern in early world revival than the French have. Their policy, guided though it may be by enlightened selfishness, is thus more apt to be in harmony with the interests of the world as a whole than is French policy.

Another real interest to which the American Government has given special consideration is that of the Russian people themselves. In the note which Secretary Hughes sent declining to participate in the Genoa Conference a very clear intimation of American attitude on this point was given. There is no reason to suppose that the American Government would not acquiesce in plans which involve the abuse of the Russian people and that the American Government would not acquiesce in plans which give exclusive rights to the nationals of any country in Russia. The American Government may be expected to be sympathetic to plans for the development of Russia which protect the interests of the Russian people, and which leave a fair field for Germans, Englishmen, Frenchmen, Americans, and all the rest, but it may be expected to oppose vigorously plans which involve the exclusion of America for the benefit of Germany or other countries.

These political uncertainties are not to be treated lightly. Out of them may come factors which will upset any economic prediction. It is possible for the economist to point out the course which economic forces would take if un-

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hampered by political barriers, but there are few, if any, "inevitable economic tendencies," and the man who

would make economic forecasts without reference to politics, passions, and prejudices may easily go astray.

Great Britain Asks Debt Payment

Note to France and Other Allies Says Payment is Made Necessary by Attitude of United States

THE Government of Great Britain submitted to the French Government on August 1, a note setting forth at length and in detail her present stand on the question of inter-allied indebtedness.

This note is extremely important in that it sets forth clearly and unmistakably Britain's attitude on the debts owed her by the Allies, and on her debt to the United States.

The note states that Great Britain prefers a policy of debt cancellation, and is willing to give up her share of reparations through a general settlement by means of which the whole debt problem would be satisfactorily settled.

This preference, however, must be reluctantly abandoned, states the note, in the light of America's insistence on the settlement of the debt due her by Great Britain. America's full right in the matter is not denied.

Great Britain states that, since the United States has determined upon a policy of debt settlement, she is com-

pelled to call upon her Allies for the payment of such sums as are paid to the American Government. Britain does not, however, intend to try to collect more than she has to pay.

A note similar to the one sent France, with only necessary changes in wording, was simultaneously sent to the Governments of Italy, Yugoslavia, Rumania, Portugal, and Greece. The full text of the note follows:

As your Excellency is aware, the general question of the French debt to this country has not as yet been the subject of any formal communication between the two Governments, nor are his Majesty's Government anxious to raise it at the present moment. Recent events, however, leave them little choice in the matter, and they feel compelled to lay before the Government their views on certain aspects of the situation created by the present condition of international indebtedness.

Speaking in general terms, the war debts, exclusive of interest, due to Great Britain at the present moment amount in the aggregate to about £8,400,000,000, of which Germany owes £1,450,000,000, Russia £650,000 and our allies £1,300,000,000. On the other

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hand, Great Britain owes the United States about a quarter of this sum, say £850,000,000, at par of exchange, together with interest accrued since 1919.

No international discussion has yet taken place on the unexampled situation partially disclosed by these figures and pending a settlement which would go to the root of the problem his Majesty's Government have silently abstained from making any demands upon their Allies, either for payment of interest or repayment of capital. But if action in the matter has hitherto been deemed inopportune, this is not because his Majesty's Government either underrates the evils of the present state of affairs or because they are reluctant to make large sacrifices to bring it to an end. On the contrary they are prepared, if such a policy formed part of a satisfactory international settlement to remit all the debts due to Great Britain by our Allies in respect of loans or by Germany in respect of reparations.

Recent events, however, make such a policy difficult of accomplishment. With most perfect courtesy, and in the exercise of their undoubted rights, the American Government have required this country to pay interest accrued since 1919 on the Anglo-American debt, to convert it from an unfunded to a funded debt, and to repay it by a sinking fund in twenty-five years. Such procedure is clearly in accordance with the original contract. His Majesty's Government make no complaint of it; they recognize their obligations and are prepared to fulfill them. But evidently they cannot do so without profoundly modifying the course which in different circumstances they would have wished to pursue. They cannot treat the repayment of the Anglo-American loan as if it were an isolated incident in which only the United States of America and Great Britain had any concern. It is but one of a connected series of transactions in which this country appears, sometimes as debtor, sometimes as creditor, and if our undoubted obligations as debtors are to be enforced, our not less

undoubted rights as creditor cannot be left wholly in abeyance.

His Majesty's Government do not conceal the fact that they adopt this change of policy with the greatest reluctance. It is true that Great Britain is owed more than it owes and that if all interallied war debts were paid the British Treasury would on the balance be a large gainer by the transaction, but can the present world situation be looked at only from this narrow financial standpoint? It is true that many of the allied and associated powers are as between each other creditors or debtors or both, but they were and are much more. They were partners in the greatest international effort ever made in the cause of freedom and they still are partners in dealing with some at least of its results. Their debts were incurred, their loans were made, not for the separate advantage of particular States, but for the great purpose common to them all and that purpose has been in the main accomplished.

To generous minds it can never be agreeable, although for reasons of state it may perhaps be necessary, to regard the monetary aspect of this great event as a thing apart, to be torn from its historical setting and treated as no more than ordinary commercial dealing between traders who borrow and capitalists who lend.

There are, moreover, reasons of a different order to which I have already referred which increase the distaste with which his Majesty's Government adopt so fundamental an alteration in the method of dealing with loans to allies. The economic ills from which the world is suffering are due to many causes, moral and material, which are quite outside the scope of this dispatch, but among them must certainly be reckoned the weight of international indebtedness with all its unhappy effects, upon credit and exchange, upon national production and international trade. Peoples of all countries long for a speedy return to the normal, but how can the normal be reached while conditions so abnormal are permitted to prevail, and how can these conditions be cured by

any remedies that seem at present likely to be applied?

SEEKS ONLY TO PAY DEBT

In no circumstances do we propose to ask more from our debtors than is necessary to pay to our creditors, and while we do not ask for more all will admit that we can hardly be content with less, for it should not be forgotten though it sometimes is, that our liabilities were incurred for others, not for ourselves. Food, raw material and munitions, required by the immense naval and military efforts of Great Britain and half the two thousand million sterling advanced to the allies were provided, not by means of foreign loans, but by internal borrowing and war taxation.

Unfortunately a similar policy was beyond the power of other European nations. An appeal was therefore made to the Government of the United States and under an arrangement then arrived at the United States insisted, in substance if not in form, that though our allies were to spend the money it was only on our security that they were prepared to lend it. This co-operative effort was of infinite value to common cause, but it cannot be said that the role assigned in it to this country was one of special privilege or advantage.

For evidently the policy hitherto pursued by this country of refusing to make demands upon its debtors is only tolerable so long as it is generally accepted. It cannot be right that one partner in a common enterprise should recover all that she has lent and that another, while recovering nothing, should be required to pay all that she has borrowed. Such procedure is contrary to every principle of natural justice and cannot be expected to commend itself to the people of this country. They are suffering from an unparalleled burden of taxation, from immense diminution in national wealth, from serious want of employment and from severe curtailment of useful expenditure.

These evils are courageously borne but were they to be increased by an arrangement which, however legitimate, is obviously one-sided, the British taxpayer would inevitably ask why he should be singled out to bear the burden which others are bound to share. To such a question there can be but one answer and I am convinced that allied opinion will admit its justice.

But while his Majesty's Government are thus regretfully constrained to request the French Government to make arrangements for dealing to the best of their ability with the Anglo-French loans, they desire to explain that the amount of interest and repayment for which they ask depends not so much on what France and other Allies owe to Great Britain as on what Great Britain has to pay America. The policy favored by his Majesty's Government is, as I have already observed, that of surrendering their



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share of German reparation and writing off through one great transaction the whole body of inter-allied indebtedness, but if this be found impossible of accomplishment, we wish it to be understood that we do not in any event desire to make a profit out of any less satisfactory arrangement.

Before concluding I may be permitted to offer one further observation in order to make still clearer the spirit in which His Majesty's Government desire to deal with the thorny problem of international indebtedness. In an earlier passage of this dispatch I pointed out that this after all is not a question merely between the allies; ex-enemy countries also are involved, for the greatest of all international debtors is Germany. Now His Majesty's Government do not suggest that, either as a matter of justice or expediency, Germany should be relieved of her obligation to France or the other allied States. They speak only for Great Britain and they content themselves with saying once again, so deeply are they convinced of the economic injury inflicted on the world by the existing state of things, that this country would be prepared, subject to the just claims of other parts of the empire, to abandon all further right to German reparation and all claims to repayment

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by the allies, provided that this renunciation formed part of a general plan by which this great problem could be dealt with as a whole and find a satisfactory solution. A

general settlement would, in their view, be of more value to mankind than any gains that could accrue even from the most successful enforcement of legal obligations.

Sir Richard Vassar-Smith

THE recent death of Sir Richard Vassar-Smith marks the passing of a man who has long been recognized as one of Great Britain's leading financiers and public figures. He was held in highest esteem by all who knew him for the unselfish devotion with which he served both the great bank of which he was chairman, and his country. He held during his career many public offices of high importance.

The eldest son of Richard Tew Smith, of Wotton, Gloucestershire, Sir Richard was born on July 11, 1843. He was educated at the College School, Gloucester, and after leaving school he started his business career in his father's firm of agents and carriers to the Great Western Railways. At the age of twenty-seven he succeeded his father as head of this concern, a position which he held until his death. In a few years his commercial activities became greatly extended and he was a controlling factor in several important firms, principally in Gloucestershire. These included the Gloucester Gas Light Company, the Gloucester Railway Carriage Company, the Port Talbot Steel Company, and subsequently many

other concerns. He also joined the board of the Worcester City and County Banking Company, and in this position the foundation of his great work with Lloyds Bank was laid. In 1889 the latter absorbed the Worcester City and County Bank, and Sir Richard joined the board.

In 1910 he was elected chairman of Lloyds Bank, and he held that most important post until his death. He was ideally fitted for it, for he possessed the three all-important qualifications necessary—namely, enterprise, caution, and sound discriminating judgment. On the countless occasions on which the latter was called into play it seldom if ever failed him. He would deal with the most difficult of problems calmly and deliberately, never losing his head and never flinching from that belief in himself which invariably proved to be well founded. The period of his chairmanship of Lloyds Bank will be remembered as one of the most, if not the most difficult of times for banking concerns, covering as it did the world disorganization caused by the war; but Sir Richard guided his bank safely and securely through all its troubles, and in so doing

rendered invaluable service to the country. In 1917 he was awarded with a baronetcy.

Sir Richard did not render his national service only through Lloyds Bank, however; his personal knowledge, experience, and judgment were always at the call of the State. At various times of his life he held many important public offices, notably those of president and chairman of the Council of the Institute of Bankers, chairman of the committee of the London Bankers' Clearing House, and chairman of the Central Association of Bankers.

He married in 1866 Mary, daughter of John Partridge, of Malvern, and leaves with three daughters one son, John George Lawley Vassar-Smith, born in December, 1868, who succeeds to the baronetcy. His second son, Major Charles Martin Vassar-Smith, King's Shropshire Light Infantry, who served with distinction in both the South African War and the European War, died in 1920, leaving a widow and one son.

Great Britain

FINANCE AND INDUSTRY

The recovery in market value of British securities which amounted during 1921 to more than £250,000,000 in the case of the more active Government issues, has continued during the present year.

Price advances of from £8 to £10 per unit have been made by various Government securities since the beginning of 1922, and much larger advances have been scored by some of the important railway issues.

The following figures received by the Bankers Trust Company, New York, indicate the appreciation in market value of leading British Government securities between January 1 and April 20, 1922:

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Security	Jan. 1, 1922	April 20, 1922
5% War Loan	92-5/16	100-1/8
4½% War Loan	83-1/2	95-1/2
4% War Fund	96-3/4	100-3/4
4% Funding Loan	76-1/2	86-7/8
4% Victory	81-7/8	89-3/8
3½ Conversion Loan	66-3/8	75-7/8

The boom in railway issues has been a recent feature of the British security market. Price advances have been as follows:

Security	January 1, 1922	April 20, 1922
Great Eastern	27	39
Great Northern Def.	24	37
Great Western	73	97
London Brighton Def.	38-1/2	58-3/4
London & North Western	70-1/2	95
London & South Western	18-1/2	28
Midland Def.	44	61-1/2
North Eastern	72	95
South Eastern Def.	23	35-3/4

Price changes in some of the railway issues represent advances ranging from fifty per cent. to more than 100 per

cent. above the lowest prices quoted in 1921 for these securities.

SURVEY OF COAL INDUSTRY

The total production of coal in the United Kingdom during the month of May was larger than in April owing to a greater number of working days, according to a report to the Department of Commerce at Washington. Excluding holidays, however, the rate of production per week was less and diminished steadily during the month. The output for the week ended May 6 was 4,766,600 tons; May 13, 4,945,200 tons; May 20, 4,804,100 tons; May 27, 4,629,600 tons; June 3, 4,440,900 tons. The output for the first week showed the effect of the holiday on May 1.

In the face of this decreasing production there has been about a twenty-five per cent. increase in export as compared with April. Coal shipments from the United Kingdom during May amounted to 5,057,280 tons, valued at £5,790,288, the average value per ton thus being £1 2s 1d. This compared with 4,096,678 tons in April and 5,201,285 tons in March, 1922, and 5,929,947 tons in May, 1913. The chief growth in the export trade is shown in the exports to Germany, which rose to 601,478 tons, compared with 256,618 tons in April and 467,718 tons in March. Most of the European countries, however, took larger amounts than in April.

EXPORT PRICES WEAKEN

In spite of the increase in exports and the decreasing output coal prices weakened materially toward the close of the month. It was hoped in this country that the coal stoppage in the United States would lead to an increased demand for coal from the United Kingdom, but thus far, although a few cargoes have moved direct to the United States, the influence has been insufficient to sustain prices.

This weakening of export prices happened just at the time when the audit of the colliery books for the month of April was completed and showed that there would be practically no profits for

the industry as a whole, and that consequently wages would not rise above the minimum wage anywhere and would decline in most districts. Taking the two factors together, it was apparent that wages would continue at the minimum throughout August and much dissatisfaction arose among the miners. Some of the labor leaders have published statements blaming the mine owners for not maintaining the high price of export coal by means of making a price agreement among themselves. Others have agitated for the termination of the agreement on which the present profit-sharing scheme is based.

MINE EARNINGS LOW

Most of the difficulty with regard to compensation to the miners is not really so much a question of wages as of earnings, since a great many of the mines are not employed at full time and the earnings are therefore very low compared with pre-war, while the standard of wages is higher. A statement just issued by the Mine Owners' Association calls attention to the fact that, while wages have dropped to the minimum in all districts except one and that this minimum is roughly twenty per cent. over the standard wages prevailing in 1914, it does not mean that wages are only twenty per cent. in excess of the pre-war wages. The statement made by the coal owners is that "standard wages" were not the wages actually paid in 1914 and that twenty per cent. over the "standard wage" of 1914 means about 42.9 per cent. over the actual pre-war wages.

In a few cases mines were obliged to shut down, owing to inability to make any profits. One mine in particular, employing about 3000 men, asked the employees to agree to a reduction in wages of about forty per cent. of the standard rate, intimating that otherwise they would be unable to continue operations. The request, however, was rejected by the men in mass meeting.

Freight rates fluctuated more than usual during the month, but closed weaker than at any time since early in

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Foreign Exchange

Letters of Credit

Cable Transfers

January of this year. This was particularly true of South America, the closing rate being 18s. 3d. to Rio de Janeiro and Montevideo.

France

EUROPEAN RECONSTRUCTION AND THE SITUATION OF FRANCE*

BY GABRIEL HANOTAUX

Member of the French Academy

In France the ordinary elector, the man in the street, asks nothing more than to be allowed to work in peace. Without overburdening himself with economic argument, he simply dreams of extricating himself from the mess by his own unaided efforts. This tranquility of the Frenchman, so remarkable amid the general agitation, is disturbed on one point only. He says to himself:

"But how to be sure that Germany does not fall upon me as she did in 1870 and 1914; that the edifice I am raising up again so painfully is not again ruined before it is completed!"

Here is a typical example: The maire of my village (Pargnan, on the banks of the Aisne) is a substantial farmer, a furious worker; he is in his fifties and feels that old age is not far off. He said to me recently: "Monsieur Hanotiaux, in spite of all the fine speeches of your fine gentlemen here am I passing my eighth year in my cellar." (His home has been in ruins since 1914.) "You really ought to write to Monsieur Keynes and tell him so. Tell him to come and see me; I offer to put him up. He will start comparing his lot with mine." Well! What my mayor says is what every average Frenchman is saying. He wants to get out of his cellar, to rebuild his house and to be safe there for a while at least.

These claims are found excessive; this man is declared to be insupportable,

*Reprinted from the MANCHESTER GUARDIAN.

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persistent, troublesome—in a word, imperialist, militarist. He does not understand; he detests the war, the source of his misery. He knows his long sufferings; he knows that he did his duty in throwing himself against a barbarian conquest whose abominable violence he endured; he lost his children; his home is in ruins; he would be only too glad that that should not recommence every ten years. He is not unaware that Germany is on her feet again, that she has returned to her pre-war methods, that through her restored competition she is advancing in a way that alarms the most active and energetic peoples in the world; and he hears it said that it is now she who is "crucified". Insolence of this sort irritates him in the end, and he says with quiet good sense, "She has signed, let her pay!"

STATUS OF PEASANTS

But this man has no luck; the economic hypothesis is against him; it claims, indeed, to prove, figures in hand, (those figures!) that there is nothing to be done for him but to leave him in his cellar, and that, after all, it is he, with his notorious imperialism, who is the source of all the trouble. For his benefit this good Conference of Genoa has been assembled for him to hear those famous economists Chicherin and Litvinoff tell him what they think of him, and to discuss his case. They know how to secure the happiness of peoples! And if he says another word he and his

cellar will be blown sky high; he had better get back into it and keep quiet!

Ah, well! I hope I may observe that this political economy, irrefutable as it may consider itself, is a little limited. You gentlemen with your calculations, you little understand the nature of man, you little understand human sentiment; it is more complex than that; everything cannot be summed up in a debit and credit; there are weak spots in your more or less adulterated statistics.

We are talking of the Frenchman, the average Frenchman. I think I ought to warn you that for him sentiment is often a stronger driving force than all the economic combinations by which you set such store and this sentiment is called, in French, l'honneur. When our poor poilus of twenty years and of twenty sous a day went to the slaughter of the Marne and at Verdun, what motive animated them? A process of reasoning? No, honor!

Just as the Russian may be stirred between one day and the next and abandon himself to a mystical impulse, eluding every economic law which will carry him onward in incalculable vertiginous exaltation, so it may happen one day that the Frenchman, weary of so many humiliations and sophisms, will set his shoulder to the cart and overturn all the calculations, interested and disinterested, and march where honor calls him. And then what will have become of all your reasonings; what will the lucubrations of Genoa be worth then, and the

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scintillating top-hat of Chicherin and the speeches of Rathenau?

In two words, economic metaphysics is like any other metaphysics; it is not an exact science; its data are neither sure nor pure. There is some of everything in the caldron; there is good and there is bad. No one has the right to speak ex cathedra and to impose on others conclusions which are only too open to suspicion. The best thing is to search, in mutual comprehension and reciprocal respect, for truth.

And, above all, calculations must take account of sentiments, as sentiments must take account of calculations. These and those co-exist; man is the product of them all; that is why politics is so difficult an art. If the politics of the present day is equal to its high task, it must admit that economic reasoning is not the only, or even the principal, determinant of its action; it should even distrust it; for the great weakness of economic metaphysics is that it has no

soul, and, lacking a soul, it lacks humanity.

Italy

AGRICULTURE AND INDUSTRY

Italy has gone back to work after a protracted period of inaction which followed the war and which was a serious menace to the whole national life. Every square foot of available ground this year is under cultivation—even the mountain sides are covered with crops, and, despite the long drought, a fair harvest is anticipated. Factories, long idle, have resumed operations, and everywhere merchants report a remarkable improvement in trade. Business in Italy is again well under way.

This, in substance, is the summary of conditions obtaining throughout the peninsular empire given out by J. A. Dupuis, Manager of the Florence office of the American Express Company, upon his arrival in New York recently.



Banking Service in the Far East

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Delhi
Karachi
Madras

JAPAN

Kobe
Yokohama

JAVA

Batavia
Sourabaya

SIAM

Bangkok
Puket

SUMATRA

Medan

PHILIPPINES

Cebu
Iloilo
Manila

MALAY STATES

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London

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William Baxter, Agent

Capital and Reserve
Over \$30,000,000

Italian buyers are negotiating in American markets for large deliveries of wheat in November and December.

"Italy wants to do business with America", said Mr. Dupuis, "but, of course, exchange conditions at present preclude that. It's hard to sell one-dollar American razors in Italy when German razors which answer the purpose just as well can be sold for three or four lire. However, Italy is striving just as hard as a nation can to bring about a resumption of trade with this country".

Mr. Dupuis feels that America's failure to participate in the Genoa conference will in no sense affect trade relationships between the two countries. Italy already is swarming with American tourists, and Mr. Dupuis believes it will be the biggest travel season since the war.

THE BANKING SITUATION

The movement of corporate capital indicates the seriousness of the indus-

trial crises, according to a report to the Department of Commerce at Washington. The net increase in May was only 1,400,000 lire on account of the withdrawal of 280,000,000 lire compared with the monthly increase of 180,000,000 during the first three months of this year.

Deposits in private banks on April 30 totaled 2,049,000,000 lire, an increase of 10,000,000 over last month. Loans and discounts amounted to 7,788,000,000 against 7,353,000,000 on March 31. A slight falling off in business activities is indicated by bank clearings which totaled 44,157,000,000 in March, 40,018,000,000 in April as compared with 45,564,000,000 in February. The security market is less active and a corresponding decline has taken place in lira exchange quoted at 4.73 on June 27. The number of commercial failures totaled 291 in April showing a slight increase over the previous month.

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

Fully paid up Capital, Reserves and Surplus
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Specialize in the Investment of Foreign Capital in State,
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Handle Foreign Exchange and Give Prompt and Careful
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This Bank will be Pleased to Serve You in All Business Rela-
tions with the Argentine and Contiguous Countries

CORRESPONDENCE IN ALL LANGUAGES INVITED

THE INDUSTRIAL SITUATION

The strike called on June 1 of the metal workers in the Lombardy plants has extended to all Italy on June 26, but negotiations with regard to reduction of wages continue and manufacturers apparently welcome the opportunity to close their plants quietly.

The cotton market has shown some improvement especially for American trade and the mills are operating in a satisfactory manner. One disturbing element has been the fluctuation that has taken place in the price of raw cotton.

A marked improvement took place in the labor situation between February and May 1, when unemployment registered 482,372.

The cost of living continues to decrease according to the Bachi index of wholesale prices, based on the average price in 1920 of seventy-six commodities, and registered 88.84 for May as

compared with 84.37 for April of this year.

FOREIGN TRADE

The latest available statistics regarding foreign trade are for February and show imports of 1,057,000,000 lire and exports of 716,000,000 lire indicating a decided improvement over January. The coal market is dull. Imports during May totaled 1,048,000 tons of which 52,000 tons were from the United States, 662,000 from the United Kingdom, 318,000 from Germany. Grain prices remain high and wheat imports show a falling off from 222,000 tons in April to 129,000 tons in May. Metal is firm with pig iron Eglinton No. 1 quoted at 820 lire per ton as against 770 lire last month. Cotton imports were 9000 tons in May compared with a monthly average of 4000 tons from January to April. The silk market is characterized by exhausted stocks and increasing prices. No change is reported in the olive oil market.

Kjöbenhavns Handelsbank

Established 1873

Copenhagen

Telegraphic address: Handelsbank

Capital fully paid up : Kroner 50,000,000

Reserve Funds : " 29,000,000

Branches :

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Sønderborg, Tøftlund, Tønder, Viborg.

Collections. Commercial Credits. Travellers Letters
of Credit. Danish Securities bought and sold, etc.

Germany

ECONOMIC CONDITIONS

The Frankfurter Zeitung is now publishing a wholesale price index based on ninety-eight commodities, states a cable to the Department of Commerce at Washington. This index is carried back for comparison to 1914, the base figures being 100 for the middle of that year.

The index figures for the 1st of January, 1920 and 1921, and for the first of each month of this year, including July, are as follows:

Middle of 1914	100
January 1, 1920	1997
January 1, 1921	2127
January 1, 1922	4238
February 1, 1922	4612
March 1, 1922	5427
April 1, 1922	6722
May 1, 1922	7879
June 1, 1922	7841
July 1, 1922	9140

It is interesting to compare this July 1, index figure of 9140 with the value of the German mark in percentage of

par where we can assume that the currency stood in 1914. At the date when wholesale commodities had increased in price a trifle over ninety-one times the mark had fallen to practically one per cent. of its former value.

The government cost of living index comprising food, rent, heat, and light, based on 100 for July, 1914, stood at 3779 for June of this year.

The government foodstuffs index shows a higher figure than the cost of living index. On the same basis of 100 for 1914, the June figure was 5119. The increase in foodstuffs costs is most noticeable in small and medium sized German cities.

REVIVAL OF SHIPPING IN THE FAR EAST

The North German Lloyd and Hamburg American Steamship Companies are now maintaining each a regular monthly service from Germany to Japan via Singapore, Hongkong, and Shanghai, according to a report to the Department of Commerce at Washing-

DISCONTO - GESELLSCHAFT

Established 1851

Capital and Reserves
M 1,200,000,000



BERLIN

Numerous Branches in Germany

*Correspondents
Throughout the World*

Established 1856

NORDDEUTSCHE BANK IN HAMBURG

Hamburg — Altona — Harburg

Capital and Reserves, M 83,000,000

Established 1848

A. SCHAAFFHAUSEN' SCHER BANKVEREIN A.-G.

HEAD OFFICE COLOGNE.—Numerous Branches in Rhineland and Westphalia

Capital and Reserves, M 130,000,000

BRASILIANISCHE BANK FÜR DEUTSCHLAND

Hamburg — Rio de Janeiro — Sao Paulo — Santos — Porto Alegre — Bahia

BANK FÜR CHILE UND DEUTSCHLAND

Hamburg — Valparaiso — Santiago — Concepcion — Temuco — Valdivia

Representative for the United States—A. KOEHN, 25 Broad St., New York

ton. A local English shipping concern has secured the agency. From the viewpoint of service and all that would induce the traveler to patronize them they seem to be as spic and span as any German vessels which plied these seas before the war. Passenger accommodations on the service thus far appear to be limited, amounting to about one dozen available cabins and these are usually booked up by Germans going directly to the Far East.

The revival of German shipping and trade generally in the Far East is causing considerable anxiety. Before the war Germany carried on a very large trade with the Dutch East Indies and Singapore. The withdrawal of the German steamers at the outbreak of hostilities created a great shortage of shipping and this was reflected in a corresponding falling off in the volume of available cargo. After the armistice, and before Germany had the time or resources to reorganize her maritime service to the Far East, several new

shipping companies in the Straits and Australia were founded with regular service to Java and Sumatra with the purpose of attempting to secure the trade formerly held by the Germans.

In a measure they succeeded. The advent of the German companies again in the competitive field promises to undo the work of the past three years. Germany unquestionably has the advantage. Her ships arrive here with full cargoes from home, a territory undisputed by any competitor, and the ports of call in this part of the world are only for the purpose of intertransient cargo before loading up their bottoms for the final journey homeward. In Australia it appears that there is still an injunction against German trading which will probably not be removed for another year or so. In the meantime it is reported that the old German Australian Line, which was in operation before the war, has come to an arrangement with the Dutch East Indian Steamship companies to practically pool their interests

BANKING BUSINESS WITH BELGIUM

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Capital Paid Up . . Frs. 16,884,000

Reserve Frs. 6,220,945

Branches:

BRUSSELS _____ OSTEND

CORRESPONDENTS
AT ALL BANKING POINTS

and operate a service between Europe and Java every ten days. This service will also include Antwerp as a port of call. It is claimed that this policy is in harmony with the strengthening of German commercial interests in the Dutch East Indies.

Spain

GRAVE BANKING SITUATION

BY A. C. BLACKALL

The urgent necessity for the Government to find money to meet current expenditure and reduce their huge indebtedness has been causing the ministry considerable anxiety. In a country already taxed and taxed very highly in every line of endeavor it was a difficult matter to find any industry which could shoulder an additional burden and survive. However, the idea of an additional tax on foreign banks appeared a somewhat happy solution of the difficulty. Hence the Government now proposes to treble the tax on foreign banks but allow the native banks to continue as before at the fixed rate of one per mil on capital and reserves. Foreign banks previously have been paying one per mil on both paid up capital and reserves of their head offices plus two per mil on the amount of capital used in Spanish business and for purposes of fixing the tax as high as possible the not illiberal sum of ten per cent. of the entire capital of any foreign bank has been the basis on which calculations have been made

and taxes paid. This of course means a very severe handicap on foreign institutions and it is an open secret that some at any rate have for years been operating their Spanish business at a loss. It has simply been a question of whether the direct loss made would be recouped by the additional business obtained through having complete ramifications throughout the Peninsula. Hitherto the indirect results have apparently warranted the payment of these taxes but when they are trebled it is doubtful if any foreign bank could stand the strain. The Credit Lyonnais for instance as the tax now stands pays over 1000 pesetas a day, the Anglo-South American Bank very nearly as much. To raise these taxes to approximately 3000 pesetas a day on an already losing business can only spell disaster. Urgent protests have been made against the proposed increase and although well informed sources deem it highly improbable that it will be carried into effect the possibility is causing very great anxiety. The increase of taxation would in all probability have very disastrous results and were the foreign institutions to withdraw, the present very fruitful source of revenue would be cut off. Against this the whole of the business would compulsorily pass into the hands of the Spanish banks which apparently is what is being aimed at by certain interested wire pullers. It would also mean the birth of a number of local mushroom institutions and previous experience has taught that caution is very necessary when dealing with Spanish

Trade With the Near East



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Capital and Surplus, \$10,600,000

[\$1 = Drs. 5]

HEAD OFFICE: ATHENS

New York Representative

John Plastropoulos, 136 Liberty Street

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Manchester: Portico Building, 57, Mosley Street

banks. It is not that they are necessarily unsound but the delays in sending advices as to payments or non-payments of drafts, etc., are most irritating and often attended with disastrous results to merchants. One prominent foreign bank with some 600 branches spread throughout the world found the delays so great and irritating and the agency charges so heavy that they decided on opening up locally in order to give better service to their customers although they recognized that they would probably be operating at a loss.

Should the proposed tax be passed and the foreign banks close down the immediate effect would be rapid exodus of French, English, American, Canadian and other foreigners, whilst the thousands of Spaniards also employed by these institutions would find themselves without occupation.

It may be a sign of what is anticipated or only a coincidence, but recently the property lately owned

and operated by the Mercantile Bank of the Americas in Barcelona which institution some months ago decided to wind up its Spanish business the liquidation of which is just completed disposed of its entire premises, fixtures and fittings to the Banco Espanol del Crédito.

Australia

TRADE BALANCE FAVORABLE



The financial and commercial situation in Australia continues to improve as shown by the increased bank clearances and the increased checking and savings deposits in banks, according to a cable to the Department of Commerce at Washington. A continued increase in the favorable balance of trade is shown. Labor conditions remain unsettled. The cost of living still continues to climb.

The rate of exchange quoted on the pound in Melbourne has declined to

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed  .. Yen 100,000,000
 Capital paid up  .. Yen 100,000,000
 Reserve Fund  .. Yen 57,000,000

(100.50=1 Yen)

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Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
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Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsinan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Soerabaya	Tsingtau
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New York San Francisco Los Angeles Seattle

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

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

NEW YORK OFFICE - - 120 BROADWAY

\$4.46 on July 15 as against \$4.47 on June 16.

Both checking and savings deposits in banks continue to increase and bank clearances are also increasing. The financial condition is favorable and shows an indication of continued domestic activity.

The Federal Government finance for the fiscal year ending June 30 shows a large deficit. The expenditures for the year were £65,100,000, as against £56,972,674 for the fiscal year June 30, 1921. The revenues for the year were about £53,800,000 as against £57,766,195 for the previous year.

FOREIGN TRADE FOR MAY

The monthly returns of the Australian Department of Trades and Customs for May indicate a healthier condition of foreign trade over the preceding month. Total imports of £9,310,000 for May showed a decrease from the April figure which was £10,280,000.

Total exports for May were valued at £11,580,000 as against £10,900,000 for April. The May trade shows a balance favorable to Australia of £2,270,000.

The distribution of the April foreign trade just made public indicates that imports from the United States during that month amounted to £2,250,000, while of the exports the United States took £304,000 of the total, showing a large increase in imports and a small decrease in exports over the previous month.

LABOR SITUATION

The labor outlook is still discouraging. The unemployment situation has not changed and the opposition against the Labor Arbitration Board is growing. Although there are repeated threats of serious strikes because of wage reductions, it is unlikely that any will occur of great importance.

The Bank of the Philippine Islands

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

Capital fully paid-up .

Reserve Funds . . .



(₱0.50 = 1 Peso)

. (Pesos) 6,750,000.00

. " 5,972,500.00

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 F. Borromeo *Vice-President*
 P. J. Campos *Mgr. Iloilo Branch*
 J. M. Browne *Mgr. Zamboanga*

R. Moreno *Secretary*
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 E. Byron Ford *Chief For. Dept.*
 S. Freixas *Accountant*

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Correspondents

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 Spain: Banco Hispano Americano
 Hongkong: Netherland India Com'l Bank
 San Francisco: Wells Fargo Nevada Nat'l Bank
 New York: National City Bank, The Equitable Trust Co. and Irving National Bank

Paris: Comptoir Nat'l d'Escompte
 Australia: Bank of New South Wales
 Shanghai: Bank of Canton, Ltd.
 Chicago: Continental & Commercial Nat'l Bank
 Japan: Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

Argentina

CONTINUED IMPROVEMENT

A perspective of economic currents and changes in Argentina as contained in cable dispatches to the Department of Commerce at Washington leads to the conclusion that the country is experiencing a slowly continued improvement.

The rumor of a Federal loan for \$200,000,000 had a favorable effect on the exchange situation, the peso rising from an average of 1.28 gold pesos to the dollar during June to 1.22 gold pesos to the dollar during July.

Bids for the loan of \$200,000,000 were opened on July 29, three American and one British banking house competing, but owing to the interest rates and issue prices submitted being considered unfavorable, the Argentine Government has rejected all the bids, and it is anticipated, will probably call for new ones.

The number of American salesmen in Argentine continues to grow and these are reported to be offering the usual credit terms.

FOREIGN TRADE COMMODITY MOVEMENT

Trade with the United States seems to have reached a definite level, the average monthly value of imports from the United States for the first five months of the year being about \$7,000,000 and of exports from Argentina to the United States about \$4,500,000.

Exports of Argentine products for the year total 2,860,000 tons of wheat, 1,093,000 tons of corn, 563,000 tons of linseed, 65,000 tons of flour, as compared with exports during the same period last year of 1,450,000 tons of wheat, 1,377,000 tons of corn, 808,000 tons of linseed, and 22,000 tons of flour. On July 29 the estimated surplus of wheat and linseed for export was 800,000 tons and 250,000 tons respectively.

Hide shipments have shown a remarkable improvement over those of

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Paris Branch: 9 Rue du Helder

Antwerp Branch: 22 Place de Meir

Lisbon Branch: 32 Rua Aures

(\$5=£1.)

CAPITAL (Authorized)	-	-	-	-	\$20,000,000
SUBSCRIBED CAPITAL	-	-	-	-	15,000,000
PAID-UP CAPITAL	-	-	-	-	10,200,000
RESERVE FUND	-	-	-	-	10,500,000

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 RICHARD FOSTER, Esq.
 FOLLETT HOLT, Esq., M. Inst. C. E.
 KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
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URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu, Salto and Rivera.

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

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

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, Agent

last year. During the last six months they summed up to 3,210,000 as compared with 1,472,000 for the same six months of 1921.

Exports of meat are still far below the normal volume, although there is a steady increase in the quantity of chill beef and frozen lamb exports. Frozen beef exports, however, show a decline.

The announcement of the contract "ad referendum" to the Argentine Government entered into by a special representation of the Minister of Agriculture with a German syndicate for the exchange of Argentine meat for German manufactured goods, is the basis for a report that the Federal authorities are considering the establishment of an institution similar to the United States War Finance Corporation, whose function would be to advance credits to live stock breeders covering cattle and meat for export.

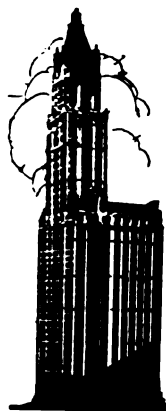
Stocks of imported commodities on hand remain somewhat below normal, the natural result of protracted cau-

tious buying on the part of importers. Retail trade in general is lagging, due largely to the temporary financial straits of the Argentine livestock breeders who form perhaps the backbone of the consuming population in normal times.

Belgian commerce, which is gaining considerable prominence in this market, will receive added support from the visit of the Belgian Commercial Mission.

BANKING AND INVESTMENTS

The rate of discount is varying between six and eight per cent., while the charge for overdrafts ranges from seven to eight and one-half per cent. Interest on deposits averaged four per cent. Bank loans having previously been reported on the increase now show a decline, checking deposits on banks have at the same time maintained a continued fall. Failures during the last six months have amounted to 70,000,000 gold pesos as compared with 70,000,000 for the same period of last year and



NEW YORK AGENCY, *Robson Bldg.*
L.N. LAU, Agent

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China gives great promise as an enormous profitable outlet for American trade. But—to steadily develop this market it is advisable to present all transactions to the Chinese Merchant in keeping with his inflexible tradition of business courtesy.

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Canton, Saigon, Shanghai

12,000,000 in 1920. The process of deflation is not yet complete, as manifested by the continuance on a large scale of commercial disasters, the livestock and retail trade in general being the heaviest sufferers.

The monthly average of Buenos Aires bank clearings for the year to June 1, was 2,938,601,000 gold pesos as compared with 3,146,678,000 the same period of the preceding year.

The market has shown a remarkable ability to absorb national mortgage certificates or cédulas, as high as 1,000,000 gold pesos having been issued per day during the early part of June.

Amplifying previous statements of foreign investments in petroleum, there are at present eighteen companies, including Argentine and foreign, engaged either in investigation or actual exploitation of the Argentine fields. The result of private workings up to this writing has not confirmed the optimism of a few months ago, but it is perhaps too early to judge of the potential produc-

tion of the Argentine fields. The total production of the official workings for the first six months of 1922 was 1,068,155 barrels as compared with 948,300 barrels for the same period of 1921. Production for June 1922 is estimated at 190,000 barrels, the estimate being based on the production for the first two weeks of the month.

AGRICULTURAL CONDITIONS

The acreage planted to Argentina's principal crops exceed that of last year. No official figures as to the production of corn are yet available, although it is reported that it will be greater in volume than the previous crop. In some sections the crop was a total loss, while in others a very satisfactory production is reported. Steady rains throughout the month have benefited pastures throughout the country, but cold weather and frosts have interfered with the preparation of the ground for new crops.

Outward tonnage still exceeds the de-



mand, although the despatch of vessels is normal. There has been some improvement in the shipping situation in so far as American cargoes are concerned and higher rates may be expected during the months to come.

The steady flow of immigrants from Europe continues, and although not as large as during the years immediately preceding the war, it has had the effect of increasing unemployment in the republic at this time.

Mexico

CONDITIONS IN NORTHERN MEXICO

By A. ZAMBRANO, JR.

A. Zambrano and Sons, Bankers,
Monterrey

After a prolonged drought in connection with the general depression in the different lines of business, a very favorable change has come with the blessing of very abundant and beneficial rains which started since the last days of May, covering a large area of Northern Mexico. This has insured the raising of large early crops in all of this section and the planting of later crops. This refers not only to corn crops but also to sugar cane, some cotton and other cereals.

The cattle men as well feel very happy and optimistic, some activity hav-

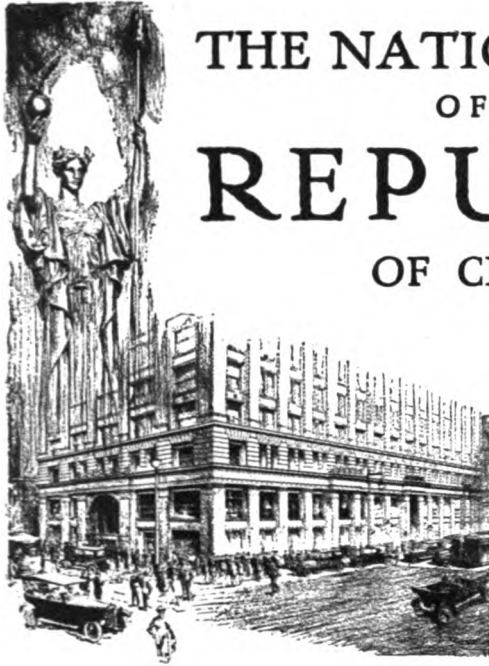
ing been noted in buying and selling lately.

As all of this section is very important as a lead and zinc producer, with the improvement of the metal prices, most of the mines are renewing their works after several years of unproductiveness and inactivity and the two large smelters, located in this city, The American Smelting & Refining Co., and the American Metal Co., The Penoles Mining Co., are making many contracts with the miners for the purchase of ores.

The different manufacturing plants located in this city report an increasing demand for their products with a tendency to continue, resulting in taking on more labor and reducing the number of unemployed. It is worth mentioning that in this industrial center, capital and labor have always worked in harmony and the difficulties experienced in the Southern towns are unknown here.

With the new activities in mining the railroads are handling more tonnage. Much construction work is going on on account of the low prices of building material specially in cement and brick. The local wholesale and retail stores report larger sales than previous months.

To all of this we have to add the very welcome good news of the favorable agreement and understanding between the Mexican Minister of Finance



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**Is prepared to render
exceptional service
in exceptional times**

**CAPITAL AND
SURPLUS
\$3,000,000**

and the International Committee of Bankers in New York which has brought the natural rejoicing to all of the business people of Mexico who have congratulated President Obregon for the good results.

Branches have been opened in Shanghai and Colombo.

⊙

The Banco di Roma in New York has received cable advice from head office in Rome that its board of directors has decided to submit to shareholders proposal to increase capital from 150 to 200 million Lire.

International Banking Notes

⊙

The statement of condition of the P. and O. Banking Corporation, London, for the year ended March 31, 1922, shows that the net profits for the year, after setting aside £79,770 for taxation, providing for bad and doubtful debts and valuing investments at market rates, amount to £159,800 10s 4d, which, with £6,845 15s 5d brought forward from last year, gives an available balance for disposal of £166,146 5s 9d.

The statement of condition of the Netherlands Trading Society, Amsterdam, for the year ended December 31, 1921, shows a net profit of £527,484, out of which, after providing for the statutory reserve to the extent of £38,830, a dividend of seven per cent. was declared. The statement shows capital paid-up of £6,666,667; reserve fund of £1,620,434; and total assets of £52,267,879.

⊙

The directors have placed to reserve the sum of £52,228 4s 11d, together with £87,500 recovered in respect of stamp duties, and £271 15s 1d, being the balance at credit of share premium account, making a total reserve of £90,000.

Brown Brothers & Co., New York, has issued a booklet on international investments. In this booklet are summarized the principal foreign issues at present dealt in on the New York market. The booklet covers the following investment groups: The British group; the Canadian group; the British Colonial group; the French group; the Belgian group; the Scandinavian

Out of the balance of £118,918 0s 10d, a dividend of five and one-half per cent., less income tax, will be paid absorbing £99,875 3s 2d; carrying £14,042 17s 8d to next account.

group; the Dutch group; the Swiss group; the Central European group; the Latin-American group; and the Japanese group.

£369,275,469 and coin, bank and currency notes and balances with the Bank of England of £55,164,743.

The statement of the London Joint City and Midland Bank Limited, made up on June 30, 1922, compares as follows with the position shown by the bank on June 30, 1921:

LIABILITIES	June 30, 1921	June 30, 1922
	£	£
Capital paid up	10,860,565	10,860,852
Reserve fund	10,860,565	10,860,852
Current, deposit and other accounts (including balance of profit and loss account)	371,322,381	368,230,832
Acceptances and engagements on account of customers.....	16,322,155	17,718,567
	£409,365,666	£407,671,103
ASSETS		
Coin, bank and currency notes and balances with the Bank of England	55,798,300	53,325,176
Balances with, and cheques in course of collection on, other banks in Great Britain and Ireland.....	12,505,988	11,600,430
Money at call and short notice	13,583,701	15,644,306
Investments	52,771,530	67,697,021
Bills discounted	62,243,295	56,252,193
Advances to customers and other accounts.....	188,393,028	176,912,071
Liabilities of customers for acceptances and engagements	16,322,155	17,718,567
Bank premises	4,489,504	4,981,924
Shares of the Belfast Banking Company, Ltd. and The Clydesdale Bank Ltd.	3,258,165	3,259,415
Shares of The London City and Midland Executor and Trustee Co. Ltd.		300,000
	£409,365,666	£407,671,103

The following statement supplementing the above figures shows the proportion of the assets to current, deposit and other accounts (including balance of profit and loss account):

	June 30, 1921	June 30, 1922
	%	%
Coin, bank and currency notes and balances with the Bank of England	15.0	14.5
Balances with, and cheques in course of collection on, other banks in Great Britain and Ireland	3.3	3.1
Money at call and short notice.....	3.6	4.2
Investments	14.2	18.4
Bills discounted	16.7	15.3
Advances to customers and other accounts	50.7	48.0

The statement of the average weekly position in June, 1922, shows deposits etc. of

The statement of condition of the Fifteenth Bank, Limited, Tokyo, for the year ended December 31, 1921, shows subscribed capital of yen 1,000,000; paid-up capital of yen 49,750,000; reserve fund of yen 21,970,585; and total assets of yen 531,470,350.

Poland will produce approximately one-fifth more wheat and rye this year than in 1921, according to estimates prepared by the Polish Chief Statistical Office. Reports on the condition of crops in all parts of the country have been gathered by the Statistical Office. Owing to the unfavorable weather conditions during the early Spring, the yield per acre of the area sown to wheat and rye will be slightly under that of last year, but the gain in total production will nevertheless be considerable, as a much greater area was sown than in 1921.

The wheat crop, it is estimated, will be approximately four per cent. under the per acre yield of 1921, and the rye crop will be two per cent. less per acre. Barley also will be two per cent. under the yield of last year. Oats, on the other hand, will be about five per cent. greater per acre. Owing to the increase in the acreage, the total oat crop, it is estimated, will be twenty-six per cent. greater than last year. The barley crop in the aggregate will be about ten per cent. greater.

The present indications are that the potato crop will be particularly large, and it is estimated that there will be from forty to fifty per cent. increase over the 1921 production.

The annual report of the Standard Bank of South Africa at London calculates that the values of the gold output of that country in 1921, on the basis of £4.24773 per fine ounce, was £37,015,772, comparing with £37,135,045 in 1920. The value of the output to the miners, however, was increased by the gold premium. This the Transvaal Chamber of Mines estimated to have averaged more than £1 per ounce during 1921, thereby increasing the value of the output to £45,982,421 in 1921 and £47,687,813 in 1920, when the average premium was £1.23143.

Condition of National Banks

REFERRING to the condition of national banks, shown by reports to his office, as of the close of business, May 5, 1922, the Comptroller of the Currency has given out the following statement:

The combined resources of all reporting national banks May 5, 1922, were \$20,176,648,000, and were greater than at the date of any previous call since April 28, 1921, with but two exceptions, the amount of reduction since the latter date being \$383,607,000 and since June 30, 1921 the decline has amounted to \$341,214,000.

The continued liquidation of loans and discounts, with an apparent tendency to increase holdings of United States Government securities, and other miscellaneous bonds and securities, with corresponding reductions incident to liability for borrowed money and rediscounted paper, and a noticeable increase in individual deposits, appear to warrant the conclusion that our national banks are in condition to render ample assistance to the merchant, the agriculturist or whomsoever may have legitimate demand for financial relief.

Between March 10 and May 5, 1922, the loans and discounts, including rediscounts of national banks, declined \$98,463,000, and on the latter date amounted to \$11,184,116,000, while the reduction in the year, or since April 28, 1921, was \$1,172,514,000.

The holdings of United States Government securities, May 5, of which approximately \$732,000,000, were pre-war issues of United States bonds deposited to secure circulation, amount to \$2,124,691,000 and were \$93,127,000 more than reported March 10, 1922, and \$122,880,000 more than on April 28, 1921. Other bonds and securities were held to the extent of \$2,162,587,000, an increase over the amount of the preceding call of \$75,991,000, and an increase over the call of a year ago of \$171,617,000.

Balances due from other banks and bankers, of \$2,700,884,000 on May 5, were \$26,883,000 in excess of the amount reported March 10, 1922 and \$338,613,000 greater than on April 28, 1921.

Cash in bank amounted to \$334,504,000 May 5, and was less than the amount held April 28, 1921 and March 10, 1922 by \$67,719,000 and \$1,561,000 respectively.

Incident to an increase since preceding call of 33 in the number of reporting banks May 5, 1922, which was 8230, capital stock was increased to the extent of \$6,692,000 and

amounted to \$1,296,220,000. The increase in capital stock during the year was \$24,837,000. Surplus and undivided profits were increased by \$18,163,000 between March 10 and May 5, 1922, and aggregated \$1,562,907,000 on the latter date. The increase during the year was \$16,982,000.

The liability for outstanding circulating notes on May 5, 1922, was \$720,984,000, which was \$1,414,000 more than on March 10, 1922 and an increase of \$41,407,000 since April 28, 1921.

The deposit liability of national banks on May 5, was \$15,766,988,000 an increase of \$376,550,000 since March 10, 1922 and an increase of \$915,129,000 since April 28, 1921. Of the aggregate deposits, \$2,999,661,000 represented balances due to other banks and bankers, including certified checks and cashiers checks outstanding; \$8,849,045,000 were demand deposits, including United States deposits, while time deposits, including postal savings, amounted to \$3,918,282,000. Between the dates of the last two calls, individual deposits were increased \$341,194,000 and subsequent to April 28, 1921, the amount of increase was \$325,178,000.

Noticeable reductions are registered in connection with the liability of national banks for bills payable, representing all obligations for borrowed money, and liabilities for rediscounts. The amount of bills payable, May 5, was \$248,681,000, a reduction since March 10, 1922 of \$26,408,000 and a reduction since April 28, 1921, of \$473,265,000. Rediscounted paper to the amount of \$285,940,000 May 5, 1922 was less than on April 28, 1921 and March 10, 1922 by \$703,616,000 and \$37,797,000 respectively.

The percentage of loans to deposits May 5, 1922 was 70.93 compared with 73.31 March 10, 1922 and 83.20 April 28, 1921.

The desirability of maintaining adequate lawful reserve with Federal Reserve banks, in accordance with the requirements of section 19 of the Federal Reserve act, is manifested by the returns, which show that the aggregate reserve of national banks in each of the twelve Federal Reserve Districts was in excess of the required amount by \$61,229,000. The amount of reserve required against deposit liability was \$1,089,656,000, while the actual amount of reserve with Federal Reserve banks, was \$1,150,885,000. National banks in the New York district reported the largest amount of excess reserve, \$24,553,000, the next largest amount of excess reserve, \$5,259,000 was reported by the banks in the San Francisco district, while the banks in the Richmond district reported excess reserve of \$2,008,000.



What Has the Banker To Advertise?

WE all know certain individuals who, because of personality, stand out clearly in our consciousness. In each community there are those who have a magnetism which attracts their fellows, and while much could be said as to why this is, it might be summarized in the thought that it is because they are in enthusiastic harmony with the aims of the public.

And so it is with the bank. In appealing to its farmer prospects, to mechanics, business men, doctors, lawyers, housewives, and even school children, it should have that magnetic personality and popularity that only harmony of interests with the community can bring about.

This doesn't mean that a chance should be missed to advertise safe deposit boxes, the savings department or commercial loans; but it does mean that as the basic factor in any successful bank advertising project there

must be a well-planned, well-executed method whereby the personality of the bank shall be recognized.

It might be said, then, that in addition to the details of service, which in any advertising campaign should be explained and presented clearly and repeatedly, there should be brought to public attention "that intangible something" which is the dominant characteristic of the successful Financial Institution and which we may call its personality.

This subject is discussed in folder number 2 of a series on "Salient Questions in Financial Advertising." To receive, with our compliments, this series as issued, simply write to

The Collins Service

The Recognized Standard of Financial Advertising

Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

SEPTEMBER 1922

Selling a Bank to California

The Part Advertising Has Played in the Growth and Development of the Bank of Italy

By W. W. Douglas
Vice-President Bank of Italy

MANY CLAIMS have been made for the business producing character of certain advertising campaigns and frequently instances are cited in which the advertiser has actually proved through return coupons, exactly the net results of his expenditure. In the great majority of cases, however, this is not possible and definite or specific claims are based on supposition. Our own experience therefore may be generally classed as no different than that of other institutions—except in one important particular.

We have never attempted to show that a certain advertisement or series of advertisements published over a given period of time will produce a given number of depositors. As a matter of fact we do not believe that advertising which

seeks to do that and nothing more, is in the last analysis the most constructive kind—or the most profitable. Our problem, as we see it in the Bank of Italy, and the mission of our advertising—is to “sell” our institution to the entire State of California. Any advertising that fails in that, falls short of what we believe to be most desirable.

Operating an organization, with banking offices located in more than forty of California's principal cities, many of the aims of the Bank of Italy partake of both local and statewide interest. We have rather relied upon our advertising campaigns—carried on in some 150 publications—to help us bring home this fact to the people of the various communities where we maintain branches, and to show

them how vital it is to their prosperity to be financially linked up with the rest of California.

Our advertising has helped us win the good-will of the people in the communities we serve. This point is best illustrated by the fact that in spite of some local opposition to the branch banking idea, our deposits increased more than 985 per cent. between 1914 and 1922 and our depositors grew from 47,000 to 343,000 during the same period. One series of advertisements in particular described in a comprehensive manner just how the bank was cooperating with California's diversified industries, while a more recent campaign, through a tie-up between illustration and copy, linked the Bank of Italy with many of the State's industrial centers and popular landmarks.

In developing the unique features of our institution—especially its unusual growth and its statewideness—advertising has had a most important part. For many years people had

(Continued on page 476)

Dominant features of California's largest Bank
Number three of a series

-deposits invested in statewide securities-

The funds deposited in California's largest bank are wisely distributed in the growing State of California. The entire sum, in California, is deposited in bonds, stocks, mortgages, and other securities.

These funds are wisely managed by the Bank of Italy and are available for the use of its depositors. This policy is in accordance with the policy of the State of California, which is to invest the funds of the State in securities of this State.

The annual statement published by the bank shows the results of this policy. The statement is published in the California Bankers Magazine.

All Branch Offices in All California cities
Assets over one billion dollars
Ask for our booklet about the Banker Plan

Bank of Italy
Bank Office - San Francisco
Los Angeles Branches
San Diego Branch
Palo Alto Branch
San Jose Branch

The Bank that grows with California.

Dominant feature of California's largest Bank
Number four of a series

-resources based on California's diversified industries

The strongest strength and ability of California's largest bank is its ability to do business in all California. The bank is a member of the State of California's diversified industries.

The bank is in touch with the people of all California. It is the only bank that has a branch in every California city.

It is the only bank that has a branch in every California city.

All Branch Offices in All California cities
Assets over one billion dollars
Ask for our booklet about the Banker Plan

Bank of Italy
Bank Office - San Francisco
Los Angeles Branches
San Diego Branch
Palo Alto Branch
San Jose Branch

Flexibility of a statewide banking organization

Because of its wide branches, the Bank of Italy is able to do business in all California. The bank is a member of the State of California's diversified industries.

The bank is in touch with the people of all California. It is the only bank that has a branch in every California city.

It is the only bank that has a branch in every California city.

All Branch Offices in All California cities
Assets over one billion dollars
Ask for our booklet about the Banker Plan

Bank of Italy
Bank Office - San Francisco
Los Angeles Branches
San Diego Branch
Palo Alto Branch
San Jose Branch

The choice of 292,000 people
(Largest number of depositors of any bank in the United States)

The greatest strength, strength and ability of California's largest bank is its ability to do business in all California. The bank is a member of the State of California's diversified industries.

The bank is in touch with the people of all California. It is the only bank that has a branch in every California city.

It is the only bank that has a branch in every California city.

All Branch Offices in All California cities
Assets over one billion dollars
Ask for our booklet about the Banker Plan

Bank of Italy
Bank Office - San Francisco
Los Angeles Branches
San Diego Branch
Palo Alto Branch
San Jose Branch

“One series of advertisements in particular described in a comprehensive manner how the bank was cooperating with California's diversified industries. . . . Our problem as we see it, and the mission of our advertising—is to ‘sell’ our institution to the entire State of California. Any advertising that fails in that, falls short of what we believe to be most desirable.”

Banking Publicity

RICHARD F. DURHAM, Editor
Monthly Publicity Section

THE BANKERS MAGAZINE
71-73 Murray St., New York

SEPTEMBER 1922

BANKS which have windows suitable for display purposes are beginning to realize that they may well benefit by the example long since set them by the modern retail merchant, and make these windows useful in a practical way rather than having them merely ornamental.

One leading Chicago bank has seen a way to gain both in public prestige and in client good-will through a novel and original use of its windows.

This bank recently turned over to its industrial clients without charge the use of its window space on one of Chicago's busiest streets for display purposes.

Here is a good example of putting bank windows to practical and effective use.

AT THIS season of the year, with the flow of tourist travel toward Europe breaking all records, several banks have seen the opportunity to render a helpful and much appreciated service to their customers by arranging for details of passage, including reservations, purchase of steamship tickets, etc.

Some banks, carrying this service a step further, ar-

range in coöperation with tourist bureaus for complete tours, taking care of all details.

This service should prove popular as well as useful.



THE RAPID growth of the number of house organs published by banks, and the careful attention which well established house organs in the banking field are paying to details of attractiveness in make-up and readability of content, are very marked. This increased activity only serves to emphasize the importance which is being attached to the house organ as a means toward stimulating a general spirit of pride and interest among employees inside the bank, and, outside, as an important asset to publicity.

A house organ may easily be made very human, and it is difficult to overestimate the importance which this human element may be made to play, both among employees, and readers outside the bank.

If some banks would only put into their advertising the same human touch that their house organ has, the results obtained might be considerably more tangible in effect.

A BANK which institutes a new and helpful form of banking service should not be backward about exploiting the fact in its advertising.

Recently several banks

have arranged for radio broadcasting service to facilitate the distribution to clients of financial information from all important centers.

A Minnesota bank which has inaugurated a radio broadcasting service, announces it in an advertisement reproduced elsewhere in this department, and captioned "The Bond Market via Radio".

This bank says that: "Recognizing in the radio a new and important medium . . . the Minnesota Loan and Trust Company . . . is proud to add to its service the wireless, by means of which a still better and more comprehensive service can be rendered the public."



THE PRESIDENT of a prominent St. Louis bank is credited with the statement that the bank's future official personnel will be found behind the cages and in the rank and file of employees.

In support of the president's belief, one of the winners in the president's suggestion box conducted by this bank was one of the bank's youngest employees, and an office boy in the president's quarters. This young man suggested that the blotters on the customers' desks be reduced one-third in size. The purchasing department has conservatively estimated that the following out of this suggestion will save the bank more than five hundred dollars a year.



Our chief asset is our patrons' goodwill

The greatest asset of any business is the goodwill of its patrons. The Bank of Italy has built up a large and loyal patronage in California through its statewide advertising campaign. This campaign has helped us win the goodwill of the people in the communities we serve. The point is best illustrated by the fact that in spite of some local opposition to the branch banking idea, our deposits increased more than 965 per cent. between 1914 and 1922, and our depositors grew from 47,000 to 343,000 during the same period.

Bank of Italy
 1000 Broadway
 Los Angeles Branches
 Branches in Fresno, Santa Ana, Orange, and San Bernardino.



We study the interests of our patrons

The greatest asset of any business is the goodwill of its patrons. The Bank of Italy has built up a large and loyal patronage in California through its statewide advertising campaign. This campaign has helped us win the goodwill of the people in the communities we serve. The point is best illustrated by the fact that in spite of some local opposition to the branch banking idea, our deposits increased more than 965 per cent. between 1914 and 1922, and our depositors grew from 47,000 to 343,000 during the same period.

Bank of Italy
 1000 Broadway
 Los Angeles Branches
 Branches in Fresno, Santa Ana, Orange, and San Bernardino.



Resources based on statewide industries

The Bank of Italy with its great branch banking system and policy of bank-wide diversified investments based upon the comprehensive study of the state's resources, has built up a large and loyal patronage in California through its statewide advertising campaign. This campaign has helped us win the goodwill of the people in the communities we serve. The point is best illustrated by the fact that in spite of some local opposition to the branch banking idea, our deposits increased more than 965 per cent. between 1914 and 1922, and our depositors grew from 47,000 to 343,000 during the same period.

Bank of Italy
 1000 Broadway
 Los Angeles Branches
 Branches in Fresno, Santa Ana, Orange, and San Bernardino.



Why let the state divide your property?

The Bank of Italy with its great branch banking system and policy of bank-wide diversified investments based upon the comprehensive study of the state's resources, has built up a large and loyal patronage in California through its statewide advertising campaign. This campaign has helped us win the goodwill of the people in the communities we serve. The point is best illustrated by the fact that in spite of some local opposition to the branch banking idea, our deposits increased more than 965 per cent. between 1914 and 1922, and our depositors grew from 47,000 to 343,000 during the same period.

Bank of Italy
 1000 Broadway
 Los Angeles Branches
 Branches in Fresno, Santa Ana, Orange, and San Bernardino.

"A more recent campaign, through a tie-up between illustration and copy, linked the Bank of Italy with many of the State's industrial centers and popular landmarks. . . . Our advertising has helped us win the goodwill of the people in the communities we serve. The point is best illustrated by the fact that in spite of some local opposition to the branch banking idea, our deposits increased more than 965 per cent. between 1914 and 1922, and our depositors grew from 47,000 to 343,000 during the same period."

Selling a Bank to California
 (Continued from page 473)

trained to think of banks as decidedly local in their scope of operation, and whatever growth they made was slow at first, and always to be spoken of guardedly. It was, therefore, part of our problem to "sell" two new ideas. We se-

lected advertising as one of the most powerful agencies through which to accomplish our purpose, with the result that "growth" and "statewide service" have come to be almost synonymous with the Bank of Italy in California.

With an organization as large as ours, and one in which the personnel was constantly being increased, often at widely separated points, the matter of selling the bank to its own employees was not unimportant. Here again we found that we could use advertising to good purpose, reaching the members of our staff through their local

papers, through the bank bulletin boards and through our house organ.

Summarizing briefly, it seems to us that through advertising we have been able to give our institution a very definite place in the minds and lives of the people of California; that we have made our institution stand for certain definite, concrete things of which growth and statewide operation are two; that we have obtained community good-will, and last but not least, we have cemented more strongly the bonds of coöperation within our own organization.

Educational Copy Needed*

By W. R. Morehouse
 Vice-President Security Trust and Savings Bank, Los Angeles

IF ADVERTISING is to inform, then it seems to me that for a bank to advertise is to inform the public concerning banks and banking, how the bankers organize, how public funds are protected by law, how the bank operates, as well as how it serves the public.

If you will consider the hun-

dreds, even millions of people we have in this country, and will stop to think that there are less than five per cent. of these people who have an adequate knowledge of banks and banking, that can give you any idea of how any bank is organized or operated, you will then realize what an educational campaign along these lines would do. In fact, if you will take

*From an address before the Pacific Coast Advertising Clubs Association.

How This Company Can Serve

The Exporter

Through its branches in Europe and its language-fluent foreign correspondents, this Company is in a position to render comprehensive service to the exporter.

Remitting Europe
 We can draw on all banks in Europe, thereby enabling you to remit in London or to Europe. We can make bank drafts payable in any country, and we can handle all matters pertaining to the remittance of export orders.

Foreign Correspondents
 Our Foreign Correspondents are organized to render comprehensive service to the exporter, through extensive handling of letters, through and experienced communication of documents, and the careful attention of shipping agents abroad.

Foreign Exchange
 When the exporter sells in foreign countries, by means of bills of exchange or drafts, the foreign exchange rate is a factor in determining the amount of the proceeds. Our Foreign Correspondents will be glad to advise you on the best method of handling your foreign exchange.

Office of our Foreign Department will be pleased to discuss your special banking problems with you and to give you full information about our facilities.

Guaranty Trust Company of New York

New York, New York
 110 Broadway
 11th Ave. and 4th St.
 Boston, Mass., 100 State St.
 Montreal, Canada, 110 St. James St.

Talking to the exporter in terms of the specific services which the bank can offer him

BOND DEPARTMENT

THE NATIONAL CITY BANK OF CHICAGO

CAPITAL \$ 2,000,000

DARBORN and HOWARD STREETS

TELEPHONE BANKERS 6170

SURPLUS \$ 1,000,000



Black and other porcelain enamel products.

NEW ISSUE

\$1,500,000

Benjamin Electric Manufacturing Company (CHICAGO)

First Mortgage 6% Gold Bonds

Dated July 1, 1932. Due July 1, 1937.

Price 98 1/2% and interest, yielding 6.50%

We offer this issue of bonds with our full recommendation as a suitable investment for Banks and Individuals.

The Benjamin Electric Manufacturing Company was established 21 years ago and has been successful from its inception. Its products are widely diversified in the electrical field and distributed throughout the world.

Every safeguard has been provided for the protection of the purchasers of these bonds. The bonds are secured by a First Mortgage on all the property of the Company. An annual Sinking Fund will retire \$750,000 bonds, or one-half the issue, by maturity. The earnings of the Company show extremely satisfactory results over a period of years. The management is conservative, efficient and progressive.

We refer you to the enclosed circular for complete details. Orders may be telephoned or telegraphed at our expense.

BOND DEPARTMENT

The NATIONAL CITY BANK of CHICAGO

July, 1932

The above issue of bonds is on our Special Payment Plan—1% down and 1% per month. The above issue of bonds is available for investment on a regular plan. For full details, see our "Full" circular.



Black and other porcelain enamel products.



Black and other porcelain enamel products.



Black and other porcelain enamel products.



Black and other porcelain enamel products.



Black and other porcelain enamel products.



Black and other porcelain enamel products.



Black and other porcelain enamel products.

A few pictures give you a much better concrete idea of the products of the concern whose bonds this bank is offering than many long paragraphs would

the next one hundred people you meet, and bring them in for an examination, I believe I can prove to you that not three per cent. can tell you how a bank is organized or operated.

As a hypothetical case, take a manufacturer of automobiles. It is his first season. How many cars could he sell if he just made a general statement that he was manufacturing a car, an automobile, and told you nothing more about it? How many do you think he would sell? I would say not many, and I am sure you will agree with me. Instead of this attitude he will get out considerable literature, he will show the graceful lines of the machine, he will tell you of the standard equipment, the sturdy frame, he will prove to you by the cylinder displacement the long stroke it has to prove the great pulling power, that it can carry

itself over almost any hill in high; then what will he do further? He will have his agents take the prospect out for a demonstration in the car, and while riding over the hills he will picture in the prospect's mind the comforts and luxuries of owning the car. He will call to his attention the accessibility of the mountains, of the picnics he might enjoy by owning the automobile; and thus by a systematic campaign the manufacturer sells many of his cars.

It seems to me that the time is coming when the banks must have a similar campaign to sell the banks to the public, for not five per cent. of the public can tell you anything about a bank and how it is operated. Banks say "If we advertise they will not read the advertising". But I say "They will read it," and I will prove it to you.

What do we mean by educa-

tional advertising? I have a little booklet, the contents of which have been read by over half a million people. It first appeared as publicity in the form of feature articles in the Los Angeles Express. We received many requests for copies of these articles. The demand was so great that the bank published it. We have received requests from thousands of people for this booklet and this is proof positive that they want to be educated.

First it says "This booklet is published in the hope that it will bring about a better understanding and a more cordial and helpful relationship between banks and their customers." Then it gives a history of the American Banking System.

It then goes on and describes the Federal Reserve banks; the state, national, mutual-savings, postal-savings, and private banks, and trust companies, and it explains the scope of each.

You have heard a great deal said about banks being safe. Did you ever see an advertisement that explained why a bank is safe? This booklet will tell you why a bank is safe.



18,344
New Savings Accounts

And we have hardly the "skin" one of the features in our new issue. Still in just three months 18,344 new savings accounts have been opened here. This shows what the man and the woman, the boy and the girl, the young lady of the neighborhood, the mechanic and the professional, the average job and the business man, think of our efforts to serve them. Of these 18,344 people have found that the great "Department Store of Finance" is a person, thinking, understanding organization. It has been one for them to realize that we have grown and prospered, and only a good place for them to open up their savings to properly receive and pay their own and the one of us!

CENTRAL SAVINGS BANK
First National Bank of First National City of Detroit

This Detroit bank gives the public the story of its activities during the first three months of the occupation of its new building

And as to unclaimed deposits and who gets them. How many people know what becomes of unclaimed deposits?

And the check, what is that? Some people think that it is the same as money. It is merely an order on the bank to get the money, and there are fifteen reasons why the bank may not pay the money. The booklet tells you what makes the bank check a legal receipt.

You ask your bank for a loan of money in the sum of \$10,000. You offer property as security. You are sure it is worth \$10,000. The appraiser comes out, looks it over, and tells the bank that it is worth \$6000. Do you know the basis on which he arrives at that \$6000 valuation? This educational advertising will tell you how he arrives at this \$6000. It will tell how you can establish commercial credit.

Now as to the field for educational advertising for banking business: The field is more than ninety-five per cent. of the population of the United States, so that if you use an educational campaign you can have the advantage of a 100 per cent. field for even the five per cent. can be helped by a little more education in these lines. I have told you that the demand is great, for if half a million people will read a booklet published by one bank, that alone will show the demand for it. We have received requests from every state and even from countries from outside the United States with a request for some 80,000 before they were printed, and this showed the demand. People want this class of advertising when they will send you fifty cents for a booklet that costs five cents and send it all the way from New Brunswick, and if people want something why not give it to them.

Results, that is what counts. First, we have in all 225,000 individual depositors. Not more than one half of them do more

Who's Who in Bank Advertising




C. H. HANDERSON

Publicity manager The Union Trust Company
Cleveland, Ohio

MR. HANDERSON became publicity manager of the Union Trust Company, Cleveland's largest bank, on January 1, 1921. Prior to his connection with the Union Trust he had been, for five years, advertising manager of the Cleveland Twist Drill Company.

He graduated from Western Reserve University in 1911, and for a year and a half following did investigation and copy work for the Fuller and Smith advertising agency of Cleveland. Later he sold space in the *Motor World*, a class journal publication. He then entered the advertising department of the H. Black Company, manufacturers of Wooltex coats, and for a time ran a retail store for them.

Mr. Handerson has been a director of the Cleveland Advertising Club for the last four years; and of the Financial Advertisers Association for two years. He is vice-president of the Financial Advertisers Division of the Cleveland Advertising Club.



**THE BOND MARKET
VIA RADIO**

**RADIO
WFT**

**THE RADIO SENDING STATION AT THE CURTIS HOTEL
OWNED AND OPERATED BY THE FINDLEY ELECTRIC CO.—OPERATING WITH
THE MINNESOTA LOAN AND TRUST COMPANY**

Recognizing in the Radio a new and important medium for the broadening of its service to the people of the Northwest, the officers and directors of The Minnesota Loan and Trust Company take great pride in announcing the inauguration of a Radio bond and investment service twice-daily, at 10 a. m. and 4 p. m.

Through the courtesy of the Findley Electric Company, who maintain a sending station on the roof of the Curtis Hotel, a regular Radio market service was begun Thursday, April 27. Covering a radius of 360 miles, this service makes it possible for banks and other investors to obtain the very latest stock and bond quotations along with other pertinent investment information.

The program of service includes:

<p>At 10 A. M. daily— The Bond Market. Grain Quotations. Live Stock and Crop Summary.</p>	<p>Liberty Bond Quotations. Foreign Exchange. Trend of the Market.</p>
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At 4 P. M. daily—
and 10:30 a. m. Saturdays

Resume of Market Activities for the Day.

The Minnesota Loan and Trust Company has long maintained private and leased direct wire service to all important financial centers. It is proud to add to its service the wireless, by the means of which a still better and more comprehensive service can be rendered the public.

The Minnesota Loan and Trust Company
MINNEAPOLIS

Having inaugurated a radio broadcasting service this bank makes capital of the innovation in its advertising

than deposit and withdraw money. So put on an educational campaign and advertise about all of the bank's departments and you are going to get all of those depositors interested, some in renting safety deposit boxes, some interested in the trust department and as long as you make them customers in a new department it is like finding a new customer for the bank. A satisfied customer is your best booster. Educate them so that they will have a thorough understanding of your institution, of how the law protects the money, of how you operate and when they recommend your bank they can do it in an intelligent way and not just guess at it.

We have heard it said that our country needs a postal savings bank because some people do not have trust or confidence in our banks, and why do they not have confidence in us? It is because they do not know

anything about the banking business. We do so little to bring home the bank to the people that people do not know what takes place behind the strip of glass and until they know about it they are not going to patronize the bank. If you would educate this public, you would find that many millions of people who do not now patronize banks will become bank patrons.

As I said before there are not to exceed five per cent. of the people of the country who understand bank organization and bank operation, and what are the banks in Los Angeles doing and the banks throughout the United States doing to educate these people? If all banks should institute an educational advertising campaign it would only be a matter of a few years until people would become informed and it would pay us all in the long run.

How Banks Are Advertising

"INDUSTRIAL Milwaukee," is the title of a booklet issued by the commercial service department of the First Wisconsin National Bank of Milwaukee. The booklet contains a trade review of Milwaukee for the year 1921, including a comprehensive survey of the city's industrial activity. There is a chart of savings deposits for all Milwaukee banks for 1920-21, and several excellent reproductions of photographs of the business district are included in the make-up of the booklet.

"THE GUARDIAN Way of Managing Real Estate", a pamphlet sent out by the Guardian Savings and Trust Company, Cleveland, is descriptive of the man-



CAPITAL AND SURPLUS \$8,000,000

Pay Your Employees By Check

HERE'S an increasing number of concerns paying employees by check, because of the manifold advantages to employer and employee.

First—The employee avoids the serious risks attending cash pay-rolls.

Second—The employee is less in danger of losing his pay, or having it stolen.

Third—Thrifty employees are genuine employees.

Point out to your employees the importance of a safe bank, and direct them to the most convenient Guardian office. You may count on us to assist you in familiarizing employees with the idea.

THE GUARDIAN Savings and Trust Company
623 Euclid Avenue, Cleveland

1420 Euclid Avenue
Euclid and Market Bldg.
Franklin & E. 15th St.

Office at Bank Bldg.
Sector at W. 20th St.
Bank Trust Co. Bldg.

An advertisement of a Cleveland bank in support of the recent agitation to pay employees by check


ner in which this bank takes care of the details and cares of property administration for its clients. The pamphlet contains illustrations of various homes and apartment houses managed by the bank. The introductory paragraphs read as follows:

By appointing the Guardian your agent in the management of your real estate, you get the benefit of your property without its burdens. The Guardian assumes the full responsibility—and the Guardian, as you know, is thoroughly responsible.

It will secure tenants, and conduct all dealings with them; collect rents, and credit them to your account or remit your balance from time to time, as you may direct; maintain the property in good condition, making all necessary repairs, subject to your approval; keep a proper amount of insurance in force; pay taxes when due; keep a detailed record

THE advertising manager who stands squarely in the face of official opposition, and insists upon carrying his ideas through, regardless of all other considerations, never lasts long. The advertising manager, on the other hand, who is stirred with the right ambition, who stands up staunchly for his ideas and fights for them, but does not by reason of his stubbornness die at the hands of his directors, will last right through, and will go on progressing in his advertising career until the time comes for him to assume greater responsibilities.

There is before the bank publicity director today a great opportunity and a great responsibility. As the spokesman for his institution, be it great or small, he is in a position to help build not only his bank but his nation, by carrying home to the people the simple economic truths and the lofty ideals on which American business is building its great structure of trade and finance. The American people will invariably want to do the right thing, and invariably they will do the right thing if given the right leadership. They have confidence in their banks, and they look to them for leadership. And in supplying that leadership—I say this in all sincerity—there is no single executive who can occupy a more valuable place than the courageous, able advertising man.—Frederick W. Gehle in an address before the *Financial Advertisers at Milwaukee.*



Tenderfoot Scouts

"Follow, also means to remain a tenderfoot!" Mildly
 "Then have it now to get ahead and become a Tenderfoot Scout!" By living up to the law and being a good Scout.

In addition, a Tenderfoot must work and actually earn One Dollar, deposit the same in a Savings Bank and show the bank to his superior officer before he can become a Tenderfoot Scout.

How that should be met, hundreds of boys are going to get busy and earn that dollar in the next few days.

Then every fellow wants to develop into a First Class Scout. Mildly with my pay wants to remain in the second class category.

And you must earn Two Dollars additional and deposit that in your Savings Bank Account before you can become First Class.

Remember, also Scout service you do please that first dollar here. We make a specialty of looking after Boy Scouts.

When you come down town you will be able to point to this big building—the tallest in Michigan—and say with pride, "That's where I keep my Bank Account."

There's another reason why you should join this bank as a place for your money. In this time of money—very tight money—you are going to be a "Big Business Man." Then you will need a big bank to finance and take care of you.

We are all you of a score of big dollars who started very small with us as young chaps only a short time ago.

Every Boy Scout is invited to bring his Savings Bank Account here for advice he will surely become acquainted with our officers—who are also young men—and they will be in a position to assist in your success.

CENTRAL SAVINGS BANK
 "Your National Bank" (The National Co. of Detroit)
 WOODWARD AVENUE AT CADILLAC SQUARE

BRANCH OFFICES

1200 East Center Detroit, Mich.	1000 East Center Detroit, Mich.	1000 East Center Detroit, Mich.
1000 East Center Detroit, Mich.	1000 East Center Detroit, Mich.	1000 East Center Detroit, Mich.

This Detroit bank is one of a number of banks which are cooperating with the national headquarters of the Boy Scouts of America to advance and encourage the Scout Movement

of receipts and expenditures; and render monthly statements which will keep you fully informed.

It will do these things as well as you would do them. Unless you are an exceptional owner, it will do them better—for it has facilities that no individual can possibly have unless his holdings are such as to support a complete organization.

THE BANK OF AMERICA, New York, in a pamphlet giving the decision in full, predicts a general clearing up of trade terms in all lines of industry may be expected as a result of the decision of the U. S. Supreme Court in the case of the Winsted Hosiery Company. Every business in which trade names and brands have come to bear meanings other than the original and which are no longer accurately descriptive, will now have to revise them drastically because the Federal Trade Commission, in this decision, has proved its power to abolish them. While the decision deals specifically with the designation "wool" for material which is not all wool, it is applicable to all lines of business, particularly, says the bank, to textiles

and clothing, furniture and house-furnishings, and the metal trades.

"A word of Appreciation, is the caption on the back of a blotter sent out to customers of the Liberty Trust and Savings Bank, Chicago. Under the caption is the following sentence:

Our deposits are now at their highest point—\$6,761,627.94—made possible by your cooperation, for which we thank you.

W. M. Heymann, President.

A NEW bulletin, "The Business Indicator", issued by the National Bank of the Republic, Chicago, has recently made its appearance. The bulletin is in the form of a series of charts which tell the trend of business, financial, industrial, and agricultural conditions at a glance. The bank makes the following comment about the bulletin:

Believing that the busy business man very often finds his time too taken up to read through long columns of printed matter, we have adopted the charted type of review as the most practical and convenient, because it tells facts at a glance.

Bank Advertising Exchange

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

Watch for New Names and Other Changes.

- Albany, N. Y., Albany City Svgs. Institution, F. H. Williams, treas.
 Asbury Park, N. J., Asbury Park Tr. Co., W. C. Rogers, secy.-treas.
 Asheville, N. C., Hackney & Moale Co., P. E. Morrow.
 Atlantic, Iowa, Iowa State Bank, H. M. Butzloff, asst. cash.
 Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.
 Battle Creek, Mich., Old National Bank, E. R. Obern, asst. cash.
 Boston, Mass., Internat'l Tr. Co., T. F. Megan, asst. secy.
 Boston, Mass., Nat'l Shawmut Bank, A. L. Winship, V. P.
 Boston, Mass., Old Colony Tr. Co., E. H. Kirtredge, pub. mgr.
 Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to Pres.
 Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
 Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
 Brooklyn, N. Y., Williamsburgh Svgs. Bank, V. A. Lersner, comp.
 Bruxelles, Belgium, Moniteur des Interets Maternels, 27 Place de Louvain.
 Buffalo, N. Y., Citizens Tr. Co., H. G. Hoffman, treas.
 Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
 Buffalo, N. Y., Marine Tr. Co., J. A. Edwards, adv. mgr.
 Buffalo, N. Y., Peoples Bank, P. E. Illman, V. P.
 Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
 Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Anracher, adv. mgr.
 Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman.
 Charleston, W. Va., Charleston Nat'l Bank, C. F. Snyder, Jr., adv. mgr.
 Chattanooga, Tenn., American Tr. & Bkg. Co., E. L. Smith, asst. cash.
 Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, adv. mgr.
 Chattanooga, Tenn., 1st Tr. & Svgs. Bank, J. H. McDowell.
 Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
 Chicago, Ill., American Press League, 11 S. La Salle St., T. J. Sullivan, pres.
 Chicago, Ill., R. E. Bauder, 738 S. Michigan Ave.
 Chicago, Ill., Critchfield and Co., L. E. Delson, finan. adv. mgr.
 Chicago, Ill., Englewood State Bank, 63rd St. & Yale Ave., E. N. Baty, mgr. new bus. dept.
 Chicago, Ill., Liberty Tr. & Svgs. Bank, A. L. Rosenthal, asst. cash.
 Chicago, Ill., Merchants Loan & Tr. Co., C. A. Gode, adv. mgr.
 Chicago, Ill., Nat'l City Bank.
 Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
 Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
 Chicago, Ill., Union Tr. Co., P. L. Hardesty, dir.
 Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
 Cleveland, Ohio, Central Nat'l Bank Svgs. & Tr. Co., R. J. Izant, adv. mgr.
 Cleveland, Ohio, Cleveland Trust Co., C. K. Matson, pub. mgr.
 Cleveland, Ohio, Garfield Svgs. Bank, E. V. Newton, mgr. new bus. dept.
 Cleveland, Ohio, Reliance Tr. Co., E. J. Mar-Nab, asst. secy.
 Cleveland, Ohio, Union Tr. Co., C. H. Handerson, pub. mgr.
 Clinton, Iowa, City Nat'l Bank, A. C. Smith, pres.
 Corona, Cal., 1st Nat'l Bank, P. L. Hudson, asst. cash.
 Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
 Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
 Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
 Denver, Colo., Denver Nat'l Bank, G. T. Wells, asst. cash.
 Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
 Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
 Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, asst. cash.
 Elmira, N. Y., 2nd Nat'l Bank, H. E. Mallory, adv. mgr.
 Emporium, Pa., 1st Nat'l Bank, C. R. Zimmer.
 Evansville, Ind., City Nat'l Bank, J. C. MacCorkle, pub. mgr.
 Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
 Flint, Mich., Citizens Commercial & Svgs. Bank, H. E. Potter, asst. cash.
 Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
 Gardner, Mass., Gardner Tr. Co., R. E. Merrill.
 Greenville, Pa., Farmers & Merchants Tr. Co., M. M. Simons, asst. treas.
 Greenville, S. C., American Bk. & Tr. Co., R. Anderson, cash.
 Greenville, S. C., Woodsile Nat'l Bank, J. L. Williams, V. P.
 Haverhill, Mass., 1st Nat'l Bank, C. K. Wormwood, adv. mgr.
 Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
 Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
 Jacksonville, Fla., Atlantic Nat'l Bank, J. M. Quincy, asst. cash.
 Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell.
 Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy.
 Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
 Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
 Kansas City, Mo., Commerce Banks, F. M. Staker, mgr. pub. dept.
 Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
 Lansing, Mich., Capital Nat'l Bank, H. D. Bennett, asst. cash.
 Lima, Peru, S. A., Banco Mercantil Americano del Peru.
 Los Angeles, Cal., 1st Nat'l Bank & Tr. & Svgs. Bank, R. M. MacNennon, adv. mgr.
 Los Angeles, Cal., Helman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
 Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamshor, pres.
 Madrid, Spain, Banco Hispano Suizo, Para Empresa Electricas, Plaza Canalejas 3, E. C. Hirt.
 Madison, S. D., Lake Co. Nat'l Bank, T. A. Wadden, V. P.
 Meridian, Miss., Merchants & Farmers Bank, M. Keeton, mgr. svgs. dept.
 Milwaukee, Wis., Second Ward Securities Co., R. P. Hammond, bus. serv. dept.
 Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace.
 Minneapolis, Minn., Midland Nat'l Bank, L. L. D. Stark, mgr. pub.
 Minneapolis, Minn., Minnesota Loan & Tr. Co., W. E. Brockman, pub. mgr.
 Minneapolis, Minn., Northwestern Nat'l Bank, P. Merrill, adv. mgr.
 Missoula, Mont., Western Montana Nat'l Bank, J. Bennett.
 Monterey, N. L., Mex., A. Zambrano, Jr., care of A. Zambrano y hijos, Apartado No. 6.
 Montreal, Que., Bank of Hochelaga, 112 St. James St., H. G. Gonthier, dir. pub.
 Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
 New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, adv. dept.
 New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P. W. E. Brown, adv. mgr.
 Newport News, Va., 1st Nat'l Bank, D. L. Downing, asst. cash.
 N. Y. C., American Express Co., S. D. Malcolm, gen. mgr. adv. dept.
 N. Y. C., American Union Bank, R. Stein, asst. cash.
 N. Y. C., Banco di Roma, 1 Wall St., Rodolfo Bolla, American representative.

N. Y. C., The Bankers Magazine.
 N. Y. C., Bank of America, 44 Wall St. W. Woolford.
 N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.
 N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
 N. Y. C., Henry L. Doherty & Co., 60 Wall St., T. B. Pratt.
 N. Y. C., Farmers Loan & Tr. Co., O. M. Rittenhouse.
 N. Y. C., Hoggson Bros., 485 5th Ave., E. L. Wight, pub. mgr.
 N. Y. C., Internat'l Bkg. Corp., R. F. Crary, asst. cash.
 N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, mgr. adv. dept.
 N. Y. C., Metropolitan Tr. Co., E. S. Van Leer.
 N. Y. C., Morris Plan Bank, 261 B'way, W. D. McLean, V. P.
 N. Y. C., New York Tr. Co., E. Langstroth.
 N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 N. Y. C., S. W. Strauss & Co., 5th Ave. at 46th St., H. B. Mathews, adv. mgr.
 N. Y. C., Union Bank of Canada, 49 Wall St., A. G. Sclater.
 Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, adv. mgr.
 Norfolk, Va., Tidewater Bank & Tr. Co., G. W. C. Brown, asst. secy.
 Norfolk, Va., Virginia Nat'l Bank, R. J. Alfriend, Jr., asst. cash.
 Northampton, Mass., Hampshire County Trust Co., G. L. Willis, pres.
 Oak Park, Ill., Oak Park Tr. and Svgs. Bank, L. A. Charahan, mgr. new bus. dept.
 Paterson, N. J., 2nd Nat'l Bank, W. Van Blarcom, asst. cash.
 Pendleton, Ore., American Nat'l Bank, J. De Wilde, pub. mgr.
 Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hoshach.
 Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
 Phila., Pa., R. H. Thompson, 1524 Chestnut St.
 Phila., Pa., Tradesmen's Nat'l Bank, H. E. Dely.
 Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett.
 Pine Bluff, Ark., Merch. & Planters Bank, R. W. Eitter.
 Pittsburgh, Pa., Mellon Nat'l Bank, J. M. Williams, pub. mgr.
 Pittsburgh, Pa., W. H. Slinger, 122 Dithridge St.
 Pittsburgh, Pa., South Side Tr. Co., pub. mgr.
 Prague, Czechoslovakia, Bohemian Industrial Bank, head office.
 Raleigh, N. C., Citizens Nat'l Bank, R. A. Brown, asst. secy.
 Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbreth.
 Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., adv. mgr.
 Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
 Ridgewood, N. J., 1st Nat'l Bank, L. F. Spencer, V. P.
 Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
 Rochester, N. Y., East Side Svgs. Bank, C. C. Davy, atty.
 Rochester, N. Y., Union Tr. Co., A. J. Meyer, pub. dept.
 Rome, Italy, Banco di Roma, head office.
 San Antonio, Tex., Central Tr. Co., D. Ansley.
 San Francisco, Cal., 1002 Monadnock Bldg., L. G. Peede.
 San Francisco, Cal., Security Bk. & Tr. Co., W. F. Morrish, V. P.
 San Francisco, Cal., Union Tr. Co., M. Newman, asst. cash.
 Scranton, Pa., Anthracite Tr. Co., L. A. Haggerty, asst. treas.
 Scranton, Pa., 3rd Nat'l Bank, T. A. Hopps.
 Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.

Shelbyville, Ill., J. C. Eberspacher, asst. cash.
 Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
 Smithtown, N. Y., Nat'l Bank of Smithtown, J. A. Overton, cash.
 South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
 Spokane, Wash., Old Nat'l Bank, A. F. Brunkow, pub. mgr.
 Spokane, Wash., Union Tr. Co., W. J. Kommers, pres.
 St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, adv. mgr.
 St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
 St. Louis, Mo., Mercantile Tr. Co., S. P. Judd, pub. mgr.
 St. Louis, Mo., Nat'l Bank of Commerce, W. B. Weisenburger, adv. dir.
 Stockholm, Sweden, Aktiebolaget Svenska Handelsbanken, P. G. Norberg.
 Stroudsburg, Pa., C. B. Keller, Jr., cash.
 Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
 Tampa, Fla., Citizens Bank & Tr. Co., L. A. Blze, pres.
 Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, new bus. dept.
 Toronto, Canada, Canadian Bank of Commerce, F. C. Biggar, head office.
 Toronto, Canada, H. J. Coon, 68 Farnham Ave.
 Toronto, Canada, Home Bank Monthly, Home Bank of Canada.
 Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off.
 Tuscaloosa, Ala., City Nat'l Bank, S. F. Claibough, cash.
 Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
 Valdosta, Ga., Merchants Bank of Valdosta, A. F. Winn, Jr., pres.
 Warren, Pa., Warren Nat'l Bk., E. W. Johnson.
 Washington, D. C., Federal Nat'l Bank, John Poole, pres.
 Washington, D. C., Union Tr. Co. of D. C., 15th & H Sts., W. S. Lyons.
 Washington, D. C., Washington Loan & Tr. Co., E. H. Thomson, pub. mgr.
 Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
 Wausau, Wis., Marathon Co. Bank, H. C. Berger, cash.
 Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
 Wellsboro, Pa., 1st Nat'l Bank, L. M. Matson, adv. dept.
 Westchester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall.
 Wilkes Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
 Wilkes Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. new bus. dept.
 Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, Jr., pres.
 Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
 Winston-Salem, N. C., Buck & Glenn, Inc., C. L. Glenn, secy.
 Winston-Salem, N. C., Wachovia Bank & Tr. Co., P. Garner, pub. mgr.
 Youngstown, Ohio, 1st Nat'l Bank, J. N. Higley, pub. mgr.
 Yuma, Ariz., Security Tr. & Svgs. Bank, J. O. Blethen, cash.
 Zurich, Switzerland, J. Muller, 49 Sonneggstrasse.
 Zurich, Switzerland, Union de Banques Suissees, H. de Muralt, sub-mgr.



New Names

Manila, P. I., Banco de Las Islas Filipinas, W. T. Nolting, pres.
 N. Y. C., Ambrose R. Clark & Co., 71 Broadway.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY



East End of Reception Room, Office of Alfred C. Bossom

An Invitation

Bankers visiting New York, for the A. B. A. Convention are most cordially invited to visit the Architectural Offices of Alfred C. Bossom at 680 Fifth Avenue, (between 53rd and 54th Streets) who designed and supervised the building of the First National Bank of Jersey City, illustrated on the following pages.

A view of one of the office rooms is shown above. You are urged to come and examine plans and illustrations designed recently for institutions in all parts of the country.

Alfred C. Bossom
Bank and Office Building Specialist
680 Fifth Avenue, New York

The New Home of First National Bank of Jersey City

Jersey City, N. J.



Tablet erected in the vestibule to the memory of
E. F. C. Young, the late president

Special Section of
THE BANKERS MAGAZINE
NEW YORK



FIRST NATIONAL BANK BUILDING

This nine-story building at Exchange Place, Hudson and York streets, Jersey City, offers all the facilities of a New York bank, as it is only a few minutes from Wall street by tube

The First National Bank, Jersey City, N. J.

THE First National Bank of Jersey City, N. J., of which Governor E. I. Edwards of New Jersey is president, has sounded a new note in the banking houses of the Metropolitan district. This bank is really nearer to Wall Street than ninety per cent. of the banks of the Metropolitan district, and as New Jersey has very advantageous laws there has been provided a special corporation room which has safe deposit accommodations in which New York corporations can hold their meetings in the bank with all the privacy and convenience that they could have in their own offices. The neighborhood in which the bank is situated due to its proximity to Wall Street is developed as are few other localities.

The vestibule to the bank and office building, designed in black and gold marble from floor to ceiling, is approached through a pair of handsome bronze revolving doors. The entrance to the bank is a white metal screen based upon the treatment used in the Capilla de los Caballeros in Cuenca Cathedral, Spain. The elevator doors are in the simplest silver bronze and the ceiling is of a wood treatment.

Before leaving this vestibule the visitor will notice a bas-relief panel erected to E. F. C. Young, the late president of the bank, whose personal spirit did so much not only to build up this great bank, but also to build up the community in which the bank itself is located.

The counter screen and the stair to the safe deposit vault in the first basement are all of black and gold marble supported by the lightest of bronze screens, strong enough for all purposes, though at the same time light enough so as not to obstruct the clear vision of every employee or every visitor in the bank.

Immediately on the right in connection with the officers' space is the Governor's or president's private room. It has been the policy of this bank to have the president available at all times, and

Governor Edwards carries out this policy to the letter.

The directors' room is arranged on the front mezzanine, which is reached by an elevator and a private staircase. Its walls are of Noisette stone throughout with blue hangings and furniture, giving the room unusual simplicity and dignity.

The great circular door of the vault, which is forty-three inches thick with its vestibule, weighs approximately ninety ton, and is one of the heaviest that has ever been constructed. Every known form of protection against the attack of the burglar, the mob, and earthquake or an inside job have been applied to this vault. Not only is the steel and concrete specially constructed, but there is also electric protection and live steam, and observation from all sides helps the security of this great money chest. The vault was constructed by the York Safe and Lock Company.

Corporations who desire can rent entire safe deposit rooms of which a great number have been specially provided, to which are attached convenient ante-rooms so that the users can stay all day in freshly washed air in perfect comfort.

The banking-room is approximately one hundred feet long by eighty feet wide. The offices over the bank's own quarters are equipped with metal trim throughout and are so laid out that should it become necessary in the future to make changes, it can be readily done without any trouble.

The employees of the bank have not been overlooked, and in addition to the various forms of protection and warnings in the way of calls and gongs for their use in the event of a hold-up, or in times of danger, their comfort has been catered to in a most generous manner. Dining rooms, rest rooms and recreation rooms are provided for both sexes.

All the architectural and engineering work was designed and supervised by Alfred C. Bossom, of 680 Fifth avenue, New York, who also has an office in the First National Bank Building.



GOVERNOR E. I. EDWARDS
President First National Bank of Jersey City, N. J.

EDWIN IRVING EDWARDS

GOVERNOR EDWARDS was born in that part of Jersey City formerly known as the Town of Bergen, December 1, 1863. He is a son of William W. Edwards and Emma J. Edwards, both of whom are now deceased. His father was a native of Wales, and his mother of England. He received his education at Public School No. 12, Jersey City High School and New York University. After leaving college he entered the law office of his brother, the late Senator William D. Edwards, but discontinued the study of the law to accept a position with the First National Bank, Jersey City, where he remained for about seven years, during which time he studied carefully the subject of finance and taxation. Overstudy and the confining nature of his work compelled him to sever his connections with the bank, and for several years thereafter he was interested in the general contracting business as a member of the firm of Edwards Brothers.

In 1903, at the request of the late Edward F. C. Young, then president of the First National Bank, Jersey City, he became connected with that bank as an assistant to the president. He thereafter became cashier and a director, and finally president of this important institution, which position he holds at the present time.

Upon the election of Woodrow Wilson as Governor, and the control of the Legislature of 1912 by the Democratic Party, Mr. Edwards' knowledge of finance and taxation made him the logical choice for the position of Comptroller of the Treasury, and on February 7, 1911, he was elected for the term of three years. In 1913 he became a candidate for the office of State Treasurer, but by reason of the factional differences in the Democratic Party his election was opposed by Governor Wilson and other leaders, and he was defeated. He was one of the leaders in the movement which finally brought about the adoption of the commission form of government for Jersey City. He was also actively engaged in the campaigns which resulted in the nomination and election of James F. Fielder as Governor. Mr. Edwards was reelected Comptroller of the Treasury for a further term of three years on February 20, 1914.

Mr. Edwards retired from the office of State Comptroller in 1917, but on November 5, 1918, he returned to public life as State Senator from Hudson County, having been elected to fill the unexpired term of Cornelius McGlennon, who had resigned to become a candidate for Congress. The demand that he become a candidate for Governor became so insistent that notwithstanding a strong desire to retire from public life and to devote his time to his private business affairs, he yielded to the State-wide sentiment and announced his candidacy. Never an orator or debater, Mr. Edwards nevertheless made an effective campaign by frankly stating and steadfastly maintaining his attitude on all matters of public interest. He fought hard but clean and established for himself the reputation of being a man of conviction and great courage. In the contest for the nomination he defeated James Nugent of Essex County. Notwithstanding the plurality of 69,647 by which Governor Edge was elected in 1916, Mr. Edwards was elected Governor over N. A. K. Bugbee, the Republican candidate, by a plurality approximating 15,000.

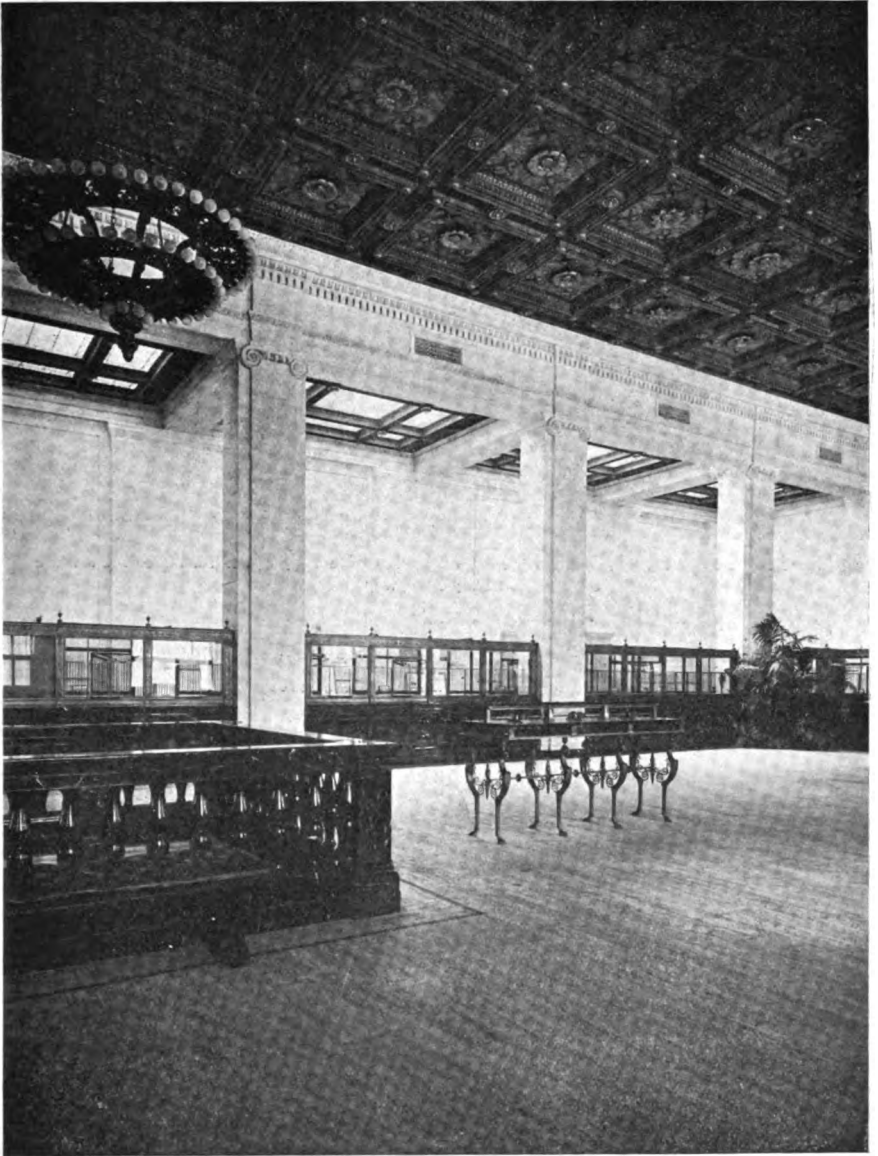
Governor Edwards had the united support of the New Jersey Democracy for the Presidential nomination at the San Francisco Convention in June, 1920, and, besides the votes of the entire New Jersey delegation in that Convention, received votes for several ballots from other States as well.

Early in his life, Mr. Edwards took an active part in the State Militia, being a member of Company F, 4th Regiment, Jersey City. He passed through the various ranks and became Captain, in which capacity he served for several years. Like all one hundred per cent. Americans, Mr. Edwards took a deep interest in war work, and gave freely of his energy and ability to the Allied cause. His son, E. I. Edwards, Jr., served during the war and was overseas for almost two years, returning to this country at the close of the war.

Mr. Edwards was married on November 14, 1888, to Miss Julie Blanche Smith, daughter of Captain and Mrs. William Smith. They have a son, Captain E. I. Edwards, Jr., and a daughter, Miss Elizabeth Edwards. Mr. Edwards is a vestryman of Saint Paul's Episcopal Church of Jersey City. He is a member of Bergen Lodge, F. & A. M., of Jersey City, American Bankers Association, New Jersey State Bankers' Association, Zeta Psi Fraternity, and many other social fraternities and civic organizations.

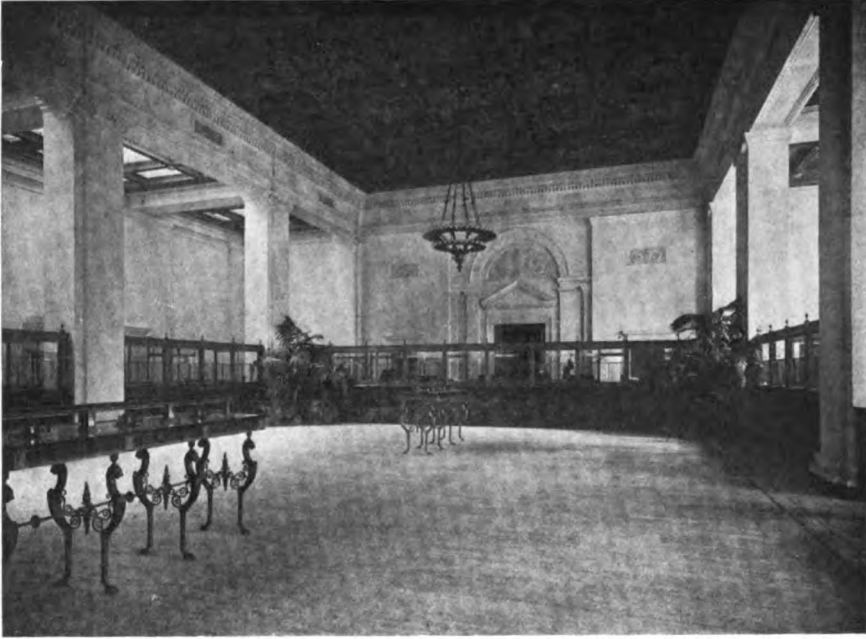


HENRY BROWN, JR.
Cashier, First National Bank of Jersey City, N. J.

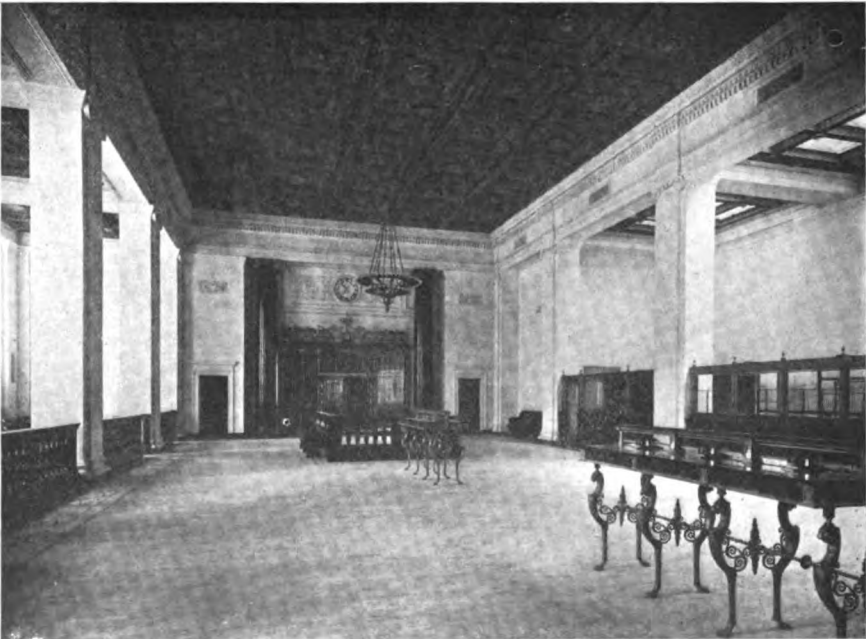


MAIN BANKING ROOM

The stairway to the security vaults at the left is of black and gold marble



Spaciousness in a banking room creates an impression of security which it is difficult to achieve in any other way

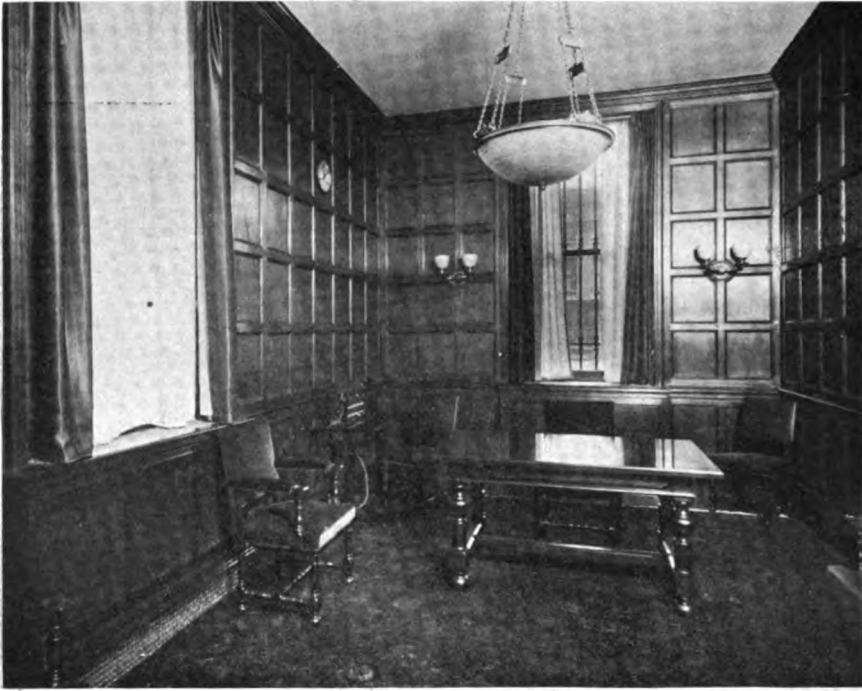


The great black and gold marble columns surrounded by the Cuenca screen cause visitors to look a second time

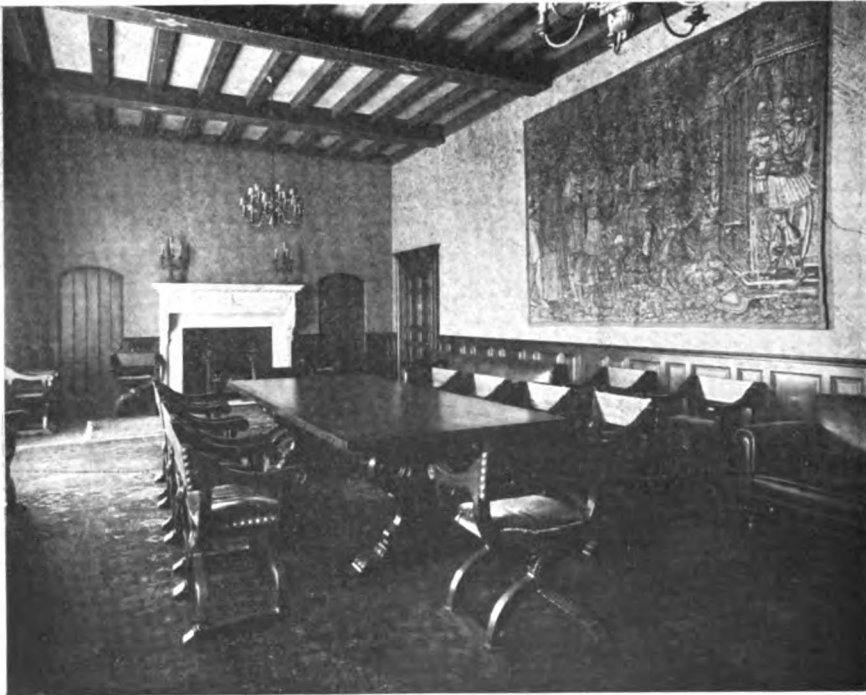


OFFICERS' SECTION

The officers' section is at the right side of the banking room, on entering



Private office of Governor Edwards, president of the bank



This room is completely furnished for the use of corporations who have regular offices in the city



DIRECTORS' ROOM

The walls of Noisette stone with blue hangings give this room an unusual simplicity and dignity



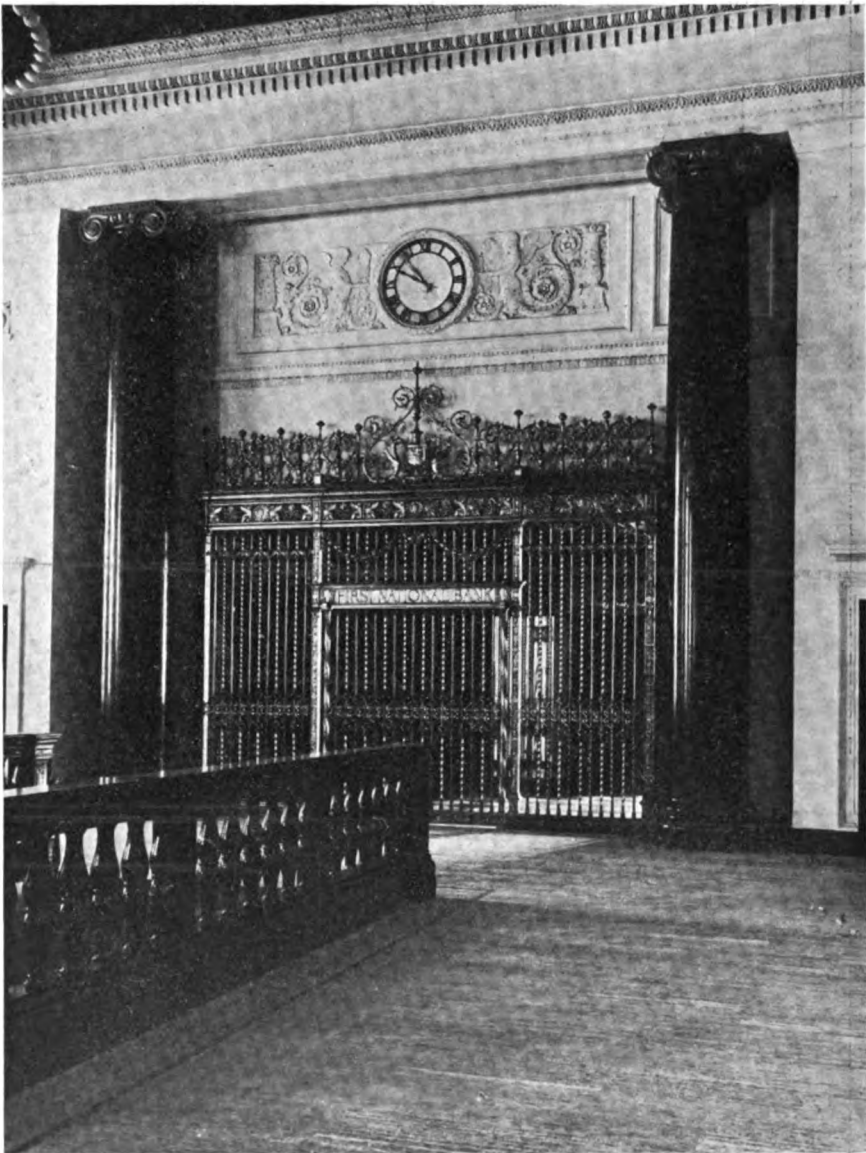
PRIVATE DINING ROOM FOR OFFICERS

This room is convenient for the officers for conferences at noon or for the entertainment of visitors



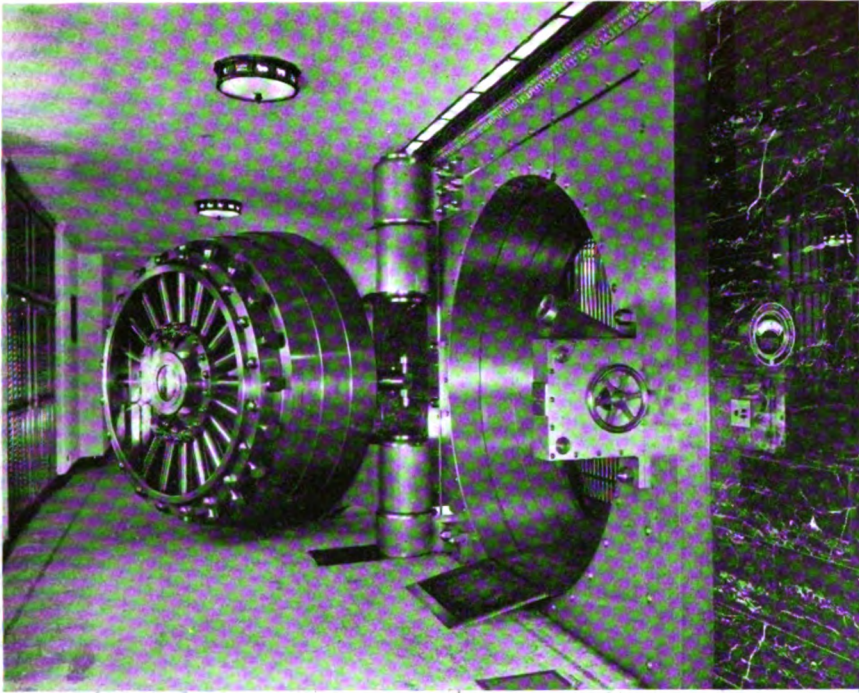
STAIRCASE TO THE SAFE DEPOSIT DEPARTMENT

To see this graceful bronze railing and travertine floor make it worth while to use the staircase to this department

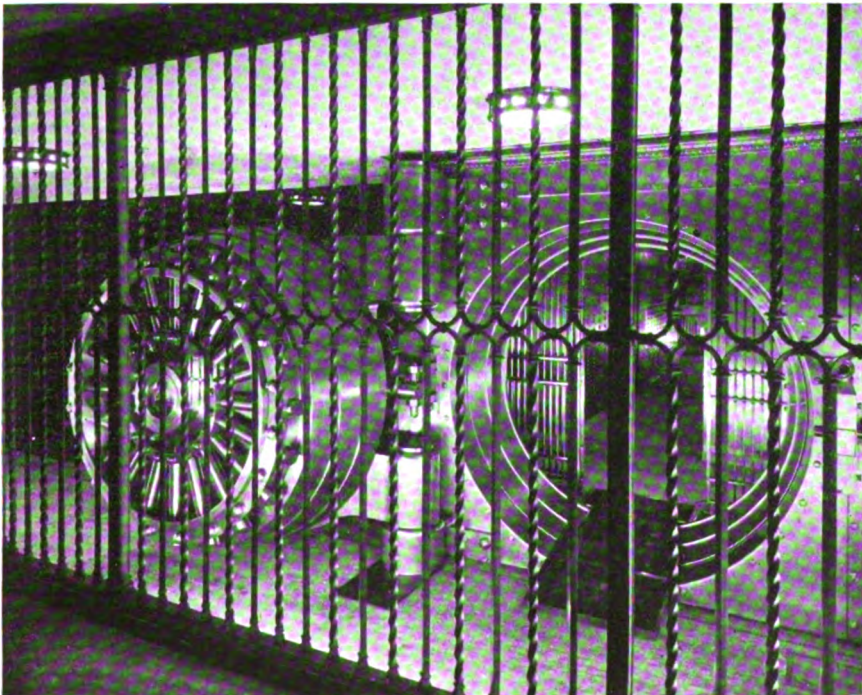


VIEW OF ENTRANCE FROM THE BANKING ROOM SIDE

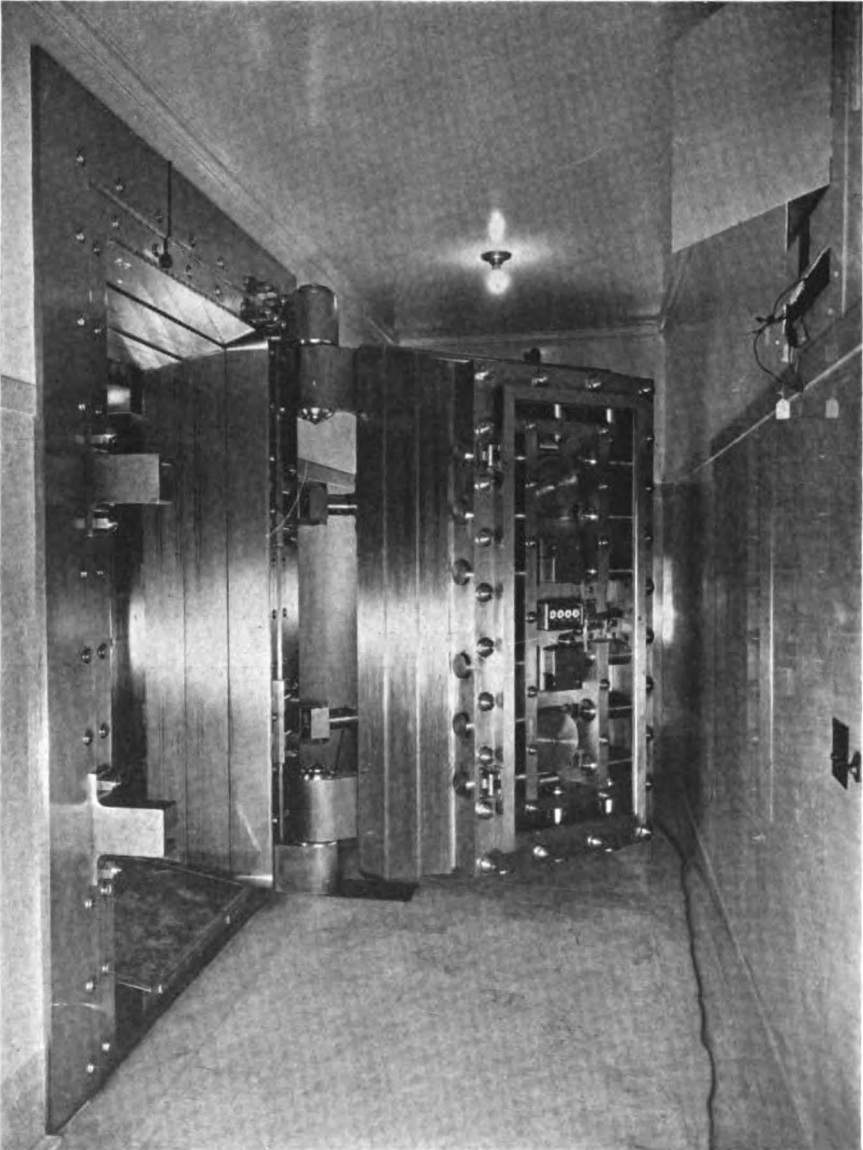
The black and gold marble columns completed with bronze Ionic caps are joined by a white metal screen and surmounted by a white Onyx clock



The great circular vault door is forty-three inches thick and weighs, with its vestibule, approximately **ninety tons**



Entrance to the safe deposit vault seen through the grille. Built and installed entirely by the **York Safe & Lock Company**



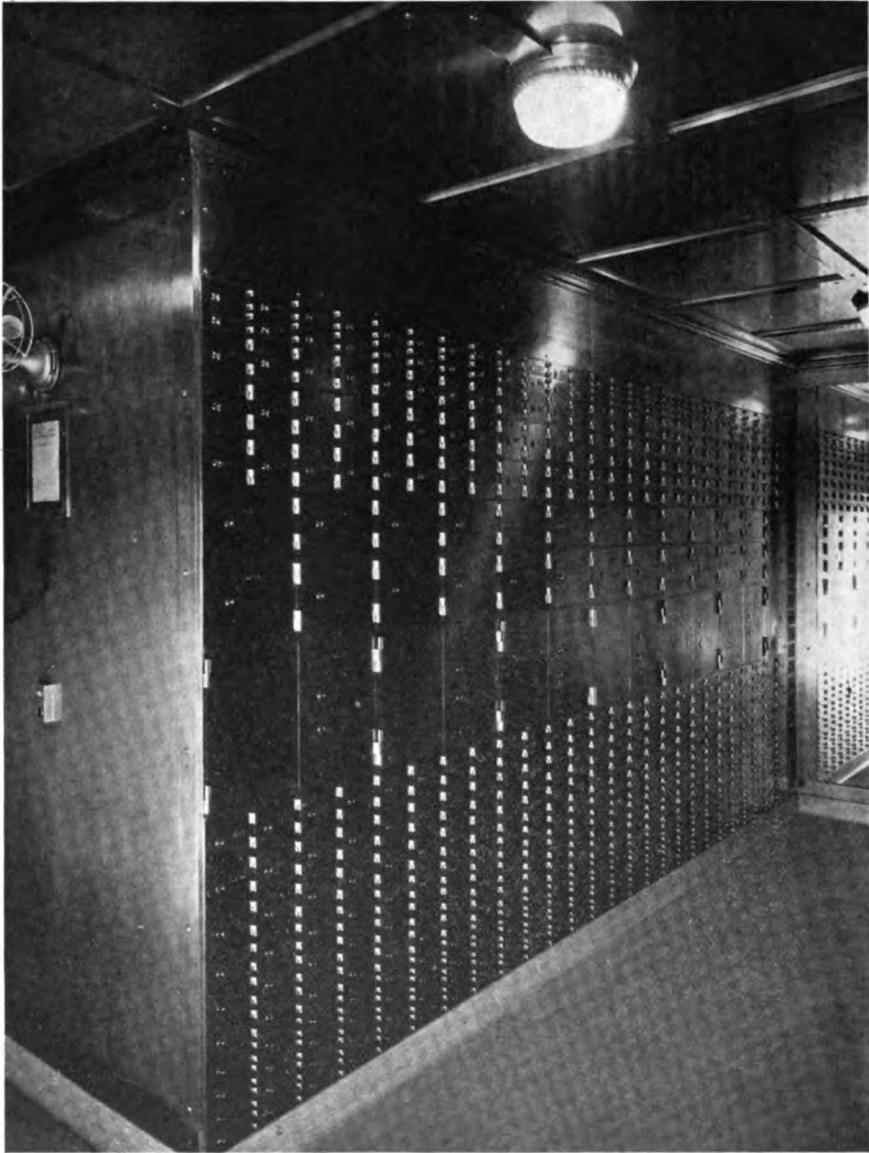
RECTANGULAR ENTRANCE TO PART OF VAULT RESERVED FOR BANK

In this door and in the main circular entrance are incorporated all the most up-to-date features to resist modern methods of burglarious attack, including heavy plates of "Infusite", the torch resisting metal



VIEW OF MASSIVE DOOR CLOSED

Perfect workmanship and adjustment of the hinge and hinge parts make it possible for a child to open or close this heavy door



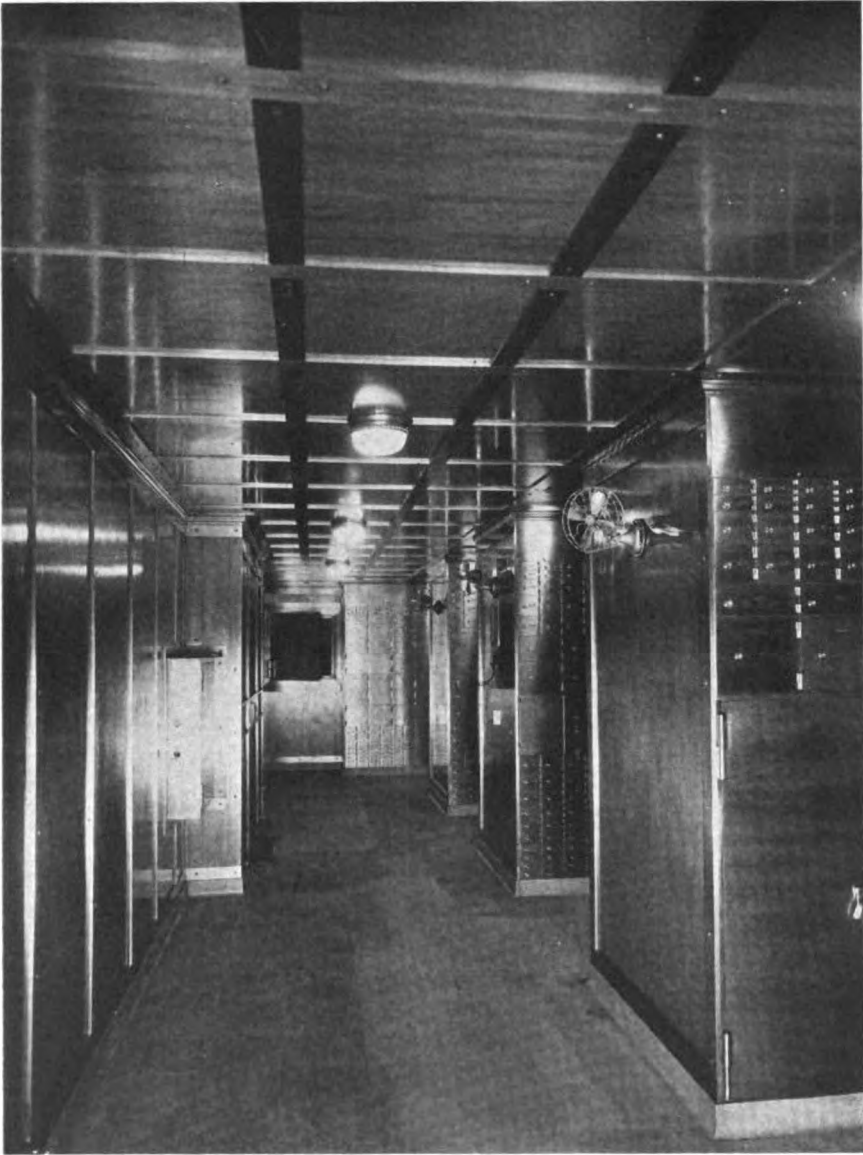
SECTION OF SAFE DEPOSIT BOXES

One of the aisles of safe deposit boxes for the use of individuals, a large variety of sizes of boxes is available to meet the needs of the clients of the bank



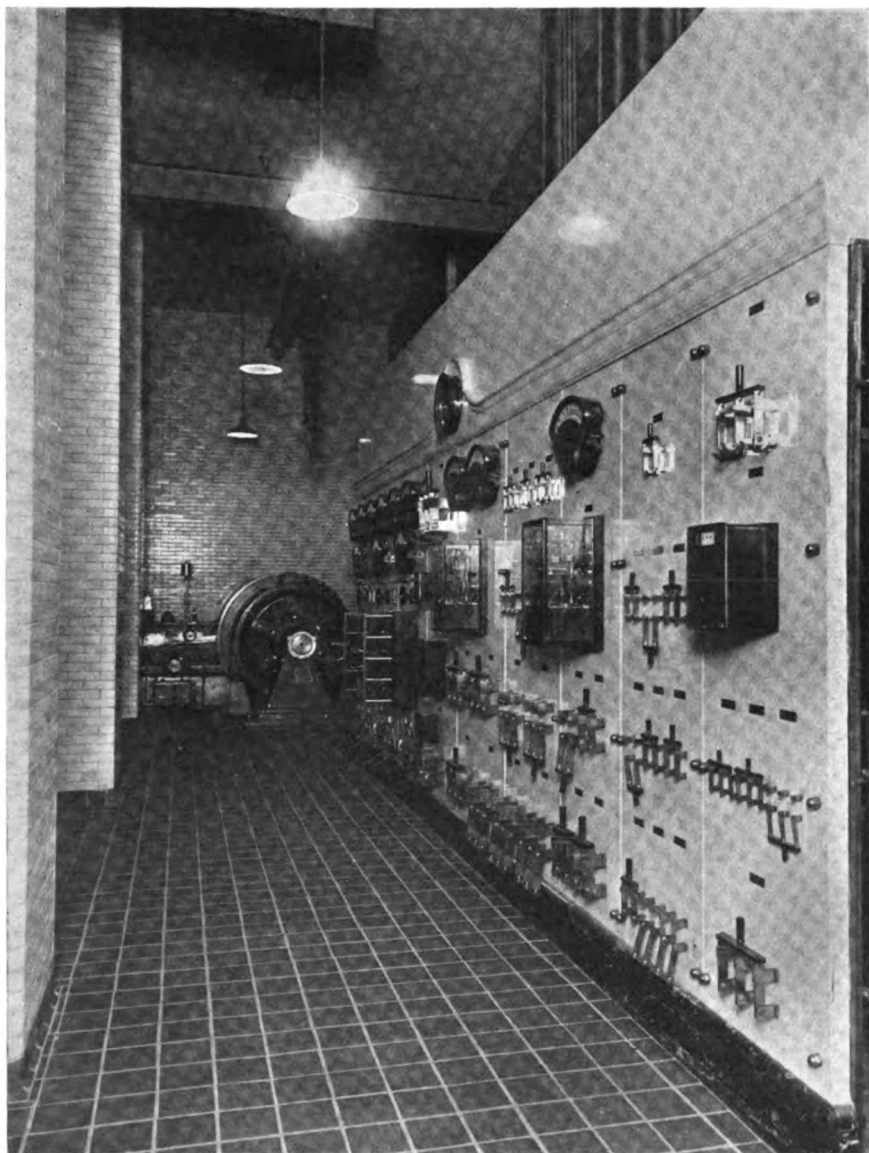
SECURITY CLOSETS FOR USE OF OFFICERS AND CASHIERS OF BANK

These closets are in that section of the vault which is entered by means of the massive rectangular entrance. Ease of access is combined with security and beauty



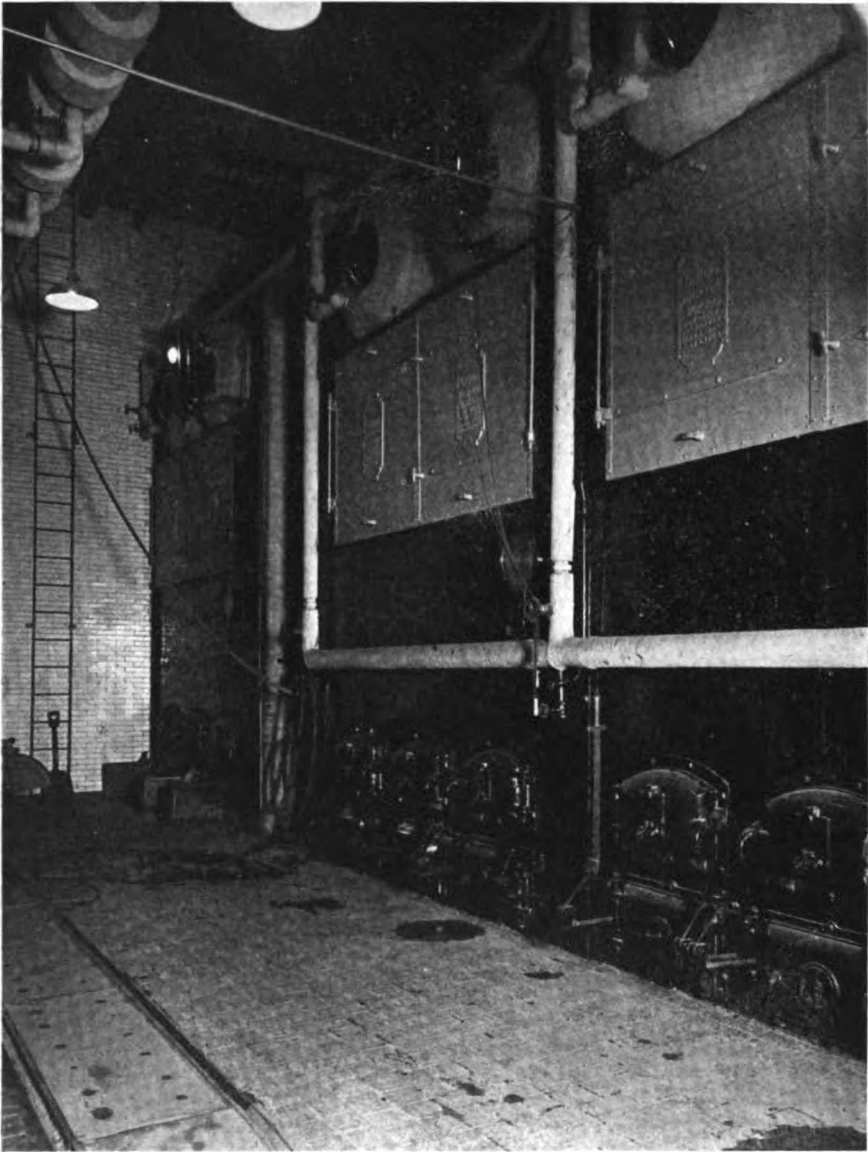
INDIVIDUAL SAFE DEPOSIT BOXES AND SECURITY CLOSETS FOR CLIENTS

The polished steel paneled ceiling and mirrors add to the handsome appearance of the interior of the vault



ELECTRIC POWER ROOM

This board at the right controls all the electrical apparatus in the building



BOILER ROOM

Efficiency must go down to the boiler room if the building is to be a financial success

Union Bank and Trust Company, Los Angeles

THERE are few banks in the United States with a history any more picturesque than that of the Union Bank and Trust Company of Los Angeles. Although incorporated only a few years ago, it really had its beginning in the early pioneer days of California. Its founder, Kaspare Cohn, was a pioneer merchant of Southern California. He went there when a boy only nineteen years of age and entered the employ of his uncle, the late Harris Newmark, owner of one of the first mercantile establishments in the community.

Mr. Cohn's success in business was rapid and he soon became widely known, not only for his ability but for his absolute integrity. This latter trait caused men to trust him in a way that finally made of him a private banker and then founder of the present Union Bank and Trust Company of Los Angeles.

At that time there were no banks in Los Angeles. Having complete confidence in Mr. Cohn, stock men and others of his customers who were obliged to absent themselves for long periods at a time grew into a habit of entrusting with him their surplus funds. Arrangements were made for them to draw against their surplus at any time, thus fulfilling in a simple way one of the prime functions of a banker.

This practice grew to such large proportions that he finally incorporated a bank under the name of Kaspare Cohn Commercial and Savings Bank, July 1, 1914. Responding to the rapid growth around it and to the opportunities for greater and greater activities, the bank was reorganized in 1918 as the Union Bank and Trust Company of Los Angeles.

Its growth has been almost phenomenal in the past four or five years. At present it has a capital and surplus of \$1,648,000 with deposits amounting to more than \$8,000,000.

The Union Bank and Trust Com-

pany of Los Angeles was for a considerable length of time located on the second floor of the Garland Building at Seventh and Broadway, Los Angeles. Outgrowing its quarters there, it constructed its own building on the corner of Eighth and Hill.

This structure, Union Bank Building, is one of the handsomest of Los Angeles' skyscrapers. It has ten stories devoted to offices for professional men, with a generous sprinkling of commercial firms represented.

The bank occupies the ground floor with an entrance on Eighth street and an entrance on Hill street. The main banking room is a large vaulted chamber, with a simple floor plan that provides ready access to the general banking departments and to the executive offices. The trust and accounting departments are on the mezzanine and the bond department on the second floor.

A conspicuous feature of the bank is the thoroughly equipped safe deposit department in the basement. It is reached directly from the vestibule, either by a stairway or by an elevator operating exclusively between the main floor and the safe deposit department. Unusual features are the extra large number and size of the coupon booths, several committee rooms convenient for corporation directors' meetings, and a compactness of arrangement that makes the department exceptionally convenient. The vaults were installed by the Mosler Safe Company, Hamilton, Ohio.

Both the bond department and the safe deposit department are new additions to the bank's activities since it took possession of its new quarters on the first of the year.

Union Bank and Trust Company of Los Angeles emphasizes the fact that it has no branches. It makes the point that all customers may have direct contact not only with a particular employee but with the executive officers as well, since all are in the one building.



Main banking room



Private executive offices

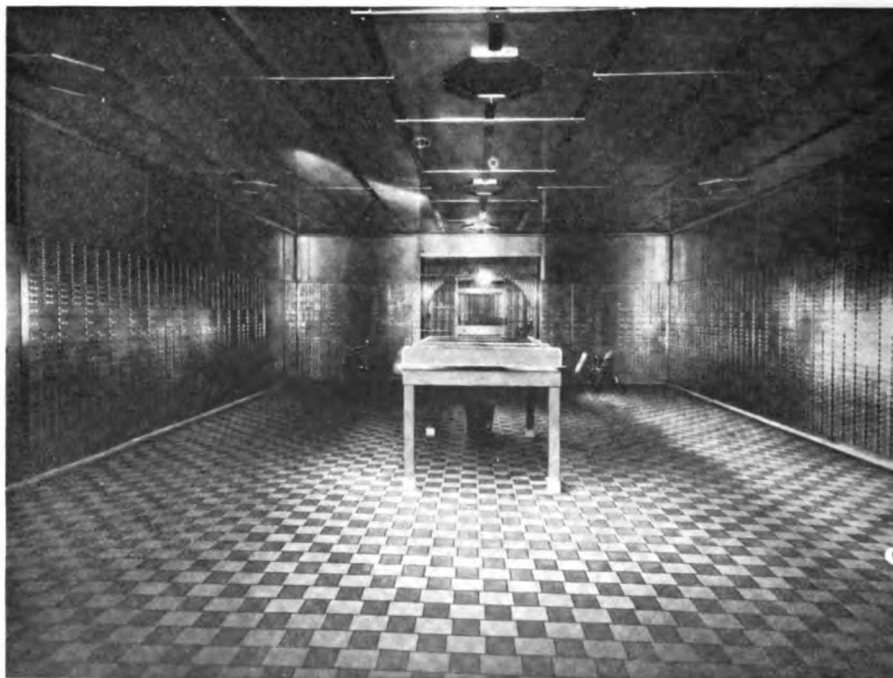


NEW UNION BANK BUILDING

This structure is one of the finest office buildings in Los Angeles



Living and reading room of the Union Bank Club for employees



Interior of the safe deposit vault



CORNER OF MAIN BANKING ROOM

The officers' platform is shown at the left



Twenty-two ton vault door



Trust department on the mezzanine floor



Section of safe deposit box installation



OFFICERS' PLATFORM

This section is in a corner of the main banking room



Corner of banking room, looking toward officers' platform



Corner of banking room looking toward stairway to mezzanine



Ladies rest room in the safe deposit department



Dining room of the Union Bank Club employees



DIRECTORS' ROOM

This attractive room is on the mezzanine, the windows at the right opening out on the vaulted banking room

A New Home for the Mellon National Bank

THE rapid growth and expansion of the Mellon National Bank of Pittsburgh during the last decade has necessitated the abandonment of the building which it has occupied for half a century, erected by its founder, Judge Thomas Mellon, in 1871. The old building is now being razed to make way for a new structure which will be one of the largest and finest edifices in the world devoted exclusively to banking purposes. It will be of distinctly classic architecture, in the Doric style, with a main facade on Smithfield street extending from Fifth to Oliver avenues, a distance of 232 feet, and a depth of 117 feet on Fifth and on Oliver. It will be a four-story structure with a height of 116 feet above the sidewalk grade, and a basement and sub-basement which will extend twenty-five feet below the sidewalk. The ground floor space will be 27,144 square feet, and the total floor space of the building will be more than 131,000 square feet.

The main facade will be of strictly Doric style, relieved by a series of pilasters between windows, and by an entrance loggia forty feet wide in the center flanked by two massive pillars. Within the loggia will be the great bronze doors of the bank. The other fronts will be of similar architectural treatment. The entrance on Oliver avenue will give immediate access to the new safe deposit vault. A new steel vault, built on its own foundation, and equipped with the latest scientific safety devices, is already in place, though really a part of the new building, with a special entrance during the period of construction.

All entrances will lead into a great central banking room built in the form of a basilica, with large Ionic marble columns along each side and at the ends. The banking room will have a height of sixty-two feet and will stand clear and open for the entire depth of the building. It will be lighted by an

immense skylight over the whole central space between the rows of columns. Above the first floor the building will be in the shape of a court with offices on all four sides. This court will contain the skylight over the banking room.

The exterior materials of the building will be granite and bronze, and the materials and appurtenances throughout will be of the highest character. It goes without saying that the building will be of the most modern fireproof construction in every detail. The architects are Trowbridge and Livingston, of New York, and E. P. Mellon, also of New York.

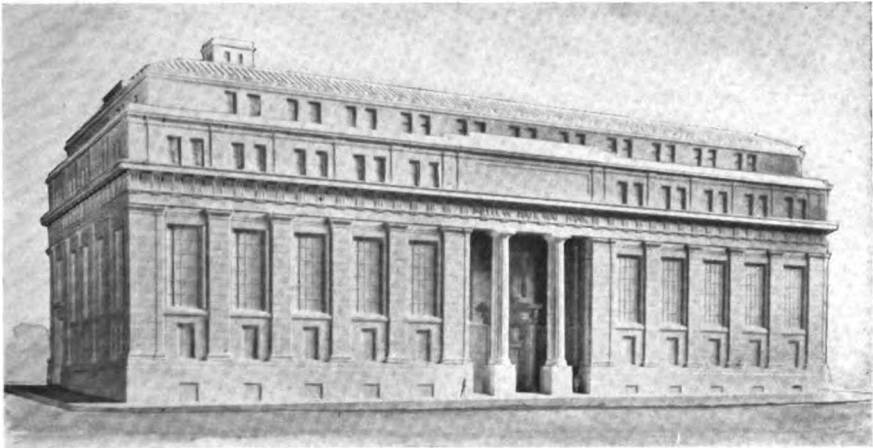
The passing of the old Mellon Building, which had seen and taken part in half a century of Pittsburgh's history, was marked with unusual interest and regret, stirring many recollections on the part of old-time Pittsburghers. For the old building was not simply the outgrown shell of a great and expanding financial institution; it was to many a homely but significant monument to the wisdom, courage, and energy of Judge Thomas Mellon, the founder of the bank, who laid down the principles and ideals that have guided it through more than fifty years of notable success and unbroken progress.

Born in County Tyrone, Ireland, in 1813, Thomas Mellon came to America with his parents in his early childhood, arriving at Baltimore in 1818. Soon afterwards the family settled in Franklin Township, Westmoreland County, Pennsylvania, one mile north of what was then the little town of Duff. His boyhood is largely a story of hard work on the farm, interrupted by several terms at various subscription schools in the neighborhood and two winters at Greensburg Academy. Later, he worked his way through the Western University of Pennsylvania, where he distinguished himself by splendid scholarship and marked literary ability. He then studied law, and was admitted to the

bar in December, 1838. After spending a short time as clerk in the prothonotary's office, he took up the practice of the law and, from the start, met with marked success. At the end of twenty busy years at the bar, he took his seat on the bench of Common Pleas Court Number 1, in December, 1859. This position he held for ten years, when he retired to engage in the banking business.

He had reached the age of fifty-seven

in real estate mortgages, but after the panic of 1873 it became a purely commercial bank. In July, 1902, the bank of T. Mellon and Sons was converted into the Mellon National Bank, a newly chartered corporation with a capital of \$2,000,000. In 1903 it absorbed the Pittsburgh National Bank of Commerce with its deposits of nearly \$6,000,000. When in January, 1904, it increased its capital to \$4,000,000, the bank became indeed an institution of national promi-



Proposed new home for the Mellon National Bank of Pittsburgh

when in 1869 he opened a private bank under the name of T. Mellon and Sons, with Samuel McClurken as cashier. From the very outset the bank prospered and gained a splendid following. Known to be in reliable hands and under wise and careful management, its depositors increased in number very rapidly. The disastrous panic of 1873, in which banks failed everywhere in rapid succession—including Judge Mellon's New York and Philadelphia correspondents—severely strained his resources, but the bank safely rode the storm.

When the bank was started it dealt

in real estate mortgages, but after the panic of 1873 it became a purely commercial bank. In July, 1902, the bank of T. Mellon and Sons was converted into the Mellon National Bank, a newly chartered corporation with a capital of \$2,000,000. In 1903 it absorbed the Pittsburgh National Bank of Commerce with its deposits of nearly \$6,000,000. When in January, 1904, it increased its capital to \$4,000,000, the bank became indeed an institution of national promi-

nence and influence. In 1903 a complete foreign department was opened, and other departments were added till its service covered every phase of modern banking. Since its incorporation, the deposits of the Mellon National Bank have grown from \$8,000,000 to more than \$80,000,000, and its capital has been increased to \$7,500,000. The present head of the bank is Richard B. Mellon, a son of the founder, who succeeded his brother, Andrew W. Mellon, as president, when the latter resigned to accept the portfolio of the Treasury in President Harding's cabinet.



Credit Insurance

AN interesting and instructive study of the use of credit insurance in the United States is contained in a recent issue of the *Federal Reserve Bulletin*. It is based principally upon data furnished by the three leading companies, who do practically the entire business of this kind:

The article reads in part:

The amount of annual losses by bad debts is a heavy charge upon the financial and commercial interests of this country. These bad-debt losses are greater than the losses through fires, as will be seen from the following table:

FAILURE AND FIRE LOSSES FOR TEN YEARS

	Failure loss	Fire loss
1921	\$750,200,000	\$332,654,950
1920	426,300,000	330,853,925
1919	115,500,000	239,000,775
1918	137,900,000	290,959,885
1917	166,600,000	250,752,640
1916	175,200,000	214,530,995
1915	284,100,000	172,033,200
1914	357,100,000	221,439,350
1913	292,300,000	203,763,550
1912	198,900,000	206,438,900
Total	\$2,904,100,000	\$2,492,428,170

For the ten years ending with the year 1921 the insolvency loss of wholesale merchants, on goods sold, was \$411,671,880 more than the fire loss during the same period of all merchants, railroads, owners of timber lands, and householders combined. Thus the losses through failures for the ten years were, on the average, greater each year by \$41,167,183 than the losses through fires. These figures serve to indicate the importance of the question.

Credit insurance is a guaranty that a manufacturer or jobber (policies are not issued to retailers) shall not suffer from those losses occurring because of the insolvency of debtors coming within the coverage of the policy, which are in excess of the normal loss incident to his particular business. The insuring company guarantees to pay the policy holder the net excess over this normal loss. The contract between the company and the insured is variously called a credit insurance policy, a bond of indemnity, and a contract of guarantee on insolvent debtor's accounts.

In addition to covering only abnormal or excess losses, every credit insurance policy contains several other fundamental features. These may be summarized as follows:

- (1) The maximum amount covered on any single account which the insured sells is specified, according to the rating of the debtor.
- (2) Coinsurance in general is required.
- (3) Further coinsurance is required on sales by the insured to inferior rated risks, and an additional premium is charged for covering such risks.

The policy also may or may not contain either of two other features:

- (1) A maximum amount to the total liability of the company under the policy, which is called a limited policy; or no limit to the amount of the liability of the company on the aggregate of accounts covered, which is called an unlimited policy.
- (2) A provision for collection of past due accounts by the company.

THE NORMAL LOSS

A merchant's outstanding accounts vary according to his terms of sale, but are said usually to range from fifteen to twenty-five per cent. of his annual sales, averaging about twenty per cent. With annual sales of \$1,000,000, about \$200,000 will generally be outstanding in receivables. Of this \$200,000, from ten to twenty per cent. will usually be past due. The policy of a merchant toward his past-due accounts largely determines his loss ratio.

Instead of exacting a cash premium to cover the losses normally incident to the business insured, plus the loading for the excess, it is believed to be more practical, more satisfactory, and to remove any speculative feature, simply to exact a smaller cash premium and to provide that the policyholder shall bear the loss normal to his business (which he may not lose during some years), and receive reimbursement from the insurance company for the losses in excess of the normal. The normal loss is calculable, and may be considered in the same manner as other items of manufacturing and selling cost in order to arrive at the selling price of merchandise. Moreover, having the policyholder bear the normal loss reduces, as stated, his cash premium by a considerable amount, so that it is much less than that charged for any other form of insurance. If the average fire loss is one-half of one per cent. of the values, insured, the policyholder must pay, in money, not less than one-half of one per cent. for fire insurance, plus overhead expense and profit; whereas if the average credit loss on goods sold is one-half of one per cent., and the merchant loses less than one-half of one per cent., he retains the difference between his actual loss and this average loss, for he does not pay the company any part of his normal loss.

COVERAGE

All policies of credit insurance also definitely limit the amount which the insured may recover for losses on any one account to which he sells. This amount is definitely specified in dollars in the policy itself for the capital rating which each account may have. The amount designated for any one rating applies to each and every customer of that rating whom the policyholder sells. The amounts stated are determined by the

individual requirements of the policyholder. The mercantile agency whose ratings shall govern is specified in the policy, according to the arrangement made between the insured and the company when the policy is written. The policy regularly applies only to customers with preferred ratings, but for an extra premium charge partial protection is given on inferior ratings also.

COINSURANCE

Coinurance, or bearing part of the risk by the insured, is required on all risks. For example, on the best risks, the company is liable only to the extent of \$900 on an actual loss of \$1,000, which otherwise comes within the terms of the policy. This serves to have the company guarantee only for an amount approximating the replacement value of the goods, on the average. "It is claimed by the companies that some coinsurance is always necessary in order to reduce the moral hazard of taking unreasonable risks in the extension of credits."

Inferior rated risks are usually covered only to two-thirds the amount involved. The ideal way, observes one company, would be to make everyone lose his profit on the transaction before paying any losses, but this is too complicated in most cases, as costs have not been standardized. A further reference to coinsurance appears later.

PERIOD OF POLICY

Policies are generally written for a period of one year, although some are written for a longer period in order to expire on December 31. More policies expire on that date, observes one company, as many policyholders desire their insurance to expire with their fiscal year, which for most firms is the same as the calendar year.

The policy is renewable annually, if conditions are satisfactory to the company. Each renewal policy may be so arranged as to provide not only for losses occurring during its term on sales of goods made thereunder, but also for losses occurring during such renewal arising from shipments made during the term of the preceding policy. The amount and condition of outstanding accounts at the date of the beginning of the renewal policy have a material bearing upon the terms to be named for the renewal policy.

CONTENTS OF THE POLICY

The policy in general contains the following sections or parts:

- I. Insuring agreement.
- II. Conditions and stipulations.
 1. Coverage on single accounts; specifying agency and amounts covered on different ratings.
 2. Definition of insolvency (in summary form), including—
 - (a) Actual insolvency.
 - (b) Past-due accounts.
 - (c) Impairment of assets.
 3. Notification of claim.
 4. Collection of accounts and schedule of fees (in collection form only).

5. Final statement of claim.
6. Method of adjustment, including—
 - (a) Discounts debtor would have been entitled to had debt been paid at the date of insolvency.
 - (b) All amounts collected thereon and other amounts collected from other sources.
 - (c) Goods returned and replevined, in undisputed possession of insured.
 - (d) All amounts mutually agreed upon as thereafter obtainable.
 - (e) Percentage of coinsurance as agreed upon.
 - (f) Deduction of the agreed normal loss.
7. Collateral benefit, which provides that a rider may be attached calling for payment of the excess loss to a specified bank.
 - (a) Other riders often found, calling for interim adjustment of claims and for coverage of inferior ratings.
8. General provisions covering methods of payment, acknowledgment of receipts and claims, and lines of authority and conditions under which suit can be brought.
9. On the reverse side of the policy is the application for insurance, giving data indicated below as to certain features of the applicant's business.
 - (a) The mercantile agency whose ratings are used as a basis for the extension of credit.
 - (b) Agreement of conditions and stipulations of policy.
 - (c) Remittance for premium.
 - (d) The line and nature of business and how long in it.
 - (e) Territory covered.
 - (f) Usual and longest terms of sale, including discounts allowed.
 - (g) Contemplated changes in method of doing business.
 - (h) Credit information possessed on any doubtful accounts sold or to be sold.
 - (i) The gross sales and losses over the last five or six years.

The insuring agreement, or caption, is in effect an outline of what the policy does, subject to its conditions and stipulations. The agreement sets out:

- (a) That the company guarantees against loss, due to insolvency of debtors "as herein defined." Insolvency is defined in condition two of the policy.
- (b) The loss shall occur during the term of the policy. That term is specified in the "insuring agreement" and is for one year.
- (c) The loss shall result from shipments of merchandise made during the term of the policy.
- (d) The loss must be covered; that is, must result from insolvency of debtors (condition 2) owing for shipments of merchandise made during the term of the policy, and be covered under condition 1 of the policy (the "coverage" condition), or be covered under the "inferior ratings," if the policy is made by rider to include the latter class.
- (e) The loss must be proved; that is, there must be sent to the company a notification of a past due account (subdivision 1, condition 2), and also of an insolvent account (subdivisions 2 to 14 of condition 2), as required by condition 3 of the policy, viz, "Notification of claim" condition.

The above conditions, viz, 1, 2, and 3 of

the policy, operate during its term. For example, when the insured ships his goods, during the policy period, he knows from condition 1 the coverage (that is, the limit of insurance) on the customer by the rating. If the debtor does not pay within sixty days after the account is due, under the optional collection form, the insured may elect to have the debtor deemed "insolvent" for the purposes of the policy, by sending the account to the company for collection under subdivision 1 of condition 2 of the policy, and as set out in the fore part of the notification condition 3. If, however, any customer becomes insolvent under any of the subdivisions 2 to 14, inclusive, of condition 2 of the policy, then the insured must file notification of claim and forthwith place the account with the company for collection, as required by the second part of condition 3 of the policy.

The chief operative conditions after the expiration of a policy are 5 and 6.

Where a claim is made for payment of losses in excess of the normal loss to be borne by the insured, condition 5 provides that a final statement of such claim shall be filed by the insured with the company within thirty days after the expiration of the policy. In such cases the company sends an adjuster to the office of the insured to make the adjustment. Condition 6, "method of adjustment," prescribes definitely the procedure whereby such losses are allowed under the policy, and the amount to be paid immediately to the insured is ascertained.

If "interim adjustments," that is, loss payments to the insured during the term of the policy, are to be made, then an interim statement may be filed by the insured with the company at any time during the policy period, and the company will adjust and pay such losses in the manner described in condition 6. The policy, however, remains in force until its expiration, when a final adjustment is made, including any additional losses thereunder.

Thus, therefore, there are five conditions that govern generally, viz: 1, 2, and 3, during the currency of the policy, and 5 and 6 after its expiration.

ACTUARIAL BASES

This year the three companies completed the preparation of a manual, or mortality table, for underwriting against losses. It is the culmination of a long succession of mathematical calculations based on experience, which developed, step by step, the facts that yielded the charges necessary to furnish the protection. The records of the companies, covering a period of many years, reveal the private, precise, and full experience of thousands of wholesale merchants in every line of trade, including their sales to variously rated concerns and the losses thereon. From this information the Manual of Credit Insurance Rates was compiled.

There are three basic and interdependent

factors in credit insurance underwriting, viz, (1) the premium; (2) the normal loss; and (3) the coverage, or insurance afforded on specified ratings. The premium and normal loss can not be determined until there is first ascertained the coverage of the policy on each of the ratings specified in the "table of ratings" given in the "coverage" clause of the policy. When these coverages are agreed upon, the premium and the normal loss are quickly and accurately determined.

DEVELOPMENT OF CREDIT INSURANCE

There are three companies writing credit insurance. The American Credit-Indemnity Company of New York confines its business exclusively to credit insurance; it was incorporated in New York in 1893. The other two companies are the Ocean Accident & Guarantee Corporation, Ltd., and the London Guarantee & Accident Company, Ltd., both of which write multiple lines, such as casualty insurance, etc. They first operated credit insurance departments in the United States in 1895 and 1905, respectively.

Prior to 1898 the business was experimental, restricted insurance being written at low premium rates. In that year the national bankruptcy act was passed, and policies were broadened greatly so as to cover all forms of insolvency. From time to time they have been further liberalized, as has already been indicated. "Unlimited" policies were introduced in 1916, and a collection service, whereby accounts are placed with the company for collection, has also been inaugurated.

The most outstanding recent development has been the adoption by the three companies of the manual referred to above. When credit insurance was first written no statistics of a serviceable nature were available. The companies necessarily had to acquire their own experience in order to perfect the insurance, which has taken many years to do. For several years policies were therefore crude and restricted. As experience broadened, statistical compilations of actual happenings began to reveal the averages necessary to afford a sound basis for broad, protective, and highly useful insurance, with premiums closely adjusted to the risk involved.

Prior to the perfection of the manual the underwriting was difficult and was largely a matter of judgment for the individual underwriter. Its adoption has rendered possible the training and development of agents on a large scale, and there has been a gradual increase in the agency force. Corresponding increase in the use of credit insurance is looked for.

The present-day policy of credit insurance plainly sets forth its provisions, so that it may readily be understood by every merchant and every banker. For the insured, the chief operative features are but three in number, viz, (1) The "coverage" clause, pre-

scribing the limit of insurance in dollars on each rating; (2) notice to the company of a past due or insolvent account; (3) the method of adjustment. These indicate to the policy-holder his method of procedure in all cases.

PRESENT USE

Credit insurance policies are used by manufacturers and jobbers of all sizes, from those doing a business of \$50,000 a year to those doing upward of \$75,000,000. In number, the medium-sized houses, who do a business of from \$200,000 to \$2,000,000 yearly, constitute the majority of the policy-holders. Those known as the "millionaire" sales houses, however, form a large and growing part of the business of the companies.

Credit insurance is used in almost all lines of trade. It is perhaps most frequent for

lumber, iron and steel, coal, hardware, textiles, paper, advertising agencies, printing and stationery, shoe and clothing manufactures, etc. A few lines are considered extra hazardous and are not solicited. This is due to the profits, nature of the merchandise, and type of individuals sometimes found in them. These lines include diamonds and jewelry, furs, scrap iron, patent medicines, and jobbers of woolens. The retail jeweler, e. g., receives the stock of diamonds which he needs to display, on terms averaging about eight months, and if he has not sold them by that time, receives additional time, so that he may even be carried for several years. What insurance is written in such lines is confined to the best firms, and is not written on the regular basis. The amount of such business written has been so small that it affords no reliable actuarial basis upon which to write these lines.



The College Man in Banking*

By Charles Franklin Thwing, L.L.D., Litt.D.

President Emeritus of Western Reserve University, and Member of the Board,
Cleveland Trust Company

WHETHER it is expedient for the young man who proposes to be a banker first to go to college depends largely upon his conception of the work which he desires to do in and through a bank. In case he is content to be a good bookkeeper, or an accurate teller, he will not find a college education of special worth to himself; in case he desires to be a banker of large relations, he will find a college education, I venture to say, of very great value.

The primary intellectual element in the value of a college education to a banker, as to most men, lies in the enlargement and enrichment of the power of thinking. A college education develops, or at least aims to develop, the power of seeing, of reasoning, of judgment, of comparison, of appreciation. The graduate is supposed to know truths, or what is more, to know truth—to know truth through knowing truths.

He is able to have a comprehensive notion of his work. He sees the relation of part to part, of each part to the whole, and of the whole to each part. Its elements of strength and of weakness, its points that require emphasis and elaboration, its points that require no care, its adjustments and readjustments, its progress and regress—these and many other parts he is to consider. Financial schemes which have the substance of the "South-Sea Bubble" he is to distinguish from undertakings that are as solid as the Treasury of the United States, or the Bank of England.

Such discriminations, in advance and on *a priori* grounds, it would seem to be easy to make; for a large gulf divides the counterfeit from the genuine, the inevitably disastrous from the assuredly triumphant.

But experience, both recent and remote, proves that not only the ordinary

*Reprinted in part from the CLEVELAND TRUST MONTHLY.

body of the American people, but also that part of it which is not ordinary, becomes easily and disastrously confounded in respect to financial theories and movements.

The fact is that money represents one of the most difficult problems to which the reason of man ever gives itself. Trained in and through general studies, trained in and through economic subjects, the college graduate, becoming a banker, is often and distressingly mistaken; but he would be mistaken with greater frequency and severer distress were he not a graduate.

Several years ago, A. B. Hepburn, then vice-president of the Chase National Bank of New York, whose recent death calls out deep and common regret, wrote in answer to this inquiry of mine in reference to this very question, saying:

The young men who came to us later in their teens, after graduating from the high schools and grammar schools, make excellent clerks—among the best we have.

They are devoid of self-consciousness, go to the foot of the ladder unhesitatingly, are bright, keen, alert, and become competent and efficient clerks. Some of them, of broader capacity and ambition, study their surroundings and endeavor to master the principles of the business as a whole in which they form but a cog in the wheel, and in the course of time develop into capable, efficient executive officers.

College graduates possess no disadvantages in comparison with high school or grammar school graduates as bank clerks, except perhaps the necessity of overcoming their sense of self-importance.

Like all others, they go to the foot of the ladder and are compelled to work their way up through the grind. Some of them seem to feel a sense of impropriety in being put to work alongside of boys of fifteen. The later work in college is considerably removed from the active mathematical computation and the intellectual work that bank clerks as a rule are called upon to perform, so that the college graduate requires some time to become as expert in the mathematical work imposed upon him, as the graduate of the high school, whose later years of study involve the very work his business calls upon him to employ.

These two disadvantages overcome, the advancement of the college graduate is much more rapid. He is older, has learned to concentrate his thoughts, has a better and more efficient control over his intellectual faculties, has a broader and deeper founda-

tion, and is bound in the end to far outstrip the high school graduate of equal ability and application.

I would unhesitatingly advise any young man who contemplates a banking career to graduate from college before taking up banking if his means and opportunities will admit of his doing so.

At fifty years of age he will find himself much further advanced in the business world than he would have been without his college training. In the matter of contact with other men, either personally or by correspondence, a college education is invaluable. It opens opportunities to a man all through his business career, and other things being equal, his superior education would give him preference in the selection of a person for official responsibility.

One may be allowed to allude to an incidental advantage which the college man in a bank enjoys—an advantage which is indeed incidental to a degree, but one which in many instances proves to be of great worth. I refer to the acquaintances which are formed in and through the college. These acquaintances represent the choicest part of the community. They represent the men who, twenty-five years out of college, are to be the promoters and supporters of the great financial and other movements of the time.

Members of the class of 1880 of Harvard College have carried forward some of the most important undertakings of New York and Boston. To form and to retain such acquaintances many a banker struggles hard and long. Such acquaintances belong naturally and easily to a good college man. Of the opportunities which they fittingly open he is able to avail himself.

The disadvantages under which the graduate entering the banking business labors are chiefly three: (1) he begins his apprenticeship three or four years later; (2) he is in peril of not being willing to drudge; (3) he is liable to lack a certain mechanical swiftness, or dexterity, in dealing with figures. To these three points I wish to allude.

Of course the graduate begins three or four years later than the graduate of the high school. The high-school graduate enters the bank at the age of eighteen, the college graduate at the age of twenty-two. But it is to be said

at once that the college man soon overtakes and soon passes the high-school man.

Of course, it is presumed that the two are of equal ability. Of course, too, it is to be recognized that there are men, having a college education, who have less intellectual power than high-school men not having a college education.

A college does not make brains; it is supposedly only to improve brains already made. But the argument is clear and solid that, in case the college man has as great intellectual ability as the high-school man, he will soon make up for lack of experience, experience which the high-school boy has gained, and having made up for this lack, he will soon go ahead of him, and will continue going ahead of him by constantly increasing lengths. He is able to put a better-

trained brain into his work. He is able to foresee and to see. He is able to do certain things without ever having learned to do them.

The question which has been discussed has had relation to the college graduate becoming a banker. It has no relation to the larger question of his relations as a citizen. It has no relation to the range of his own enjoyments or to the development of his own personal character. Those personal and larger relations are, of course, most significant and essential.

In these respects, I suppose, no one can question for a moment that the college, whether it does or does not aid a man in making a living through banking, does aid him in making a large life for himself and for the community.



A Successful Contest

By James A. Hoyt

Vice-president First National Bank in Detroit

BRINGING together, in the same building, for the first time three institutions which had for two years or more been financially affiliated, how should we get the officers and employees to think in terms of an organization unit? The answer to this question which we decided upon was an employees' contest for savings accounts.

The three institutions were the First National Bank in Detroit (formerly First and Old Detroit National Bank), Central Savings Bank and First National Company of Detroit; a group allied under a plan of unified ownership. There was a fourth organization added when the new First National Bank Building was completed and occupied, the First National Bank Building company, with its employees. Altogether the employees of the four companies number about 500. The new building was occupied March 20. The

employees' contest began April 1, and a few nights prior to that date a meeting of all the officers and employees of the four companies was held in the Central Savings banking room. From bank presidents and vice-presidents to scrub women, they were all there; only a few absentees. It was a meeting full of "pep", with a stirring talk by the best loved officer of the group, Vice-President William J. Gray, and spirited choruses by the employees. (By the way, mass singing of our employees is a regular institution with us; but that's another story).

Preparations for the content had been under way for weeks. First a careful study of contests held in other banks was made, and those features best adapted to our needs were incorporated into our own plans. A committee, with representatives of each of the four companies, was appointed, charged with the

management of the contest. The chairman of this committee was Cashier Fred J. Parker of the First National Bank.

The prizes offered were substantial enough to be worth working for. In addition to solicitation of savings accounts, the sale of safe deposit boxes was included, and each box rented counted for so many points. There was a cash bonus for each savings account and each box; there were special team prizes and individual prizes for points scored, for the largest aggregate deposits and for the greatest number of accounts secured. The main prize, which attracted the most attention, was an increase in salary to every employee who secured 200 or more accounts. More than forty employees "went over the top" for this prize. During the contest, from time to time, special prizes in the form of theater tickets or baseball tickets were offered and special weeks were featured in honor of some one officer of the allied institutions. However, the contest had run rather evenly so far as results per week were concerned; starting off with 842 accounts the first week and ending up with about 2900 accounts the last week, and with an average of about 950 per week.

The standing of the teams and the contestants at the end of each week were shown in a novel way. As we had just moved into our new building, we decided to utilize as a score board a reproduction of the building. This was made of beaver board. There being twenty-one floors above our main banking floor, one floor was assigned to each of the twenty-one teams, and there were twenty-four windows on each of the floors, a window for every contestant. The team making the highest score at any given date occupied the top floor, with a tag at each window for every member, and so on in the order of the team standing. Those who did not produce had their names turned to the wall.

While the unification of our employees was the main consideration in the contest, the results to be secured in new business were conceived to be most desirable. Privately we calculated that to get five thousand new savings accounts

would be doing well. The contest ran for three months, closing July 1. We actually secured 14,500 accounts.

The final, corrected tabulations have not been completed at this writing but the savings accounts will average about \$70. The cost per account will be about seventy-five cents. While not disparaging the value of work done by service corporations, it is manifest that these results are most gratifying compared with the cost per account and the average account secured by employed solicitors. But beyond all that, the contest did several other things for us. It was a fine test of the loyalty of the employees. It gave an insight into qualities of salesmanship and energy possessed by some of them, of which qualities they themselves were ignorant and concerning which their employer knew nothing. It developed the fact that an employee in one department was better suited for some other line of work than that which he had been doing. It also revealed among a few qualities not admirable; a willingness to resort to technicalities, not to say trickery, in order to secure a personal advantage; such employees of course were spotted for future consideration, if not dealt with at once.

Frankly, there was one disappointing feature of our contest. It is mentioned so that others may profit by it. We did not get the team work we should have had. The employees were organized into twenty-one teams with an average of twenty-four contestants to a team; each team having a captain and two lieutenants, and the membership of each team was composed of employees from each of the four institutions, with the purpose of getting them acquainted with each other by working together. We did not in the beginning lay sufficient stress upon team work, and consequently did not secure the best team results. Had we to do it over again, we would endeavor to inspire more team spirit and enthusiasm.

While the contest was conducted under the direction of the committee already referred to, the detail manage-

ment was in the hands of one man, and he has been a busy fellow these three months. It would have been less successful had he not possessed an un-

ing supply of tact, good humor and resourcefulness, and to F. H. Greusel the success of our contest is very largely due.



Moving a Hundred and Fifty Ton Vault Without Interrupting Business

By Philip Einsel

Construction Division, Hoggson Brothers, New York and Chicago

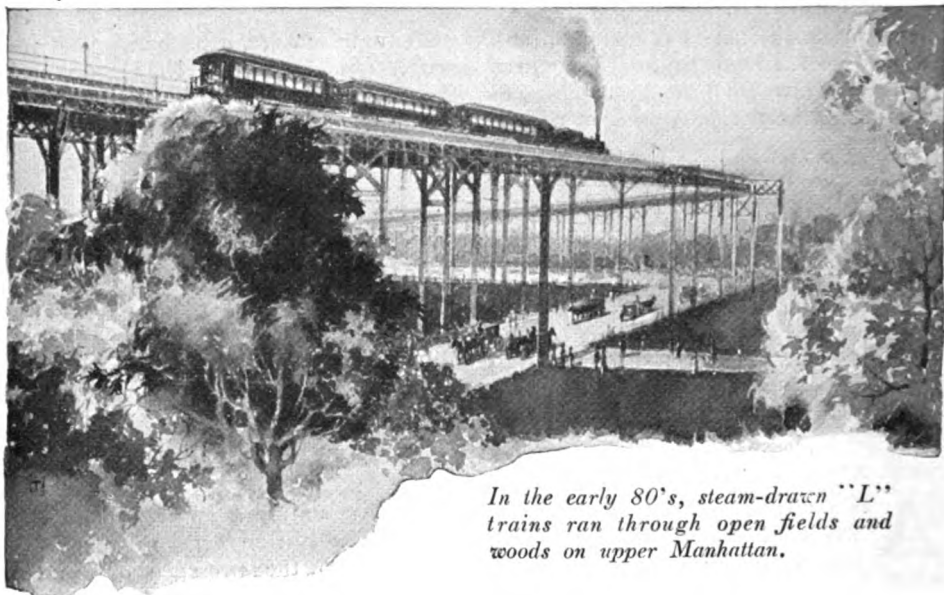
AN unusually interesting problem which very nearly assumed the proportions of a Herculean task was recently encountered in the remodeling of one of Pennsylvania's oldest banking institutions, The Easton Trust Company of Easton. Moving a vault is of course, only one incident among many unusual feats accomplished by those concerns which specialize in the work of constructing and remodeling bank buildings. Such an organization is that of Hoggson Brothers, the bank building specialists of New York and Chicago who undertook the operation in question at Easton.

As a part of the scheme for renovating and enlarging the banking room, many a former safe deposit vault has stepped down a rung in the ladder of life and has become the custodian for the books and reserve funds of the institution while its former place was taken by a shining steel monster known as a modern safe deposit vault. Such was the case in this instance. When such a transformation takes place it is the usual thing for the vault to be removed to a new location in the building, usually in the basement where the lower story is used for banking facilities and in many instances the uncovering and removal of old vaults has brought to light some interesting forms of construction. Rarely, however, is the problem of moving a vault or the discovery of its construction of a more

interesting nature than is that of the vault of the Easton Trust Company.

Owing to the presence of certain steel columns which supported the weight of the floors above and which were directly in the path of the shortest distance between the old location of the vault and newly selected resting place, it was necessary in moving it to complete a little over two sides of a rectangle, approximately thirty feet long by twenty feet wide so that while the total distance moved was something over sixty feet, the distance in a straight line from its former to its final resting place was about thirty feet. This does not seem such an undertaking until it is understood that the vault weighed between 150 and 200 tons and was moved complete with all its contents and without any interruption of business. During the entire time of moving, which consumed one month and two days, the vault was constantly in use by employees and patrons of the bank as a safe deposit vault. The unusually heavy weight of the vault was due to the fact that the walls, floor and ceiling were built up of interlocking railroad irons in a heavy angle frame enclosed in brick masonry with concrete floor and roof. In addition to this protection the vault was lined throughout with half-inch steel plate.

Due to the fact that the vault was used daily during the process of moving,



In the early 80's, steam-driven "L" trains ran through open fields and woods on upper Manhattan.

The Extension of the "L" to Harlem in 1880 completely revolutionized New York living conditions

Just three years before the Seaboard was organized in 1883, all of the elevated lines were at last extended to Harlem, a fact which completely revolutionized New York living conditions.

The ease of getting to and from business induced people in large numbers to move uptown. As a direct result, the "flat" from that time became a popular form of dwelling. "Harlem became a 'paradise of flats'," says a historian of the period.

There were seats for most passengers. "Straphanging" came into vogue at a later date. In the

80's the "L" was considered the "final solution of New York's transit problem."

How little they dreamed what this age of ours would be like! How little one age knows of the problems of the next! How necessary, then, not to be "hide-bound," but to be open-minded and to be willing to pioneer!

That has been the policy of the Seaboard, to be willing to pioneer, to meet the expanding needs of business with new, with better services, and with it all, to maintain its reputation for sound conservative banking.

The Seaboard National Bank

OF THE CITY OF NEW YORK
with which is combined

The Mercantile Trust Company



Mercantile Branch
115 BROADWAY
At Cedar Street

Main Office
BROAD AND BEAVER STREETS

Uptown Branch
20 EAST 45TH STREET
Near Madison Ave.

it was necessary to provide a temporary means of access to it at all times. This was accomplished by means of a wooden passage way from the old portion of the banking room which was left intact, out into the new section of the building which was being added and into which

That this accomplishment was completed without interruption to the business of the bank, and as a matter of every day procedure was taken as a matter of course by the officials of the institution and the building organization which performed it. Nevertheless, it



Main banking room of the Easton Trust Company of Easton, Pa.

the vault was being moved. This passage way had to be protected from the weather at all times as the new section of the building was open and the moving was done in the time of the year when there was considerable wet weather. The vault was guarded day and night by a special officer and in addition to this, a strong spotlight was attached to one of the steel beams so that the vault was in a full glare of light during the hours when the bank was closed.

does in many respects serve as an excellent illustration of the precision and dispatch which a concern organized for a specialized service is able to accomplish. On the other hand, it serves to bring out some of the extreme lengths to which the banking institutions of the country go in the matter of constructing strongholds for the protection of the public's funds and what an extremely intricate business the science of bank building has become.



Book Reviews

MORTGAGE LOAN VALUES. By Benjamin H. Dugdale. Indianapolis, Ind.

This book has been written with the idea of giving the reader the benefit of the author's twenty years' experience. It is a series of comments upon various matters pertaining to the mortgage loan business. The book is intended for the use of investors in real estate mortgages, and for those persons who may be called upon to act in an advisory capacity to such investors, in passing judgment upon the physical, moral or legal features of real estate securities.

The treatment of the subject is simply a discussion of practical questions which are apt to arise in the mortgage loan business. The book contains a number of valuable tables and sketches, some of which are difficult or impossible to find elsewhere and which add much to the practical value of the book.



MODERN CREDIT COMPANY. By Robert G. Merrick. Baltimore: Norman, Remington Company.

Among certain banking and credit circles it has been a much mooted question as to just what service the credit companies perform. The author of this book feeling that the truth could be arrived at by a scientific analysis of the problem has endeavored to obtain the opinions of those in favor of and those opposed to credit companies; to eliminate as far as possible the personal equation; to investigate both sides of the question in an unprejudiced manner; and to set forth the results obtained.

Most of the material was obtained by means of questionnaires, personal interviews, and correspondence with prominent bankers and credit company officials. The chapter headings of the book are: History of the credit company in the United States; Description

of the formation and functioning of the credit company; Types of financing performed; Assigned account and the trade acceptance; Analysis of the problem; Statistical data.



APPLIED BUSINESS CORRESPONDENCE.

By Herbert Watson. Chicago: A. W. Shaw Company.

To the reader not interested in undertaking a supervised course in business correspondence, this book supplies several of those distinctive characteristics of a course of study ordinarily not to be expected of a book. It contains complete machinery for the application, step by step, of its exposition. In connection with the provisions for application, each section is followed by problems which are specific assignments of work intended to make clear the application of the principles discussed in the text.

Mr. Watson speaks in terms of actual experience—broader perhaps than any previous author on the subject. He outlines a method of writing any business letter which is understandable and convincing. He was formerly in charge of the mail sales department of the A. W. Shaw Company, has been similarly connected with other concerns, and has for a number of years maintained in New York, offices as an advertising and sales specialist.



SPECULATION. By Thomas T. Hoyne. Chicago: The Universal Press.

In the first part of this book the demonstration of the absurdity of the "Commodity Dollar" of Professor Irving Fisher of Yale University; the prediction of the certain economic failure of the United States Grain Growers, Inc., with consequent financial loss to thousands of farmers; and the clear and self-evidently correct exposition of

Price and Value, demonstrating for the first time the true function of speculation in relation to them, have already been accorded recognition as being of highest education value in the field of economics.

The second part of the book deals with speculative markets, and the laws that control market fluctuation. That "a law governs every market action" Mr. Hoyne long ago proved in a series of daily forecasts of the action of the wheat market, published for a period of six months in a Chicago newspaper under the pen-name of "Argus".

The Chapters on Class Legislation, Greed and Fear, The Law of Averages, The Psychology of the Market, Rules and Principles, and Manipulation are intensely interesting and particularly valuable. Mr. Hoyne has had wide practical experience in business and as a market reporter and financial writer to test and temper academic knowledge of economics.



FRENCH PUBLIC FINANCE. By Harvey E. Fisk. New York: Bankers Trust Company.

Every effort has been made to have the statements and figures contained in this book accurate. The principal sources of information are listed at the back of the book. All of the statistical data used in the preparation of the tables has been obtained from official

sources. The book was submitted in proof form, in whole or in part, to many distinguished financial and economic authorities in France, who gave the proofs critical reading, checked some of the tables, and contributed valuable assistance. This has enabled the Bankers Trust Company to make the first complete comparative statement to be published of the public finance statistics of France for each of the years which have elapsed since the beginning of the war in 1914.

The volume takes up in chapters the following: The "Armed Peace", The Cost of the Great War, How France Financed the War, Post-War Financing, The Credit Structure, Behind the Lines, Life and Business Under Government Regulation, Devastation and Reconstruction, Reparation, Some International Comparisons, The Indemnity or War-Fine of 1921, How France is Governed, The Budget, National Expenditures, Revenues and Debt, Local Finance, History of the Bank of France, Crédit Foncier de France, Agricultural and Popular Banks.



INCOME TAX. By A. D. MacMillan. London: Effingham Wilson.

This is the fourth edition of a volume dealing with the intricacies of the English income tax, having special reference to repayment claims, and containing also a chapter on the super-tax.



First National Facts

- The First National Bank in St. Louis is the largest National bank West of the Mississippi.
- It has 39 Officers—experienced men who are held strictly accountable for service and results in the departments and sub-division of territory assigned them.
- It has 40 Directors—successful business men and recognized leaders, well acquainted with the scope of the bank's operations.
- It has 610 employees—trained and educated to render satisfactory and courteous service.
- It has correspondents in every state in the Union.
- It renders a complete banking service—and maintains a highly developed Industrial Service Department, Soil Products Department and Foreign Department.
- Its large resources, modern facilities and excellent organization are always, in full measure at the disposal of its large clientele.
- It solicits the accounts of banks and bankers who are looking for, and are entitled to, the best that can be obtained in the banking world.



BROADWAY—LOCUST—OLIVE

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

“**T**HE public, which is interested in the even supply of essential materials and bears the cost of strikes, should support the efforts of the Government to settle the coal and railroad strikes, and especially encourage the establishment of an adequate power for dealing with labor problems in this field which can command the confidence and respect of both sides,” declares the current issue of *The Guaranty Survey*, of the Guaranty Trust Company, New York. The *Survey* continues:

There is a great opportunity in this situation for leadership in the public interest. With the strikes by transportation workers, it is quite different for in this field we have the machinery for adjusting labor disputes in the Railroad Labor Board. Although the Board is without enforcing power, the Government cannot afford to permit protests against its decisions seriously to impair the transfer of freight and mails, and indications are that the strikers only hope to put the carriers to a maximum of annoyance, delay, and expense without completely stopping operation of the railways. Disputes between employers and operatives in the New England textile mills are being gradually settled through the return of the men to work under reduced wage scales.

A serious curtailment of productive industry would, of course, impose a heavy economic burden on the country, which labor, as well as all other elements, would have to help bear. But that fact does not seem to be fully realized by most of the strikers.

PRODUCTION NEARLY NORMAL

Notwithstanding the strikes, notable improvement occurred throughout the spring

in several important lines. The fundamental needs of our country for goods of all kinds are so strong and our consumption of commodities is so great that industrial revival has taken place during the first half of this year regardless of all latent uncertainties. These uncertainties, however, relate chiefly to the policies and future burdens of governments rather than to money rates, stocks of commodities on hand, or the consuming power of the public, and, therefore, do not greatly influence the business situation at times when buyers are convinced that the prices they must pay for goods will permit them to make profitable purchases.

There has been pronouncedly increased activity in the production of automobiles and railway equipment, in building, and in production of all building materials. This improvement has been accompanied by betterment in many other lines, as is evident from the unusually large number of freight cars loaded this spring with commodities which come under the merchandise and miscellaneous classifications. Statistics of production generally show that, in spite of the dislocation caused by strikes, the volume of production of manufactures has reached a point within ten per cent. of levels estimated as normal for the present year.

With the coming of summer the developing activity has received a slight check, due, it seems, more to seasonal dullness than to the labor troubles, as the full effects of the strikes have not yet been felt. This check has not reached the proportions of a setback and, indeed, there is no reason to expect a major reversal in the upward trend of the business cycle unless the labor disputes remain unsettled for some time. The wants of the consuming public can hardly have been satisfied so soon and there are numerous indications that foreign buying of our goods is on the increase.

Much forward buying probably took place before the recent advance in prices became

effective, and this is not the season for large commitments by manufacturers unless prices appear particularly attractive. It is, therefore, doubtful if the general wholesale price level has yet reached the point which will check the buying of those consumers whose wants are still unsatisfied. Consequently, the reappearance of the major downward swing of prices, which is indicated by a long-time view of affairs, need not be anticipated immediately, in spite of the fact that important reductions in the prices of several raw materials and finished products were announced this month.

IMPORTANCE OF A RIGHT SETTLEMENT

"The effect on the future, in any contest with labor," says the *Bache Review* of J. S. Bache and Co., New York, "is the most important consideration in treatment of the present railroad strikes. We are still feeling the ruinous influence of the Adamson law, which was the result of the most disastrous surrender of economic justice in a political court". The *Review* says further:

The railroad strikers, in the present instance, chose to go out against a decision by a Government Board, reducing their wages, and were indifferent to the loss of their seniority rights and defiant of the vital public interests involved.

They are now ready to go back conceding the wage reduction, but, due to the mistaken proposal of the President, they insist on seniority rights. If these were conceded it would put a premium upon striking in the future, because it would inculcate a feeling among labor leaders that strikes could be lightly ventured upon for purposes of gain, without danger of losing anything in case they were unsuccessful.

In the same connection, the positions of thousands of men who have accepted work in place of the strikers, would be rendered uncomfortable and uncertain, notwithstanding that these workers were taken on with the distinct pledge that their services would be retained regardless of the settlement of the strike. Their seniority rights practically began to accumulate when they joined the railroads. Abrogation of these in favor of the returning strikers would be manifestly unjust.

In future strikes, would it not be a strong influence to hold back volunteers, especially if they were efficient men, knowing that whatever pledges were made to them by the railroads were liable to be abrogated, and feeling that in joining the ranks they were merely furnishing themselves as temporary stop gaps?

SHOULD LOYALTY BE REWARDED?

But it is against the loyal men that the most injustice would be worked. Many men in the service refused to join the strike, and in so doing were assured of the seniority rights accruing to them and of the permanency of their positions thus advanced. On some important lines fifty per cent. or more refused to join the strike.


It is a base reward for loyalty, to subject these men to the possibility of being shoved aside to make way for a band of returning, unrepentant sinners, who flouted and defied the Government, and, after the strike was called and before it took effect, refused the summons of the Labor Board to meet the railroad executives for a conference with the Board.

It must be borne in mind that the question of pensions is not involved. Strikers, returning, would lose their seniority rights, but would retain all the accumulated benefits of their previous years of service with respect to their pension privileges.

THE DEFLATION MOVEMENT

"There are indications that the deflation movement has pretty well run its course and that the contraction of loans may be nearing the end", says the current letter of the National City Bank of Chicago. "A summary of the returns filed by the leading banks which make weekly reports to the Federal Reserve Board, and which represent about thirty per cent. of the country's total banking resources, shows a contraction of loans during the first six months of 1921 of \$1,483,022,000 followed by a further reduction in the next six months of \$614,468,000 and a curtailment during the first half of 1922 of only \$422,648,000. This shows a progressive decline in loan contraction and is highly significant under the circumstances. The letter reads further:

A large portion of the reduction may be accounted for by the liquidation of the so-called "frozen loan" account and by the heavy shrinkage of loans based upon government paper. Our unbalanced and unfinanced export trade is still a large factor in the country's loan account, although not nearly as prominent an influence as it was during the tremendous expansion of 1919 and 1920. The country's credit structure has been materially purified within the past year and taking the bank position as a whole it may be said that it has seldom



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CURTAILING EXPENDITURES

The country is benefiting from an expansion of the thrift movement and indirectly at least from the adoption of the pay as you go policy of the Federal Government. Extravagant habits of living are no longer fashionable and slowly but surely the whole nation is adopting a more sensible scale of living and practising worth-while economies. The urgent need for such action was pointed out the other day by President Harding before the second annual meeting of the Government's Business Organization, comprising the new budget director, Brigadier General H. M. Lord, and the subordinate members of coordinating boards and other financial agencies. After saying that the United States is one of the few countries which is now paying as it goes, and emphasizing the imperative need of scaling down all government appropriations as far as possible, President Harding added: "The blazing of the path of economy is not an easy task. Expenditure is too often applauded where earnest watchfulness of economy goes unnoticed, except for complaint. But there is a great compensation for the service done. It lies in the consciousness of doing the thing necessary to make govern-

ment more stable, to make burdens less difficult to bear, and to make our government an example to others and an example to the citizenship which it is meant to serve." This is good advice from a high source and reinforces what has been said by many leaders in business and finance, concerning the absolute need of curtailing outlay wherever possible. Living expenses, although greatly reduced from the high point of 1920, are still much too high for comfort and go far to explain the social unrest which has come to be such a factor of national disturbance here and in Europe".

OUR COAL CONSUMPTION

Recent developments in the coal industry of the United States lend interest to some figures of world coal production and consumption presented by the *Trade Record* of The National City Bank of New York. They show that the United States which has more than one-half of the underground coal of the world supplied forty-two and one-half per cent. of the world's coal output from the beginning of the war to the end of 1920 as against an annual average of about thirty-eight per cent.



1864 — SERVICE — 1921

FOR fifty-seven years the First National Bank of Jersey City has striven continuously for the attainment of the highest ideals in banking SERVICE.

Public appreciation constantly increased the demands made on this institution until it became necessary to greatly increase facilities.

This new building, the last word in bank construction, provides these additional facilities so that a still broader and more efficient banking service will be rendered.

First National Bank of Jersey City
Jersey City, N. J.

in the year preceding the war. In 1921, however, with the big fall off in our own output, we supplied but about forty per cent. of the world's coal production, though in the immediately preceding year, 1920, our share of world production was forty-five per cent. The *Trade Record* says:

PRODUCTION BY COUNTRIES

The United States, Great Britain, Germany, France, Czecho-Slovakia, Japan, Belgium, India, China, Australia and South Africa, are, in the order named, the world's chief coal producers and the countries here named normally supply approximately nine-tenths of the world's coal output. Our supremacy in this line is illustrated by the fact that our own output in 1920 was more than that of the three next largest producers of coal of the world, Great Britain, Germany and France, their 1920 output having aggregated but 510,000,000 tons, while our own output in that year was 583,000,000. Even in 1921, in which year our output fell to the lowest point since 1909, our total output was about equal to that of the three chief rivals above named, though this was due in part to the unusually low output of Great Britain in 1921.

PRODUCTION DURING THE WAR

The big increase in our coal production during the war, an advance from 458,000,000 tons in 1914 to 606,000,000 in 1918, was accompanied by great increases in our coal exports. They totaled, including bunker coal supplied to vessels in the foreign trade, in the fiscal year 1914, all of which preceded the war, twenty-seven and one-half million tons, valued at \$86,000,000, and in the fiscal year 1921 49,000,000 tons, valued at \$135,000,000. While there was of course a big fall off in our coal exports in the fiscal year 1922, as was the case in the exports of all classes of merchandise, the value of the exports of coal in the year ending June 30, 1922 is about fifty per cent. greater than that of the year preceding the war. Our total exports of coal (including bunker) since the beginning of the war have exceeded a billion dollars in value.

World coal production in 1921, adds the bank's statement, aggregated about 1,120,000,000 metric tons against 1,331,000,000 in 1918, and 1,342,000,000 in 1913. Our own production in 1921 was 441,426,000 long tons against 583,333,000 in 1920, 605,546,000 in 1918, and 508,893,000 in 1913. Our share of world production in 1913 was thirty-eight and six-tenths per cent., in 1918 forty-six and four-tenths per cent., in 1920 forty-five and four-tenths per cent., and in 1921 approximately forty per cent. The 1921 out-

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The continued growth of this Company, without consolidation, since its establishment under perpetual charter in 1836, is evidence of the satisfactory service rendered.

Capital and Surplus . . .	\$10,000,000
Resources	56,000,000
Individual Trust Funds	285,000,000

Corporate Trust Funds . . . \$1,386,000,000

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THIS institution specializes in remedial measures to preserve for financial interests their equities in industrial or mercantile ventures.

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put by principal countries is: United States 441,426,000, United Kingdom 163,000,000, Germany 186,000,000 tons of coal and 122,000,000 tons of lignite, France 28,250,000 tons of coal and about 1,000,000 tons of lignite, exclusive of about 10,000,000 tons mined in the Saar Basin in Germany in which France was given under the Treaty of Versailles the exclusive right of coal production during a term of years. The low production in the United Kingdom in 1921 (163,000,000 tons against 230,000,000 in the preceding year) was due to the suspension of coal mining during three months of 1921.

THE EXISTING SUPPLIES

The existing underground coal supplies of the world, or "reserves" as they are called by the geologists, were estimated by a World Geological Congress which met in Canada in 1913, at 7,397,283,000,000 metric tons, of which that of the United States was put at 3,888,657,000,000, or about fifty-two per cent. of the total; Canada at 1,284,269,000,000; China 995,587,000,000; Germany (in 1913) 423,886,000,000; and the United Kingdom 189,583,000,000. Nearly all of the known coal of the world lies north of the equator, the statements of the Geological Congress above referred to giving the southern hemisphere less than five per cent. of the known coal reserve of the world, though

in the opinion of experts this share of the southern hemisphere will be materially increased by further exploration and discoveries.

While the quantity of coal turned out from the mines of the United States since the beginning of coal mining a century ago is about 14,000,000,000 tons, it is estimated by the Geological Survey that approximately ninety-nine per cent. of the original supply is still available, while, as above indicated, our known coal reserve is about fifty-two per cent. of that of the entire world. Coal consumption in the United States averages, for the entire year, over one million tons per day.

WHAT IS A LIVING WAGE?

Discussing the question, what is a living wage, *The Index*, published by The New York Trust Co., says:

Most of the discussion of this subject ignores the fact that there is no such thing as a determinable living wage which could, with reason or justice, be uniformly applied to all workers in a given class in all parts of the country. Obviously, a living wage for a single man would not be a living wage for the head of a family in a given section. But it is easily possible, for example, that a living wage for a single man where living

The Transfer of Securities Made Easy

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gives you all the essential facts about each state—whether or not court orders or inheritance tax waivers are required, what forms must be executed and where to apply for them, what inheritance and stamp taxes must be paid, the uniform rules of practice of the New York Stock Transfer Association, etc. The matter under the various state headings has been revised by local attorneys, whose names are given, so that it has the aspect of local practice and experience.

The New York Stock Transfer Association, under whose authority the Stock Transfer Guide and Service is issued, is composed of the banks, trust companies and corporations doing the largest amount of transfer work in the United States, and the rulings and other data contained in the Service represent the experience of its members as to the best transfer procedure.

Every financial institution maintaining a trust or transfer department and every attorney dealing with estate matters or passing upon the validity of stock transfers, is in need of the complete, always-up-to-date authoritative information given in the Stock Transfer Guide and Service.

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WILMINGTON, DEL.

costs are highest might balance that of the head of a family where costs are lowest though both perform the same kind of work. Nor even as to individuals without regard to their responsibilities to support others, is it possible to arrive at a definite figure which can be said to represent the necessities of living. Aside from the fundamental impossibility of arriving at what is a living wage there has arisen in this connection a disposition on the part of the spokesman of labor entirely to ignore the question as to how much an industry can pay.

In the recent cases before the Labor Board the contention was made that the cost-of-living budgets of workers showed that it was necessary that each one of them should have annual earnings of \$2,636.97. Later the claims of railroad labor's advocates were concentrated upon the demand that rates of pay should be established that would provide an annual income of \$2,133.

Examining these claims, the majority opinion of the Labor Board in its last decision pointed out that if every one of the 25,000,000 families in the United States were guaranteed an income of the smaller amount (\$2,133), the total income of the country would be exceeded by the sum of \$13,225,000,000. To pay the lower wage demanded by the rail workers alone would have wiped out the entire net revenue of the carriers and shown a loss of hundreds of millions of dollars.

FIGURES ON BUSINESS AND INDUSTRY

Recent figures received by the Department of Commerce on commercial and industrial movements during June bear out the conclusions previously noted with regard to the reacting effect of the labor difficulties on industry. However, those disturbances do not seem to have affected the deeper undercurrent of returning prosperity. Production in many industries has been slowed down by these annoyances, but there is the general feeling that early settlement will be reached and that business will continue to gain in volume. The report follows:

TEXTILES HOLD SAME LEVEL

Although there are no figures available on the consumption of wool for June, the activity of the woolen machinery indicates that this industry operated at about the same level as in May. Imports of wool were very much lower than in any recent month. Receipts of domestic wool in Boston showed a large seasonal increase, but the decline in the receipt of foreign wool brought the total below that for May.

1781

The Oldest Bank in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of \$2,000,000, Surplus of \$3,000,000, and Undivided Profits of \$482,664.26, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

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Assistant Cashier

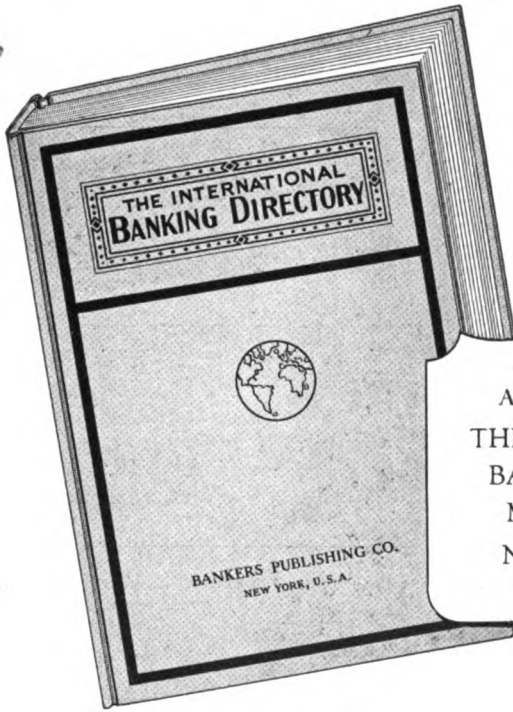
JOHN W. WHITING

THE BANK OF NORTH AMERICA

(NATIONAL BANK)

PHILADELPHIA

1922



A Directory of
the Banks of
the entire World
under
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THE
BANKERS
MAGAZINE
New York

Bankers, Exporters and Importers

WE announce the forthcoming publication of the 1922 edition of the INTERNATIONAL BANKING DIRECTORY. This publication will be found of inestimable value to those requiring a dependable and comprehensive reference book containing a complete listing of banks and bankers throughout the world. It gives in addition requisite information as to resources, branches, agencies and correspondents as well as the names of the principal executives.

In addition there are new maps in colors showing every country, a complete table of money values of every country, and other features of practical and daily use.

.....192

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Please send us prepaid.....copies of the next.....annual issues of The International Banking Directory, for which we will pay Ten Dollars (\$10.00) per copy.

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June exports of cotton cloth showed another increase, making the total of 62,850,000 square yards, the largest for any month since October. There was a slight increase in cotton spindle activity. Shipments of knit underwear declined, although new orders and unfilled orders on hand were larger than for the month before. Imports of burlap and of unmanufactured fiber increased in June.

PRODUCTION IN METALS LESS

Prices of iron and steel continued to advance in June, but the increase in production was less marked than in the preceding months. The production of foundry iron in Ohio increased. The output of sheets remained practically stationary, although sales and unfilled orders increased. The shipments and unfilled orders for steel barrels were larger in June than in the preceding month and very much greater than a year ago.

Copper production amounted to 93,740,000 pounds, a distinct advance over May. June exports of copper also increased. Imports of tin increased and, with the exception of March, were the largest for any month since the middle of 1920.

PETROLEUM BELOW MAY OUTPUT

The June production of petroleum was slightly below the May output although the daily average was higher. The total consumption also showed a slight drop, although more than 6,000,000 barrels above the same month of last year. Stocks of crude continued to increase and, at 254,901,000 barrels, established another new record for this commodity.

Automobile production continued to increase, setting new records for the output of both passenger cars and trucks. Revised figures show a total production of 263,008 passenger cars and 25,982 trucks in June.

PAPER AND WOOD PULP

The total production and shipments of newsprint were slightly less in June than in May, but exceeded the figures for any other month in the past year and a half. Stocks of newsprint, particularly in the hands of publishers, increased during June. All other important kinds of paper showed an increase in production during June, with the exception of wrapping paper.

There was a marked decline in the June production and shipments of mechanical pulp, but the output of chemical pulp showed little change, compared with May. Stocks increased.

BUILDING SHOWS ANOTHER INCREASE

As noted previously, there was a slight decline in the value of building contracts



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SERVICE —Courteous regard for the wants of each customer

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**MARINE
TRUST COMPANY
OF BUFFALO**

Capital and Surplus . . . \$17,000,000.00

awarded in June, although the figures on square feet of floor space increased, reaching a total of 60,526,000, thus setting another new high record. The production and movements of practically all building materials increased during June.

FOODSTUFFS SHOW MARKED GAIN

Exports of cereals showed a marked increase in June, which was mainly accounted for by the increase of 4,000,000 bushels in the exports of wheat and flour and by the exceptionally high figure of 7,114,000 bushels for oats and oatmeal.

Exports of beef and pork were greater than in May. Cold-storage holdings of pork products showed a further seasonal increase, although still below the level of a year ago. The cold-storage holdings of all dairy products increased, with the stocks of butter and eggs above those held at this time last year.

CONDITIONS IN THE SOUTH AND WEST

The United States Mortgage and Trust Company has recently compiled a comprehensive and detailed survey of conditions in the South and West. Of

these conditions the bank says in a brief summary of the survey:

There would seem to be reason for optimism tempered by caution in general business and crop conditions. Industries are clearly tending toward a more healthy situation. The shortage of business space reported until recent months seems to have been provided for, and further business construction at this time will have a tendency to decrease rents. In housing, while the shortage created during past years perhaps warrants additional construction, the pronounced activity in this field, it would seem from this report, is in advance of business conditions. Should this movement slow down, adjustment in labor might result; meanwhile, building costs should be scrutinized with great care and in many instances discounted.

The excessive competition in mortgage investments which is resulting from the present abundance of money, will bring a period requiring the exercise of patience and good judgment. As a whole, particularly after considering the period through which we have passed, there is much of what might be termed "quiet encouragement" in the situation.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CONVENTION DATES

American Bankers Association, New York, Oct. 2-6.

Delaware—at Rehoboth, Sept. 7.

JOHN H. FULTON ELECTED PRESIDENT NATIONAL PARK BANK

John H. Fulton has been elected a director and president of the National Park Bank of New York, to succeed Richard Delafield, who has served as president since 1900, and becomes chairman of the board. Mr. Fulton will assume the duties of his office upon his return from vacation, September 1.

Mr. Fulton was born in Canada of Scotch parents. His career as a banker has been marked by continued success since his early entry in the business of banking, which occurred in 1888 with the Merchants Bank of Canada. In 1887 he joined the Canadian Bank of Commerce, and in 1895 came as accountant to the New York Agency of that bank. He left New York a few years later to become manager of the agency of the Canadian Bank of Commerce in New Orleans. In 1901 he organized in New Orleans the Commercial National Bank and in 1902 the Commercial Trust and Savings Bank, and was president of both these institutions up to 1917. He served as vice-president of the New Orleans Clearing House for two years and was president of the Louisiana Bankers Association. After attaining a high standing in that city as a banker and becoming identified with many interests in Louisiana and Mississippi, his ability won him the confidence and esteem of all with whom he came in contact.

In January, 1917, Mr. Fulton's recognized financial ability attracted the attention of the late James Stillman, chairman of the board, and F. A. Vanderlip, president of the National City Bank of New York, who offered him the position of vice-president of that institution, which he accepted, becoming a year later one of its executive managers.

He is a director of the Canal Commercial

Trust and Savings Bank, New Orleans, Crucible Steel Company of America, Western Assurance Company of Toronto, British America Assurance Company of Toronto, Essex County National Bank, Willsboro, New York, and also president of the Canadian Society, and treasurer of St. Andrews Society.

Mr. Fulton's extensive acquaintance, his broad knowledge of the business of the country, and his thorough training as a banker will be of important advantage to the National Park Bank, and greatly strengthen the institution in its wide commercial field.

At the recent meeting of the board of directors, the following elections took place: Richard Delafield, chairman of the board; John Hamilton Fulton, president; Gilbert G. Thorne, first vice-president; Ernest V. Connolly, H. E. Scheuermann, Ralph L. Cerero, Jay D. Rising, vice-presidents; Fred'k O. Foxcroft, cashier.

GUARANTY TRUST COMPANY ANNOUNCEMENT

The following statement was issued by W. C. Potter, president of the Guaranty Trust Company of New York:

Attention is called to certain newspaper statements of the indebtedness of Allan A. Ryan to the Guaranty Trust Company of New York, variously placed at \$8,500,000 and upwards.

The facts are that Allan A. Ryan and Allan A. Ryan & Company owe the Guaranty Trust Company of New York for its own account, a principal amount of approximately \$4,000,000, against which pledged collateral applies. Cognizance has been taken of this situation for more than a year and in anticipation thereof, reserves have been set up against this account aggregating \$3,000,000.

While there are loans standing in the name of the Guaranty Trust Company of New York in excess of the figures given above, all such loans are held by the Guaranty Trust Company in its capacity as trustee and for the account of others.

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$515,000

OFFICERS

JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*

JULIAN D. FAIRCHILD, *President*

HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

RETIRES AT EIGHTY-SEVEN WITHOUT MISSING DAY IN THIRTY-SIX YEARS

After thirty-six years of continuous and uninterrupted service, during which period of time he has never missed a banking day in the attendance of his duties as cashier, Hon. Myron B. Ferris, of Spencer, New York, recently retired at the age of eighty-seven, as cashier of the Farmers and Merchants Bank of Spencer.



HON. MYRON B. FERRIS

Recently retired at the age of eighty-seven as cashier Farmers and Merchants Bank of Spencer, N. Y.

Mr. Ferris is a life-long resident of Spencer and one of its most progressive and leading citizens. He has had an active and honorable business career of more than half a century.

In his early life Mr. Ferris was a clerk in mercantile stores in Owego and Elmira, but returned later to Spencer, where he became a partner with C. J. Fisher in the mercantile business. From that time until 1884 he was in some direct manner identified with the mercantile line in that town.

He is one of the founders of the Farmers and Merchants Bank. In 1886 he became the bank's assistant cashier. He later became cashier, which position he held until his resignation at a recent meeting of the directors of the bank. The directors adopted laudatory resolutions expressing their appreciation for his active, conscientious, and honorable service. When he became assistant cashier the resources were \$50,000, and he watched their steady increase until today they amount to \$340,000.

Mr. Ferris is a Democrat in politics and represented his town as supervisor from 1878 to 1881. He was a candidate for the office of member of assembly in 1882 and was defeated by only twenty-seven votes. The following year he was elected to that office. He was the first Democrat to be elected to that office since 1856.

Fred B. Cooper, who has been assistant cashier at the bank, succeeds Mr. Ferris as cashier.

Mr. Ferris will continue to carry on his insurance business as local representative of many of the country's leading fire insurance companies.

GROWTH OF THE MORRIS PLAN

During the first six months of the present year, the Morris Plan banks throughout the country lent over \$38,500,000 to more

than 175,000 borrowers. The total number of loans made on the Morris Plan in its first twelve years (to June 30, 1922) was 1,760,000, the amount so lent being over \$320,000,000.

The Morris Plan Bank of Richmond—the 107th in the system—has been opened with a paid-up capital of \$250,000 and surplus of \$125,000. The first Morris Plan bank was opened by Arthur J. Morris in the same state, at Norfolk, his home town, in 1910. The second of these institutions, in successful operation at Atlanta, Ga., since 1911, has just changed its name from the Atlanta Loan and Savings Company to the Morris Plan Bank of Atlanta, and has increased its capital from \$125,000 to \$250,000. The Morris Plan Company of New York opened its sixth branch in July. This company has a capital of \$1,000,000 and is lending at the rate of more than \$12,000,000 a year.

**AMERICAN BANKERS ASSOCIATION
DELEGATES**

W. Irving Bullard, vice-president of the Merchants National Bank, Boston, Mass., and Rudolph S. Hecht, president of the Hibernia Bank and Trust Company, New Orleans, La., have been appointed as delegates of the American Bankers Association to visit the Brazilian International Centennial Exposition.

**EMPLOYMENT SERVICE OF THE
FOUR NATIONAL ENGINEERING
SOCIETIES**

The Four National Engineering Societies, the offices of which are at 29 West Thirty-ninth street, New York, probably maintains the best free employment bureau connected with any industry or profession in the United States. Members of many affiliated societies and organizations are available through this service bureau, so that it is in fact a national clearing-house for engineering talent of all kinds.

The bureau has advised THE BANKERS MAGAZINE that its readers who are officials of or connected with organizations in which a central personnel department is not maintained, are at this time given a cordial invitation to make free use of the bureau by advising the various departments in their organizations of the existence and usefulness of the Engineering Societies Employment Service.

The bureau is in a position to furnish appraisal, and industrial engineers, statisticians, and executives.

The administration of the bureau is in



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**E. F. SHANBACKER
President**

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NATIONAL BANK**
Philadelphia

charge of W. V. Brown, manager employment service, Engineering Societies Building, 29 West Thirty-Ninth street, New York.

The Four National Engineering Societies include the American Society of Civil Engineers, American Society of Mechanical Engineers, American Institute of Electrical Engineers, American Institute of Mining Engineers.

JAMES F. McCLELLAND

James F. McClelland has been appointed assistant vice-president of the New York Trust Company in charge of the industrial department.

BANK OF CENTRAL AND SOUTH AMERICA ORGANIZED

Organization of the Bank of Central and South America, with a capital of \$5,000,000 and a surplus of \$2,500,000, to carry on the New York banking business formerly handled by the Mercantile Bank of the Americas, was announced August 10, by E. R. Stettinius of J. P. Morgan & Co.

The new bank will take over the shares formerly held by the Mercantile Bank of the Americas in five affiliated institutions in Colombia, Peru, Costa Rica, Venezuela and Nicaragua and its own shares in turn will be held for the time being by the Mercantile Bank of the Americas, which will cease to function as a banking institution.

BANK OF AMERICA ELECTS NEW DIRECTORS

On August 10, at the meeting of the board of the Bank of America, New York, the following were elected directors: Phineas C. Lounsbury, ex-Governor of Connecticut; Kimball C. Atwood, president Preferred Accident Insurance Co.; Gilbert H. Johnson, Isaac G. Johnson & Co.; David L. Luke, president Virginia Pulp & Paper Co.; Edward K. Cherrill, vice-president Bank of America.

WILLIAM SLOANE

William Sloane, head of the firm of W. & J. Sloane, New York, died August 11 in his fiftieth year. Mr. Sloane was a director of the Bank of the Manhattan Company, New York. He was also a trustee of the United States Trust Company, Bank for Savings, Provident Loan Society, the Public Library of which he was secretary, director of the Burke Foundation and a member of the Chamber of Commerce.

GEORGE V. DREW ELECTED VICE-PRESIDENT A. B. A. FOR NEW YORK STATE

George V. Drew, assistant secretary of the Equitable Trust Company of New York was elected vice-president of the American Bankers Association for New York, at the recent New York State Bankers Conven-



GEORGE V. DREW

Assistant secretary Equitable Trust Company of New York who was elected vice-president of the A. B. A. for New York State

tion held at Lake Placid, New York. Mr. Drew is eminently fitted for this post, enjoying a wide acquaintance among banks and bankers throughout the country. He has represented the Equitable Trust Company at a number of bankers' conventions and is a well known figure at these gatherings.

MERGER APPROVED BY STOCKHOLDERS

Plans for the merger of the Lincoln National Bank, formerly the Lincoln Trust Company, with the Mechanics and Metals National Bank, New York, received formal approval at special meetings of stockholders of both institutions on July 20. The completion of the merger now awaits only the official approval of the Comptroller of the Currency at Washington.

According to the merger details, so far as they have been made known, three of the offices of the Lincoln will be continued as

branches of the Mechanics and Metals National Bank. These offices are located at 204 Fifth avenue, Broadway and Leonard street, and Broadway and Seventy-second street, and will be in charge of the same staffs of officers as heretofore, the former officers of the Lincoln being appointed branch officers of the Mechanics and Metals National Bank.

With the completion of the merger the Mechanics and Metals National Bank, in addition to its head offices at 20 Nassau street, will have twelve branch offices on Manhattan Island, with capital, surplus and profits in excess of \$27,000,000, its net deposits will be approximately \$175,000,000.

**NEW CORRESPONDENT FOR
EQUITABLE TRUST COMPANY**

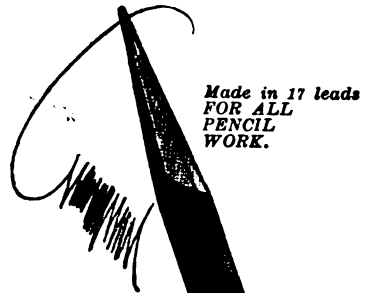
The Equitable Trust Company of New York has announced the appointment of Richard E. Hanson as its correspondent for Philadelphia. Mr. Hanson will be assisted by Arthur Haines.

Mr. Hanson was born in Philadelphia, September 31, 1886, in which city he received his education at the Episcopal Academy. Upon graduating he entered the service of A. Colburn & Company, importers and manufacturers of spices and teas. After a brief time spent in the Colburn factory he became a salesman, being placed on the road at the age of eighteen. His first association with the world of finance came in 1912, when he was engaged as salesman with a Philadelphia bond house, continuing in that capacity until 1917, at which time he came to New York to join the forces of the Guaranty Trust Company. The experience which Mr. Hanson gained while selling gave him a foundation for salesmanship that has been of great value in his banking career. At the time Mr. Hanson joined the Guaranty, that company was expanding rapidly and establishing numerous branch offices throughout the country. Mr. Hanson was successful in superintending the opening of a number of these branch offices. He was eventually placed in charge of the Baltimore office, developing an excellent business in that territory. In February, 1920, Mr. Hanson resigned to become a vice-president of the Fidelity Trust Company of Baltimore, in charge of the new business department. He resigned this position in March, 1921, coming to the Equitable Trust Company of New York as assistant to James I. Bush, vice-president in charge of the new business department. He was subsequently made assistant secretary. His recent appointment

"I USED to think that all pencils were alike," said the paying teller, "until I came across Dixon's Eldorado.

"It's a real pleasure to figure with a pencil like this. You'll be surprised at the way it eases and quickens your work."

**DIXON'S
ELDORADO
PENCILS**



*Made in 17 leads
FOR ALL
PENCIL
WORK.*



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FREE SAMPLES**

Write for full-length free samples of Dixon's Eldorado and full-length free samples of Dixon's "BEST" Colored Pencils. Both are supreme in their field.

**JOSEPH DIXON CRUCIBLE CO.
PENCIL DEPT. 168-J, JERSEY CITY, N. J.**

*Canadian Distributors:
A. R. MacDougall & Co., Ltd., Toronto*

brings him into a territory with which he has long been familiar. Mr. Hanson enjoys a wide acquaintance in Philadelphia and vicinity.

HARVEY J. CONNOLLY

Harvey J. Connolly, formerly secretary of the Italian Discount & Trust Co., New York, has been elected first vice-president and cashier of the newly-opened Atlas Bank.



HARVEY J. CONNOLLY

Elected vice-president of the Atlas Bank, recently organized in New York

BANKERS TO GREET VISITING WOMEN

Women who come with members of the American Bankers' Association to its eighteenth annual convention in New York next October will be well cared for, according to the plans of a women's reception committee, headed by Mrs. Dwight W. Morrow.

The convention will continue from Monday, Oct. 2, to Friday, Oct. 6. On Tuesday the homes of thirty-five or more New York bankers will be thrown open for luncheon

to the women visitors, who are expected to number between 2500 and 3000. That afternoon a great fashion show will be given at the Hotel Plaza. The wives, sisters and daughters will be entertained with a round of teas, receptions, theater parties, sight-seeing trips and other diversions.

Several of the women's clubs will be hostesses to the visitors, among them the Women's University, Women's City, Colony and Cosmopolitan Clubs, each of which, it is understood, will select one day from the convention's four-day session on which to throw their houses open.

The executive branch of the committee includes Mrs. Morrow, Mrs. George F. Baker, Jr., Mrs. Cornelius N. Bliss, Jr., Mrs. James A. Burden, Mrs. Arthur A. Fowler, Mrs. Charles D. Norton, Mrs. Harold I. Pratt, Mrs. John T. Pratt, Miss Jean Arnot Reid, Mrs. Charles H. Sabin, Mrs. Reeve Schley, Mrs. Leland Stillman, Miss Ruth Twombly, Mrs. George Whitney and Mrs. William Woodward. Miss M. R. McKinley, executive secretary, is in charge of headquarters just opened on the second floor of the Bankers Trust Company Building, Madison avenue and Fifty-seventh street.

WILBER NATIONAL BANK, ONEONTA

At a regular meeting of the board of directors held August 7, Albert B. Tobey, formerly vice-president of the Wilber National Bank of Oneonta, N. Y., was elected president, in place of George I. Wilber, deceased, and Irving H. Rowe, for many years a director, was elected vice-president to succeed Mr. Tobey.

FIRST NATIONAL OF PHILADELPHIA OPENS OFFICE

The First National Bank, Philadelphia, Pa., has been authorized by the Comptroller of the Currency to open an additional office at Broad and Sansom streets.

The bank has leased the ground floor of the North American Building now occupied by Redmond and Company, who will move to new quarters at 1427 Walnut street.

When alterations are completed, the First National Bank will be enabled to increase its facilities for serving the people of Philadelphia, and especially the growing number of its depositors.

The bank will, of course, continue to occupy, as its main office, its five-story building at 315 Chestnut street.

New England States

**Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
and Rhode Island**

The First National Bank of Boston

**The leading financial institution of
New England**

**Foreign and domestic commercial
banking of every nature**

Correspondence solicited



AN individual bank building built for the Lewiston Trust Company, Lewiston, Me., a highly successful institution catering to an enterprising and discriminating public. The building is of Indiana limestone and embodies the most up-to-date requirements of a modern banking house.

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

ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

THERE is no denying the fact that New England has been worried over the coal situation—not so much as to how the strike would end, as to how her industries were going to fare in the distribution of the available supply. A full survey of the situation by the authorities who handled the coal through the war period has relieved the tension considerably and with the resumption of mining of soft coal, the situation brightened still further. Worry over the supply of coal was all the sharper for New England industries are busy and practically every factory is well filled with orders. Trouble in the textile field still hampers certain localities, but other lines are exceedingly busy. There is a decided shortage of labor and materials in the building trades on account of the rush of business, which shows no signs of abating. Prices for various commodities are still higher in New England than in other parts of the country, but the general price situation is so much steadier, and people are buying so much more freely, that merchants and jobbers are inclined to place their orders for future delivery with new confidence.

Collections have shown a marked improvement; the "summer dulness" in many lines has been much less pronounced this year than usual; the banking situation is satisfactory and money rates have dropped much the same as in New York. Bond houses that have good public utilities to sell are finding a ready market here, and other securities refuse to be shaken out of investors' hands by any of the present trouble. Retail stores have had an exceptionally good summer business and are looking forward to a brisk fall trade, for there is little involuntary unemployment, and little prospect of any.

In the rapidity of its growth the building industry has surpassed all others in this section of the country, and the activity embraces every grade of construction, from the small house to the big hotel or factory.

The low rates for money have brought a great many speculative builders again into the field, and the increase in the number of tenements is already having an appreciable effect on rents—the one factor in the cost of living that has resisted most stubbornly. Prices for building materials have risen quite sharply from the low levels of a few months ago, but the rise has been due simply to the extraordinary demand, and is so



Turning a crop into money

FINANCING has as much to do with making a successful cotton crop as planting and cultivating. Merchants finance the grower so he can pay labor. Local banks finance the merchant and in turn seek funds from larger banks. Without intelligent financing, growers would be forced to sacrifice cotton for cash.

The National Shawmut Bank is an important link in the financial chain. The services of this bank are used to reduce the expense of costly handling between the fertile cotton fields of the South and the mammoth cotton mills of New England. Our correspondents are located in every concentrating point, ready to carry out instructions of clients in all matters in which a bank can be of assistance.

You are invited to call upon our 86 years of experience for suggestions as to economical methods of financing shipments to domestic and export markets. In dealing with firms in this territory the quickest and most direct route is via *the bank that is closest to the heart of New England's industries.*

Correspondence is cordially invited

**THE NATIONAL SHAWMUT
BANK of BOSTON**

Capital and Surplus \$20,000,000

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

clearly defined as to make it possible for the speculative builders to figure pretty accurately on a fair return on their money, even at the lower rent level.

Bankruptcies have fallen off sharply, in about the same proportion as in other parts of the country. At this writing there is some tension over the railroad situation, but so far the New England roads have maintained a good service in the face of handicaps, and the response to the call for hands to replace the strikers has been large. Freight movements have suffered some delay, but on the whole the situation has not been too bad.

The crop situation in rural New England is satisfactory, and the improvement is reflected by heavier buying in all of these communities. Heavier buying is also reported from all of the mill towns except the few where strikes are still in progress.

RHODE ISLAND HOSPITAL TRUST COMPANY

The Rhode Island Hospital Trust Co., Providence, through the purchase of the Providence County Savings Bank of Pawtucket, has opened offices in the latter city in the rooms formerly occupied by the Savings Bank. Negotiations are under way looking toward the acquisition of a central site where will be located permanent Pawtucket offices of the Rhode Island Hospital Trust Co. Plans call for quarters which will be worthy not only of the traditional service of this Company, but also of the city of which it is now a part.

In its announcement the Company says: "Established in 1868, this Company is the oldest trust company in New England. Throughout its fifty-four years of service, it has been closely identified with many of the most important business enterprises and estates in Rhode Island, always holding steadfastly to the ideal of furnishing its customers with the most complete and useful facilities that modern banking practice could devise."

The following have become members of the Trust Company board of directors: George T. Greenhalgh, J. Milton Payne, James C. Potter, E. Russell Richardson, Frederic W. Easton, Herbert O. Phillips, Charles A. Horton, Robert R. Jenks.

BANKERS SUPPLY COMPANY

R. G. Weaver, who has represented the Bankers Supply Co., manufacturers of Super-Safety Insured checks, for some time in various parts of the country, has recently taken over the Connecticut territory for this company. Mr. Weaver intends to make Connecticut his permanent home.

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.
Capital \$200,000
Surplus and Earnings 302,680
F. A. Drury, President.
T. J. Barrett, Vice-President.
H. M. Abbott, Treasurer.
Frederick J. Bye, Assistant Treasurer.
Send us your Massachusetts collections.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

BY THOMAS EWING DABNEY

A GENERAL improvement in the employment situation is the economic feature of July in the South. Industrial establishments have generally strengthened their payroll. This is said without reference to the railroad strike, which must be considered as a temporary phase, and, so to speak, local. The continuance of the strike would of course have a widespread effect upon business; but things have not yet reached a critical stage, and the general situation is good and getting better. It is especially significant when force is increased during the dull summer months.

We can read the results in the savings banks accounts. They increased generally throughout the South; not only increased as compared with last year; but increased in June, the latest statistics available, as compared with May. Savings accounts in the Louisiana banks, for instance, were 1.9 per cent. greater in June than in May, and 5.6 per cent. greater than in June, of last year. Mississippi's banks showed a 2.8 per cent. increase over May but only a .2 per cent. increase over June, 1921. Georgia's banks showed a 2.5 and a 3.3 per cent. increase, respectively; Alabama's a 2.5 per cent. increase over May but a 2.7 per cent. drop as compared with last year. And so on.

The banking situation showed an improvement in other directions. Deposits on open account are rising, and while in some cases loans are increasing, as a general rule agricultural loans are being held down to the minimum.

Debits to individual accounts continued the forward march begun in May, according to the June summary of the Federal Reserve. The increase in June was seven per cent. above the same period last year. Of the fifteen Southern cities for which the figures were compiled, only three show decreases—Chattanooga, Nashville and Pensacola. New Orleans showed the highest increase—24.4 per cent.; Birmingham next—

24 per cent.; Montgomery third, 18.3 per cent.

Demand deposits also show improvements—averaging twelve per cent. above last June and slightly better than this May.

The improvement in general business conditions, while nothing to stir the headline writer, has been solid. It is reflected in the decline in failures, both in number and liabilities, as compared with May; the total was considerably less than it was in June of a year ago.

June's retail sales throughout the territory were about 8.8 per cent. smaller in value than they were during the same month a year ago. Jackson, Miss., was the only city to show an increase—6.3 per cent. Nashville made the next most favorable



The Branch
Our First President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,848,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

BANK FIXTURES FOR SALE

White Italian marble mahogany trim, bronze grill work, steel mesh cages, ten windows, two marble check desks, electric fixtures, three mahogany flat top desks, one double with chairs, two bookkeepers' desks. Occupies space 40 x 51 feet, can be adjusted to fit a larger or smaller space.

Photos and complete description upon request. Moving into new building September 1st, can give possession at that time.

St. Joseph Valley Bank
Elkhart, Indiana

showing, with a decrease of 1.1 per cent.; and Atlanta third, decrease of 5.9 per cent. New Orleans was 10.6 per cent. off.

Wholesale business in June, while not up to May's volume, was encouraging. The principal decreases were in shoes—9.4 per cent.; and farm implements, 23 per cent. Comparing the June business of this and last year, we find that the only declines in 1922 were in hardware, 2.3 per cent.; and in shoes, 7.3 per cent.

Building activities show a remarkable speed-up. Houses and commercial structures are rapidly going up. New Orleans' figures are typical. The building permits for that city have risen from \$570,875 in January to \$1,678,122 in July. The total for the first seven months of 1922 is \$6,323,577, which is within \$2,000,000 of the totals for the entire year 1921. It is confidently predicted that New Orleans' building this year will roll up to \$10,000,000.

Textile manufacturing is showing an increase, and the rate of the cotton consumption is reported to be increasing. The coal output of the Alabama fields shows improve-

ment. In iron and steel, the Alabama production registered a slight decrease. Receipts of naval stores have risen.

New Orleans' \$1,500,000 coal tipple and handling plant, built recently by the state dock board and considered a financial *faux pas* by many persons who view things through the glass of politics, is now recognized as the life preserver of the Mississippi Valley during any such condition of transportation disorganization as it is possible for the present strikes to develop. Originally built to encourage the movement of a cargo coal trade to Latin-America, obviously a long-pull development, but one that promises well because of the reciprocal relations that would be created, the tipple is thus coming into its own sooner than was anticipated.

This handling plant is now recognized as being so vital for the reason that if the railroads are tied up, the British coal, now being brought in through the North Atlantic ports, would find its most natural route into the interior via New Orleans, the Mississippi barge line, and trucks from river towns.

From a strictly local standpoint, the tipple would save New Orleans and its territory from any shortage as long as the Alabama mines continue in operation, for the Mississippi-Warrior barge line connects New Orleans with the Alabama fields. The mines are being operated and there is no indication of their being tied up.

This tipple, by the way, is one of the most modern and efficient plants of its kind in the country—small, but adequate to the needs as they were foreseen and capable of expansion.

"With such a facility", declares General

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
E. H. Pringle, Jr., Vice-Pres.
R. S. Small, Vice-Pres.
A. R. LaCoste, Vice-Pres.
G. W. Walker, Cashier.
J. H. Lucas, Assistant Cashier.
C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
Drafts on Charleston drawn with exchange remitted without charge.

First National Bank

Richmond, Virginia

Capital and Surplus . . . \$3,500,000

Resources 30,000,000



The Old First--Established in 1865

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V. Pres. & Tr. Officer
A. K. PARKER Vice-President
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the development of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

Manager Walsh of the dock board, "New Orleans and its territory and the Mississippi Valley would never experience a want of coal. The shipping board's recent announcement that a large number of ships will be reconditioned and placed in the overseas coal-carrying service has brought out the great potential value of this tippie. Ships with overseas coal may proceed direct to New Orleans, where their cargo can be efficiently handled at the public coal tippie".

The government's cotton report of August 1 caused a great advance in cotton, which will be reflected in business throughout the belt. A 5,500,000 carry-over was feared, but the government put the figure at 4,900,000; it gave the condition of the crop as 70.8, which is lower than the other estimates that have been influencing the market.

June's imports at New Orleans gained \$1,599,049 over May's. They were \$5,014,442 greater than in June, 1921. The total was \$12,972,956, the third highest on record for the month. The high records were in June, 1920, \$31,384,171; and June, 1919, \$14,049,189. This June's figures show that New Orleans—and the South is reflected in the

advance—is maintaining the improvement since business turned the corner.

RICHMOND BANK OPENS NEW OFFICE

Announcement has been made that the Planters' National Bank of Richmond, Va., has purchased the property known as No. 108 East Broad street, and will build there at once a modern office to take care of its extensive Broad street and uptown clientele.

It is the purpose of the Planters to have its uptown office perform every service that is given by the Main street bank, and several of the bank's officers and efficient employees will have charge of the operation of the Broad street office. It is understood that this action on the part of the Planters' Bank will not be followed by the acquisition of offices in other parts of the city, as the officials feel that in establishing an uptown offices they will have placed a convenient service at the disposal of the business men which will answer all requirements.

The building to house the office will be modern in every way, and the office also will be modernly equipped.

ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

PLANTERS NATIONAL BANK APPOINTMENTS

To accept a vice-presidency of the Planters' National Bank, Richmond, Henry S. Hotchkiss has resigned as vice-president and treasurer of the Virginia Bonded Warehouse Corporation, which he organized. He will enter upon his duties with the bank on Tuesday. Prior to the organization of the Virginia Bonded Warehouse Corporation, Mr. Hotchkiss was vice-president of the Wingo, Ellett & Crump Shoe Company. He

is eminently qualified with natural ability and business experience for his new duties.

In announcing the election of Mr. Hotchkiss, President W. Meade Addison, of the Planters' National Bank, also announced that Paul Mayo, manager of the savings department; R. E. Hotze, Jr., manager of the new business department, and Wilson M. Brown, of the credit department, had been advanced to the positions of assistant cashiers.

It was also announced that the new banking offices to be erected by the Planters' National Bank on East Broad street would cost \$100,000. Plans have been submitted by Carneal & Johnson, architects, and the site at 108 East Broad street is being cleared for the new structure.

BALTIMORE BANK INCREASES SURPLUS

Directors of the National Bank of Baltimore recently increased the bank's surplus \$200,000, from \$800,000 to \$1,000,000, and in addition to the regular dividend of two and one-half per cent, declared an extra dividend of one-half of one per cent., making a total dividend of three per cent. for the quarter ending June 30.

The three per cent. dividend for this quarter is at the annual rate of twelve, which, it is understood, will be made the regular dividend rate of the bank before the next dividend is due. The old regular dividend rate of two and one-half per cent. a quarter was on an annual basis of ten per cent.

Both the regular dividend and the extra dividend were payable July 1 to stockholders of record June 24.



Little Giant Bank Director

Striking, Enduring, Dignified, Cheap and Effective Advertising

Sold to one bank only in any town or city.

They bring local, as well as tourist, business if erected at principal crossings, junctions and prominent points on highways entering your city. They also advertise the city in which you live.

They are furnished with any lettering desired. Can also be supplied for merchants or any other class of business.

LITTLE GIANT COMPANY

Established 1876

237 Rock St. Mankato, Minn., U. S. A.

Middle States

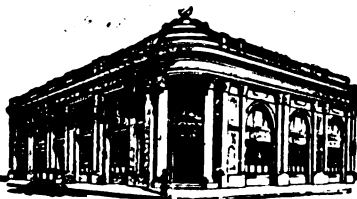
Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

BRILLIANT crop prospects, improved sentiment in the agricultural sections and a disposition there to buy more freely are the cheerful aspects of the month in business in the central west. In contrast there is a lack of fuel which is crippling industry and a distressing transportation situation which is delaying shipments of goods and hampering the movement of soil products to markets. As to which is the dominant phase of conditions opinions are likely to be governed by the disposition of the observer. There is plenty of cause for congratulation and more than enough ground for misgivings as to the future if labor affairs should hold long to their present trend.

Looking at the brighter side first, one sees a steady advance toward liquidation in the country districts, assurance of bountiful yields on the farms, a disposition on the part of producers to sell their harvests, to reduce their debts and provide for their wants on a much more liberal scale than has been the case for the last two years. Prices have undergone another decline, but are not unsatisfactory and the volume of products is doing much to reconcile growers to a lower standard of returns. Sales of implements and farm machinery have been much larger than was expected earlier in the year, running in some cases as much as 100 per cent. ahead of those of last year. Reflecting a similar betterment the large mail order houses seem definitely to have turned the corner and to be again on a money-making basis, their sales showing increases of about fifteen per cent. as compared with those of the corresponding time last year. When it is realized that this is the first marked upturn in this quarter in nearly two years the significance of the change can easily be appreciated. There does not seem to be any doubt in the minds of bankers and others in a position to judge the trend of conditions that but for the discouraging effects of the railroad and coal strikes business would be making rapid strides toward



Continuously affiliated
with the industrial and
crvic advancement of
Saint Louis since 1890

Capital,
Surplus and
Undivided
Profits



Over
Eight Million
Dollars

Fourth and Pine

Saint Louis

normal. That there is unmistakable improvement in spite of these adverse factors gives gratifying evidence of the strengthening of the foundations of financial and commercial prosperity that has come about in the last six months.

Money continues easy and there is little increase in the borrowing demand, except in the agricultural sections, and there the call for funds is so moderate that there seems to be reasonable certainty that the crop moving period will be passed without any stringency. The position of the Federal Reserve bank is being constantly strengthened. This is due in part to increased gold holdings, but also to liquidation. Redis-



Like Detroit's Great Plants

In Detroit—the fourth city—men have learned to keep abreast of today. They have learned never to hesitate in replacing even the semi-antiquated, if they would progress.

This Bank has taken lessons from Detroit's great manufacturing industries. It razed a fourteen story hotel building to make way for the above modern structure.

Here every department is designed to speed and insure accuracy in the handling of the financial responsibilities placed with us. Minutes are considered in the routing and dispatching of business.

The Bank is like a great modern plant.

With such facilities, this Bank is in first position to serve you in the Great Lakes Region.

(Formerly First & Old Detroit National Bank)

FIRST NATIONAL BANK

DETROIT MICHIGAN

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

counts are now well below the \$100,000,000 mark and there is also a steady shrinkage in the amount of note circulation, although it does not keep pace with the reduction in borrowing of member banks. With a reserve ratio in the neighborhood of eighty per cent. conditions are much more comfortable than they were at this time last year. The reserve bank maintains a rediscount rate of four and one-half per cent. as against four in the principal eastern reserve banks, and there is not likely to be any reduction unless the latter should go to three and one-half per cent. The ruling rates for commercial paper are four and one-quarter to four and three-quarters per cent., with a little of the highest class being placed at four. The metropolitan banks are virtually out of the reserve bank and are getting five per cent. or better for most of their loans. The country banks, however, are still carrying a considerable load of old commitments and while there is an encouraging prospect that the proceeds of this year's crops will carry liquidation to a point where it need no longer cause concern, the directors of the reserve bank do not believe that a further reduction of the rediscount rate at this time would have a tendency to hasten this desirable condition.

Wholesale orders are running a little ahead of the corresponding time last year and buying for fall is proceeding satisfactorily, although this business was somewhat late in getting started. There is some complaint of delayed shipments of goods from mills, these running from four to ten days, due no doubt to the impaired condition of equipment as a result of the railroad shopmen's strike. Woolens for the fall trade are moving freely at slightly reduced prices. Cottons have been slowed up somewhat by uncertainties as to the crop of the raw material and by further advances in finished goods. There is pronounced resistance to the marking up process, which undoubtedly is a reflection of the attitude of retail buyers, and this has accentuated the disposition of merchants to buy as closely to immediate needs as possible. Clothing factories are running at about seventy-five per cent. of capacity. Their orders for fall are reported as ten to fifteen per cent. below those of last year. Some of them did little in the earlier months of the year on men's garments, being engaged almost altogether on women's apparel, but in the latter department the demand seems to be turning from suits to dresses and more attention is being given to the outfitting of men.



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over
\$375,000,000

Are Your Coal Mines making money today?

*Peabody - managed mines
are. Let us show you why,
Our Service includes man-
aging, operating, selling.
Experience 39 years.*



PEABODY
COAL COMPANY

Founded 1883

332 South Michigan Ave. - CHICAGO

Operating 44 Bituminous Mines in 11 Fields with Annual Capacity of 23,000,000 Tons

Retail business is satisfactory for the time of year and is better in the country than in the cities. In Chicago there was a week of severe loss to the downtown department stores because of a street car strike, but settlement of this trouble was followed by a rush that made up much of the lost ground. The special sales of the month, in furniture, shoes and furs have been well patronized. The turnover of seasonable goods, especially vacation outfitting, has been large, and with more settled industrial conditions the prospects are good for an increased distribution of merchandise in the fall.

Curtalement of manufacturing notwithstanding an increasing volume of orders has taken place this month because of the shortage of fuel. This is true especially in the steel industry, the mills now operating at sixty-five to seventy-eight per cent. of capacity as against sixty-five to eighty-five a few weeks ago. The demand for finished steel continues heavy, but very little is being booked, the manufacturers being fully sold for the rest of the year and being disinclined to make commitments farther ahead than that under present conditions and prices. Production costs are increasing steadily and it is not expected that fuel conditions will be much better during the winter so far as prices are concerned. Quotations for finished steel are firm, especially for bars, shapes and plates, which are 1.90 to 2c, Chicago, with some sales at above the latter figure reported. The railroads

are not buying so freely as they were, but there is still a steady inquiry for track accessories and materials for the building and repairing of cars. Pig iron has been advanced \$3 a ton to \$26 in the last month, and is firm at that figure. Here also fuel cost is an important factor, as well as the enlarged demand for iron.

Unemployment, aside from voluntary idleness due to strikes, has been materially lessened. Thousands of men have gone to the harvest fields. There has been one strike in a Chicago steel plant for a twenty per cent. increase in wages. In most of these mills common labor has been cut to about thirty cents an hour, and the competition from other industries has made it difficult to keep forces up to the number required.

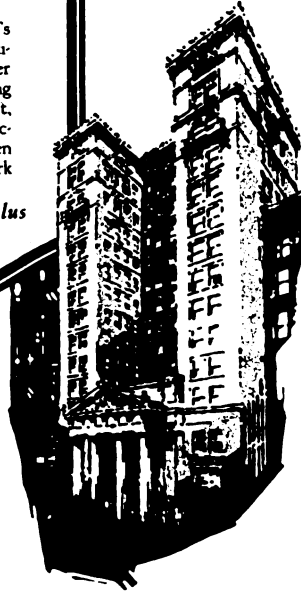
Building operations continue on a large scale. The number of permits issued for the first seven months of the year broke all records, and activity in this field promises to be maintained through the fall and winter. Materials are all strong, and the market for lumber has almost reached the runaway stage. For some months orders have exceeded production and the mills are so far behind that those with stocks find no difficulty in obtaining premiums where they are disposed to exact them. This industry has been one of the first to feel the effects of the rail strike because of the precedence given to passenger service and the higher classes of freight.

Investment demand holds up well. New issues of securities are fewer and those that

The
**UNION TRUST
COMPANY**
Cleveland

ONE of the country's mightiest banking institutions and the center of commercial banking activity in the great, wealthy industrial section midway between Chicago and New York

Capital and Surplus
\$33,375,000



appear are placed quickly if they have behind them even a fairly good "set up". There is especial activity in real estate mortgages and in the bonds based upon this security, as that is about the only place now that a seven per cent. return is obtainable.

CONVENTION DATES

Indiana—at Indianapolis, Sept. 13-14.

KARL H. SOMMER

Karl H. Sommer, assistant secretary of the Guardian Savings and Trust Company, Cleveland, and president of the Cleveland Chapter of the American Institute of Banking, died July 26, at Lakeside hospital. He was forty-one years old.

Mr. Sommer had been a member of the Guardian Bank staff for eleven years. For five years he was auditor, from which position he was promoted in March to assistant secretary in the trust department. He was an enthusiastic worker in the A. I. B., and under his leadership, the Cleveland Chapter

attained high ranking because of its large membership and extensive educational activities. His many friends and acquaintances throughout the banking world regret exceedingly his untimely death.

H. M. MORGAN JOINS ADVERTISING AGENCY

H. M. Morgan, assistant vice-president of the St. Louis Union Trust Company is leaving that institution on September 1 to become vice-president and treasurer of the Johnson Reed and Company, one of the well known advertising agencies of Chicago in which Mr. Morgan has long been the largest stockholder.

Mr. Morgan has been associated with the banking interests in St. Louis for a number of years. He was a charter member, officer and director of the Financial Advertisers' Association since it was organized. As a frequent contributor to the various financial publications on the subject of banking, trust business and insurance Mr. Morgan is well known throughout the country and has been frequently called upon to make speeches on these subjects. He spoke at the last two

conventions of the American Bankers Association.

Mr. Morgan is universally popular in St. Louis and has a large circle of friends who will regret that this greater opportunity is causing him to give up St. Louis for Chicago.

MISS MARION BARRY WINS TRIP TO FRANCE

The big Good-Will contest recently conducted by prominent concerns in Cleveland, the money received from which is to be used in behalf of the devastated districts of France, was won by Miss Marion Barry of the Union Trust Company, who gained a large majority of the total votes cast.



MISS MARION BARRY

The winner of the Good-Will contest in Cleveland, who is a member of the force of the Union Trust Company

Miss Barry, in company with three young ladies of Cleveland who were next to her in the number of votes gained, sailed for France on July 22, with all expenses paid.

Votes in this contest sold at ten cents each. That Miss Barry gained a total of 56,133 votes speaks well, not only for her

own popularity, but for the good-will on the part of the Cleveland public which the Union Trust enjoys.

NEW BANK ADVERTISING DEVICE

A very effective and durable advertising novelty known as the Little Giant Bank Director is now being supplied to banks by the Little Giant Company, Mankato, Minn.



Little Giant Director

The device is sold to one bank only in each town or city.

The Little Giant director is made of high grade cast semi-steel,—as nearly indestructible as possible, and will last almost indefinitely, with expense, only, of occasional painting.

Dimensions are over all,—length thirty-six inches, width eighteen inches, thickness one-half inch.

It is furnished in larger or smaller sizes, with any length of pipe support desired, in any combination of colors, and for either right or left direction.

Letters are of metal one-fourth inch high, cast integral with director, and protected by raised rim of similar height around the entire outer edge.

Mileage on each director is cast in figures, or fractions, of similar height, and as may be necessary according to distance the director will be erected from the bank.

The approximate weight of the director is fifty pounds.

It is equipped with two inch pipe support of any length specified, and can be set in the ground anywhere and the only tool required is a post auger.

Any special lettering desired can be put on the director which is guaranteed forever against defective material and workmanship.

PRIZE OFFERED BY FARM MORTGAGE ASSOCIATION

Prizes aggregating \$225 are offered by the Farm Mortgage Bankers Association of America for the best fifty-word code of

Special Service Bureau

All Bankers who contemplate visiting or passing through Chicago are invited to make use of our Information and Travel Service Bureau. We will gladly make your hotel or railroad reservations, furnish time tables for all railroads and steamship companies, purchase theatre tickets, furnish information regarding shops and general points of interest.

Address mail or wires to Travel Service Bureau

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

BANKS AND BANKERS DEPARTMENT

FRED A. CRANDALL, *Vice President* S. P. JOHNSON, *Asst. Cashier*
R. V. KELLEY, *Asst. Cashier*

ethics, stating the principles of the association.

There are three prizes, the first \$150; second \$50; and the third \$25, and codes must be in the hands of the judges not later than September 18, 1922. Names of winners will be announced at the Ninth Annual Convention of the association at the Congress Hotel in Chicago, October 3 and 4.

The committee to determine the winners consists of Prof. R. B. Dennis, Northwestern University; A. D. Welton, Continental and Commercial Bank, Chicago, and W. F. McClure, American Bond and Mortgage Company, Chicago.

Detailed information as to the contest will be supplied by any member of the association or by any public library in the United States.

BANKERS GIVEN RIDE IN CLOUDS

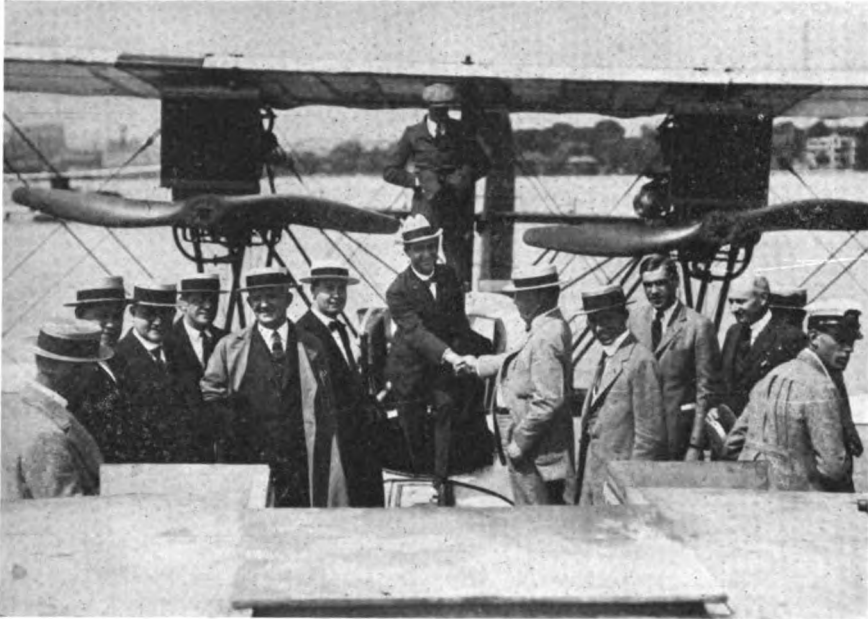
Whisked from Cleveland to Detroit in ninety-five minutes in the flying boat "Wolverine" of the Aeromarine Airways company, seven of Cleveland's leading bankers, guests of the First National Bank of Detroit, were given a first-hand illustration on August 10, of why the First National be-

lieves in giving every encouragement to aeronautics.

The flying trip, the inspection of the splendid home of the First National by the Cleveland guests, and the luncheon in the bank dining room, at which Howard E. Coffin gave an interesting talk on aeronautics, past, present and future, formed a "Get-Together" move by the Detroit and Cleveland bankers, whose interests are closely allied.

Those who made the trip from Cleveland, leaving there at 9.05 Thursday morning, and sweeping down to the only aero-marine floating "depot" in the world, off Owen park, at 10.40 o'clock were: J. C. Nevin, secretary and assistant federal reserve agent; J. C. McHannon, vice-president Central National bank; E. V. Hale, vice-president Union Trust company; Edwin Baxter, vice-president Cleveland Trust company; Thomas Coughlin, vice-president Morris Plan bank; A. R. Fraser, vice-president Guardian Savings & Trust company, and H. E. Small, treasurer Morris Plan bank.

Stepping out of the cabin of the "Wolverine" at the "depot" out in the river, the Clevelanders all spoke enthusiastically of their trip, declaring they had never enjoyed



W. J. Gray, vice-president First National Bank in Detroit, welcoming a group of Cleveland bankers who made the trip to Detroit by aeromarine boat, the "Wolverine" in 95 minutes

so comfortable a ride, either in Pullman car or automobile.

They were greeted at the floating depot by a delegation of First National bank officials and others, and taken to the big bank building, where they made a tour of inspection, ending with a trip to the roof, whence they viewed the city.

At the luncheon, in the bank dining room, Howard E. Coffin, of the Hudson Motor Car company, a pioneer in the movement to build a great aeroplane system in America which would prove invaluable to the government in the event of war, delivered a most interesting address on aeronautics.

The particular reason for bringing the Clevelanders across the lake in the flying ship, to talk to them of aeronautics, was because the great development of aeronautics is being centralized in the Great Lakes district, Mr. Coffin said. Detroit, Cleveland and Buffalo he pictured as natural links in the central chain, this district being already pioneering in aeronautics, and possessing the backing of the automotive industries already centered here.

FIRST NATIONAL BANK IN ST. LOUIS

The First National Bank in St. Louis desires to prevent or correct any misunder-

standing with reference to its decision as to opening additional offices which may result from the public advertisement that have appeared in the St. Louis Press and are otherwise reaching bankers and business men. It, therefore, makes the following statements:

In opening additional offices, in St. Louis, we believe that we are within our legal rights as well as within the administrative regulations governing national banks.

We have no intention of opening offices out of the City of St. Louis. Such a course would be entirely contrary to the policy of this bank. Moreover, we do not believe that under the law and departmental regulations a national bank can have offices outside of the city or town where its charter authorizes it to do business.

Branch offices of banks are now and have been for many years in existence in many states. They are quite numerous in New York, Michigan, California, Ohio, and in other states. The growth and development of New York City, Cleveland, Detroit, San Francisco, and other cities have not been handicapped by their existence, nor is there any evidence whatsoever in these cities that there is any tendency towards monopoly in banking.

The additional offices of the First National Bank in St. Louis are intended to serve better our customers and to aid in the industrial development of the city. Loans and other banking services will be offered to the people of the neighborhood where such offices are operated as freely and on as extensive and liberal terms as are now made to the many thousands of patrons of the First National Bank.

The establishment of additional offices by us in the City of St. Louis will not tend to monopoly, but on the contrary, will increase competition because in many districts of the city there is only one bank. The objection to additional offices comes only from outlying banks in the city, who mistakenly think they will be injured by wholesome healthy compe-

tion. With all due respect to their advertised views, we do not believe that competition in banking is hurtful either to the business itself or to the public generally.

It is not our intention to enter into any public controversy, but we feel that it is necessary to make this statement to our patrons and the public. We expect to continue the policy of operating additional offices unless the Courts determine to the contrary, in which event, we shall endeavor to serve our patrons as heretofore at our present banking office.

CLEVELAND DISCOUNT COMPANY

The statement of condition of the Cleveland Discount Company, Cleveland, Ohio, at the close of business, July 20, 1922, shows the following:

RESOURCES

Cash on hand and in Banks	\$ 1,011,127.57
Mortgage loans secured by approved real estate and real estate mortgage bonds	25,119,559.33
Loans secured by approved collateral and other loans and discounts	2,866,467.50
Other bonds and securities	1,367,602.29
Investment in stock of the Cleveland Discount Building Company	250,000.00
Accrued interest	284,651.66
Prepaid taxes and expense	12,997.29
Accounts receivable—bond subscriptions	11,866,479.44
Organization, branch offices, furniture, fixtures, equipment and good will	Nothing
Total resources	\$42,778,885.08

LIABILITIES

Borrowers' loan credits (to be paid borrowers as buildings are erected or other requirements are fulfilled)	\$ 9,583,894.07
Bond subscriptions (unpaid orders on which bonds will be delivered when paid for)	14,731,000.00
Interest collected but not earned....	35,436.67
Bond sinking fund collections	64,907.31
Reserve for taxes	157,847.63
First mortgage collateral trust bonds and certificates issued and outstanding	7,245,500.00
Capital Stock:	
Preferred	
Authorized \$20,000,000.00. Paid in Common	8,333,216.68
Authorized 200,000 shares without par value. Issued and outstanding 150,952 shares. Paid in	1,345,495.00
Surplus and undivided profits.....	1,301,387.72
Total Liabilities	\$42,778,885.08

The New York office of this company is at 469 Fifth avenue, in charge of Gage E. Tarbell, vice-president. The company also has, in addition to the main office in Cleveland, offices in the following cities: Los Angeles, Washington, Pittsburgh, Milwaukee, Buffalo, St. Louis, Philadelphia, Chicago, Baltimore, Cincinnati, Detroit, Richmond, and Des Moines.

NORTHWESTERN NATIONAL ABSORBS THREE BANKS

The Northwestern National Bank of Minneapolis with which the Minnesota Loan & Trust Co. is affiliated, has purchased the business of the Lincoln National Bank, Lincoln Trust & Savings Bank, and the South Side National Bank, all of Minneapolis. These will now be operated as the Lincoln and South Side offices of the bank.

The staffs of the merged banks remain intact with George F. Orde, former president and director of the Lincoln National as manager of the Lincoln office, and O. O. Sterling, former second vice-president of the South Side State, as manager of the office of that name.

Plans are under way for the erection of a building for the enlarged bank at the corner of Marquette and Sixth streets.



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.

GIVE us markets that will pay. This is the cry of the Western states today. Nature has done and is still doing more than the Western states expected of her this year. For the third successive year the Western states have not only had a large harvest of corn but generous yields of wheat. Other crops are excellent on the whole. Considering the law of averages and the records of the past few decades, the Western states have fared and are still faring exceptionally well this season. But this immense territory with its enormous crops is not so happy as one might be led to believe from an examination of the statistics of its harvests. The immediate reason for this is to be found in the action of prices the past month, downturns having been the rule on the markets where the products of farms and ranges are sold.

It must be said to the credit of farmers that they are not agitating over prices. Nor are they striking. The last two years of deflation taught the producers, or better, those who needed lessons to bear hardships, to accept the inevitable with all possible grace. Down in Kansas, where wheat is at the lowest price in six or more years, unusual progress toward the seeding of the 1923 crop is reported. A new organization, the Southwestern Wheat Improvement Association, has been preaching the desirability of early plowing of land for winter wheat. It has, with funds subscribed mainly by millers, exerted an influence to persuade county farm agents, agricultural colleges and other agencies to spread the same wheat "gospel". Among other things this campaign has emphasized to the farmers who raise wheat that early plowing means an increase of one to seven bushels in the average yield per acre. Being eager to reduce production costs to the lowest possible figure, this advice has been accepted by farmers. The result is that it is already assured that the foundation for the 1923 winter wheat crop will be laid with more intelligence and

with more assurance of a successful harvest than in years. Surely this does not smack of farmers' strikes. The same is true of other farming activities. Unusual efforts are being made to arrange for extensive feeding of corn and other feed crops to live stock in order to endeavor to obtain the most from these harvests. A stimulus in this connection is the fact that the past year proved to be one of the generous profits for the feeders of live stock. In Central Nebraska, for example, one large operator earned a net profit of more than \$500,000 on lamb feeding operations last winter and spring. This is an unusual instance, of course, but it reflects upon the financial possibilities of live stock feeding.

The conclusion should not even be reached that the Western states are pessimistic because they find it necessary to call for markets for their crops. There is an air of hopefulness in the West. At the same time it is well to recognize the fact that less optimism is apparent than two months ago. Even with present prices, however, Nebraska banks, which were as hard hit as those of any state by the aftermath of the war boom, are predicting that by the end of the present crop year, or by the fall of 1923, the financial position of farmers will be back to normal. The banks of Nebraska are anticipating a better business year than the one just closed, but they frankly assert that, unless prices advance, there will be room for boasting only about the size of crops. In studying the business outlook, one readily finds that what is true of Nebraska applies to the other Western states more or less, for this state is very typical of that group with the exception that it has no cotton, which is very important to Oklahoma. The obligations of each of these states show a reduction from last year, which, as generally recognized, will tell favorably on new business.

A notable feature of the situation in this territory is the accumulation of farm requirements and the shrinkage in the stocks of rural merchants. The break in farm prices that cut so heavily into the buying power of farmers caught rural merchants

and mail-order houses, too, with large stocks of high-priced merchandise. These stocks have been worked off slowly and painfully in many instances. The difficulties entailed in the disposition of these stocks are not yet ended, but the rural mercantile situation is immensely improved. Farmers in the meanwhile have been frugal in their buying—more frugal than in years. There are many unfilled wants in their homes—some of a character that means a larger volume of rural merchandise business as well as an increased business for mail order institutions and others that cater to the agricultural industry. This trade is already beginning to make itself manifest. But where the humble potato crop is so low as to lead to the postponement of sales, it is natural to find this buying power slow in making its appearance. And where wheat brings only seventy cents a bushel instead of around one dollar, the dream of farmers who sought three dollars a bushel two years ago, there is less new money to be spent. And the borrowing habit for spending except where absolutely necessary is still a thing of the past.

The wheat market tells the story of the call of the West for wider and stronger markets. The winter wheat harvest was late and very liberal in volume. The spring wheat states have a large crop, one of the best in years. Canada has a large crop of wheat. There is a great exportable surplus of wheat in North America. Europe needs more wheat. But the buying power of Europe is not normal, so the foreigners are not lending the support expected of them as buyers of the bread grain. There is much disappointment among millers, for their export flour trade is light, comparatively speaking. In domestic channels, the absence of a strong European demand has led wheat and flour handlers to pursue a more cautious policy than usual. Not in years has there been so little deferred buying of flour, that is, flour for delivery in sixty to ninety days or more for the bakery and other trade. Mills have therefore shown less disposition to absorb wheat. The public, after having taken many losses, is doing less than in a long time in the future grain pits, so another source of support is missing. Flour jobbers who took big losses in the course of the slump in wheat from around three dollars a bushel to the present level could not speculate in many instances if they desired. If the world would only start a revival of business in Europe—do something to add to the buying power of the Old World—there would be a turn for the better in wheat and the West would smile more than it is smil-

Protection Publicity Economy for Banks



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HARTFORD
against loss through
fraudulent or felon-
ious alteration.

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Insured
BANK-CHECKS**

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PROTECTION—Every bank and each of its depositors using Super-Safety Insured Checks is *positively* protected by \$1,000.00 of insurance against loss through fraudulent alteration of checks.

PUBLICITY—Advertising aids which we furnish banks using Super-Safety Insured Checks enable them to identify themselves with our powerful national advertising campaign constantly appearing in leading publications, thus reaping their local share of its tremendous influence.

ECONOMY—Ordinary, uninsured, unprotected and unadvertised checks are just "general expense." Super-Safety Insured Checks convert this item into a powerful publicity force. On an average they cost no more, and often less, than the kind you now charge to "general expense."

Order Super-Safety Insured Checks this time.

The Bankers Supply Company

*The Largest Manufacturers of Bank Checks
in the World*

New York Chicago Denver
Atlanta Des Moines San Francisco

THE OMAHA NATIONAL BANK,
entering upon its fifty-sixth year of successful banking experience, has developed and perfected facilities which are adequate for every banking requirement.

*We invite you to make full use of our
facilities and complete banking service*

The Omaha National Bank

OMAHA, NEBRASKA

Capital and Surplus, \$2,000,000

ing today over the generosity of nature. The West is confident of this because it realizes that the United States was never in a stronger position so far as unused credit is concerned for financing improvement in business. The West is also confident in this respect because everywhere there is a desire to promote sound betterment in business.

Live stock markets are still doing better than grain, although recessions have lately been the rule. The big corn outlook means heavy buying of stocker and feeder cattle and feeding sheep. It also means heavier hog feeding operations. There is at present so much competition for feeding stock that it is difficult to determine the relative influence of the packer demand and the degree of permanency of current quotations. The question is raised whether the profits from live stock feeding the past year, together with the large feed crops, will not bring supplies of fat animals for slaughter next winter and spring in a volume that will tax the absorptive capacity of the market. Cessation of strikes and full employment of labor will of course enlarge the demand for meat, which the live stock industry will surely need in the next year. The trade in horses and mules shows a some-

what better tone, thanks to better prices for cotton. Pasturage and water conditions in the live stock areas could hardly be better, practically all reports indicate.

Recent cuts in crude oil affected the oil areas. Lumber has held well. The oil industry will not contribute what was expected of it a few months back in the way of business, but much inflation has been removed from it and it is still a powerful constructive influence. New building is still confined largely to small homes. Labor continues better employed than last year excepting the strikes.

At banks funds are accumulating. Demand for money to finance the movement of wheat is light, for mill and elevator stocks are not yet large and prices are low. There are signs that soon wheat will pile up at terminals and increase demand for money. Live stock feeding is going to take more money than last year. Mercantile demand for money is still light.



CONVENTION DATES

New Mexico—at Las Vegas, Sept. 22-23.
Nebraska—at Omaha, Sept. 26-27.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

SUMMER business is generally holding up well. The large amount of building is fast catching up with the shortage of houses, offices and store buildings. This is evidenced by some reduction in rentals of vacant property. Harvesting returns are showing up well and growing rice is promising. The 1921 rice crop has been sold, the bulk of it going to Japan, and through organization, a base price for paddy of about \$3 was realized. Apples, peaches and pears are to yield well up to the ten year average, and the shortage in apricots is made up by an increased price of \$30 a ton over last year. The railroad situation has delayed some shipments and interfered with the movement of fresh fruit, but favorable water rates for westbound steel and iron products have encouraged business via the Canal. Collections are generally good, money is easy and bank clearings increased over last year. Jobbers report the buying of "futures" in canned goods about twice the volume of former years. Collections are satisfactory.

Investment dealers report a slackening generally of retail distribution, but look forward to an active fall market at somewhat higher price levels.

A very marked improvement is evidenced through the inter-mountain territory, comprising the States of Utah, Wyoming and Colorado. Utah is just recovering from the severe depression resulting from the drastic curtailment of its mining industry and the severe decline of livestock and agricultural products which followed the close of the world war. The mines are gradually coming back to pre-war production and the active markets for wool and sheep in particular have permitted substantial liquidations of indebtedness to the banks in that territory. There is a very considerable shortage of breeding ewes and this condition which cannot be remedied immediately, will undoubtedly help to stabilize the present excellent markets for sheep and by-products.

The remarkable recovery that has taken place in the beet sugar industry is reflecting itself, for the first time in practically two years, in the statements of the sugar companies operating in the inter-mountain section. While the acreage in beets here in the West is slightly under last year, economies should more than offset the loss of tonnage.

Forest fires in the Pacific Northwest due to the unusual dry spell experienced by that section, have played havoc with the lumber industry and destroyed many thousands of dollars worth of valuable timber. Not only have the fires caused practically all the logging camps to shut down, but they are responsible for an increase in the price of lumber. Since the fires have been raging the price of lumber has advanced \$2 per thousand feet. Steamship lines, whose principal cargoes from the Northwest have been lumber, have been forced to lower their rates on coast wise shipments in order to fill their vessels. Inactivity of the logging camps, as well as many of the saw mills, has not hampered the lumber supply materially to date and there is ample lumber available for orders for the next several weeks. The demand for lumber from all sections of the United States is strong, and orders are coming in daily from all domestic sources except the agricultural districts.

First Bank to Incorporate in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,303,374.69
Total Resources 17,666,015.63

C. H. Cooke, *President*
E. D. Tenney, *Vice-Pres.*, E. F. Bishop, *Vice-Pres.*
Boxer Damon, *Ad. V. P.*, G. G. Fuller, *Ad. V. P.*
Frank Crawford, *Ad. V. P.*, R. McCorriston, *Cashier*

Branch Banks:—Lihue and Kapaa, *Island of Kauai*; Waipahu, Waiaina, and Pearl Harbor, *Island of Oahu*.

Prompt handling of collections through close connections on each of the islands in the Territory.

The Atlantic coast is taking large cargoes of lumber out of the Northwest ports daily, due to a building campaign that is on in the East, and an effort to solve the problem of congested housing conditions. California, which has long been a great source of demand upon the mills of the Northwest, is calling for lumber all the time.

The action of the Shipping Board in making preparations to withdraw government owned ships from the intercoastal trade may result in terminating the rate war now existing between the various lines in that service. The board desires to arrange for the sale of five vessels now allocated to the company for operation in the Panama Canal route between the two coasts. The board has declared that unless the purchase of the vessels is arranged within a reasonably short time the ships will be taken back.

It is understood that the government has been ready to withdraw the Shipping Board vessels from this service as soon as it is assured that conditions have been stabilized in the trade. The older lines in the intercoastal trade started the present rate war soon after the Board had failed to comply with a request to withdraw the government ships in competition with private lines. In the event of the withdrawal of the government ships from the intercoastal trade it is believed here that the rate war would be stopped.



CONVENTION DATES

Investment Bankers Association, Del Monte, Oct. 7-10.

Arizona—at Bisbee, Nov. 10-11.

AMERICAN NATIONAL BANK

The first national bank in California to have its charter extended under the provisions of a new Act of Congress, passed July 1, is the American National Bank of San Francisco.

The local bank has been advised by the Comptroller of the Currency that its charter has been extended for ninety-nine years from July 1, 1922.

The bank was incorporated in August, 1902, with a charter limited to twenty years. Until recently the procedure would have been to apply for a renewal of the charter for another twenty years. An act of Congress passed July 1, 1922, however, provided for a practically indefinite extension of the corporate existence of national banks, making the former procedure unnecessary.

The American National Bank in 1902 succeeded to the business of the American Bank and Trust Company. It began as a national organization with a capital of \$1,000,000. This has since been increased to \$2,000,000.

RALPH P. ANDERSON

Ralph P. Anderson, recently appointed advertising manager of the Anglo-California Trust Company, of San Francisco, has been made manager of the bank's business development department.

ANGLO-CALIFORNIA TRUST COMPANY GAINS IN RESOURCES

The Anglo-California Trust Company has shown during the past twelve months the largest gain in resources of any San Francisco bank, according to an announcement made on July 27 by President Mortimer Fleishhacker at a meeting of the board of directors.

The bank's resources on June 30, 1921, amounted to \$34,617,284, as compared with a total of \$43,231,980, on June 30, 1922. This is a gain of \$8,641,694. The institution also showed a splendid gain in deposits, the increase amounting to \$9,356,550.

The Anglo-California Trust Company in 1921 had the distinction of having the largest increase in deposits made by any San Francisco bank. That this healthy growth has continued is evidenced by comparing the deposits of \$35,285,642 on December 31, 1921, with the deposits of \$38,966,878 on June 30 of this year.

The Market-Ones Branch, opened on December 27, 1921, has had a splendid growth, owing to the convenience of its location in the heart of the theater and up-town shopping districts. The Potrero Branch has moved into new and larger quarters at the corner of Third and Twentieth streets. It was formerly located in smaller quarters adjoining its present location. The Mission Branch at Mission and Sixteenth streets, and the Fillmore Branch at Fillmore and Geary streets, have been remodelled and enlarged. These changes were made necessary in order that the bank could properly care for the great increase in volume of business evidenced by figures quoted above.

All departments of the bank have participated in the growth. The foreign department has increased the scope of its activities and is now being enlarged to handle a still greater volume of business.

The bond department in the short space



service your patrons will appreciate.

SECURITY'S SERVICE

is now available in
**LOS ANGELES
HOLLYWOOD
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PASADENA
GLENDALE
SAN PEDRO
HUNTINGTON
BEACH**

A service which visitors and newcomers to California appreciate has been provided by this bank through its Department of Research and Service.

Accurate and authentic information relative to any line of business in Southern California is furnished free upon request. Persons coming to California to engage in business find this invaluable.

If you direct the attention of your patrons who come West to this service, you are assured that they will receive our careful attention.

Your customers will appreciate the courtesy of a letter of introduction to us.

SECURITY TRUST & SAVINGS BANK

SAVINGS COMMERCIAL TRUST

Capital & Surplus \$ 10,000,000
Resources Exceed \$150,000,000

of a year's time has become an important factor in the retail distribution of bonds in California. This department will soon move into new quarters on the ground floor of the Sansome street entrance to the bank. In addition to the complete bond department of the main bank a bond department is maintained at each of the five branches.

APPLIES FOR CHANGE OF NAME

Application has been made to the Superior Court in Los Angeles by the Los Angeles Trust and Savings Bank for a change of name to the Pacific Southwest Trust and Savings Bank. The petition pointed out that the greatly increased business of the bank makes desirable a name less local in its scope.

This action follows the merger effective July 1 of twenty-two banks and branches with the Los Angeles Trust and Savings Bank, located in the territory south of Fresno. At the same time the First National Bank of Hollywood became the Hollywood agency of the First National Bank of Los Angeles. The two Los Angeles institutions, with the First Securities Company, are under one ownership and man-

agement. Their total resources are approximately \$200,000,000.

BANK OF ITALY TAKES OVER BANKS

Pursuant to the proper approval of both the State Banking Department and the Federal Reserve Board, the Bank of Italy has converted the First National Bank of Woodland, Home Savings Bank of Woodland, with its branch at Knights Landing, the Old National Bank of Hanford, the Union National Bank of San Luis Obispo and the Broadway Bank of Oakland, as branches of the Bank of Italy.

The consolidation of these banks will add \$10,000,000 to the resources of the Bank of Italy, giving it total assets of approximately \$220,000,000. The respective resources of the various institutions to be absorbed are: First National Bank of Woodland \$1,400,000, Home Savings Bank of Woodland with its branch at Knights Landing \$2,500,000, The Old National Bank of Hanford \$2,400,000, Union National Bank of San Luis Obispo \$2,000,000, and the Broadway Bank of Oakland \$1,100,000.

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 general prospects for a good crop throughout the country, excepting some sections of Western Canada where there has been lack of rain, business should take a forward step after the harvest season. However, here as in the United States, the mine and railroad strikes are having an unsettling effect on the situation because it is appreciated that if the present state of affairs is protracted there will not only be a fuel shortage of serious character but the important adjustment of labor costs will be further delayed. It is being more and more realized that it is necessary to get down the labor cost factor in production and distribution if there is to be an adjustment which will permit of industrial prosperity. In Western Canada, for example, it is apparent that little benefit in the price of fuel can be expected by the consumer through a reduction in freight rates on a market price 100 per cent. higher than it was before the war. The explanation is wages. Mine operators submit figures to show that the hour pay rate for mine employees has advanced anywhere from 115 per cent. to 300 per cent. with most increases between 200 and 250 per cent. Farmers, who represent such a large portion of Canada's population, are beginning to realize that while they have to sell in the open market labor is protecting itself through union organizations with the result that the level prices of manufactured goods is out of line with his buying power. Until there is an adjustment here demand will be restricted.

Bankers report a better undertone to the business situation and frozen credits are being steadily thawed out. Lumber, in which a large amount of capital was tied up, is moving better but profits have in many cases been forgotten. In other directions too there is an improvement, but so far as agricultural credits are concerned everything depends upon the crop and this year there is little disposition to discount the harvest as there has usually been in the past. The result is that movement of goods is largely on a hand to mouth basis and no

important volume of orders is expected until after the new crop money is actually in circulation. Some luxuries, like automobiles, represent exceptions because, although the man without money must wait for the returns from his crop others who have surpluses from the more prosperous period are inclined to loosen up with the prospects of new funds coming in later.

The bank statement indicates that, despite the better industrial tone, there is a contraction in commercial loans, which undoubtedly represents concentration of cash funds looking to the financing of the crop; the June statement shows a further decline of \$23,500,000 during the month. During the year current loans were cut by \$140,000 and other evidence of deflation was the reduction of nearly \$30,000,000 in the note circulation of the banks during the same period. At the same time the banks were able to reduce their advances from the Government under the War Measures Act by about \$59,000,000, or in other words to cut this item by half. Gross assets were reduced during the year to the extent of \$236,000,000. In addition to the cut in current loans the banks also reduced their call loans abroad by about \$12,000,000. Holdings of Dominion notes increased and gold reserve was cut down, these two tendencies about counterbalancing. Likewise there was a shift in bank balances abroad from the United Kingdom to foreign banks. Municipal loans increased by about \$2,500,000 and loans on public securities by over \$5,000,000 while loans abroad were increased by \$3,300,000.

The agitation, backed by a certain political element, in Alberta for a provincial bank is being made the subject of an inquiry by Professor McGibbon of the University of Alberta. The farmers government, although it tries to be friendly with the faction desiring this paternalistic kind of financial institution, is evidently not inclined to follow in the path made by the province of Manitoba where the scheme is called a failure by financial authorities because of the difficulty in getting loans repaid. At the sessions being held representatives of the banks are appearing to

Are You Interested in Canadian Trade?

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Foreign Department
Standard Bank of Canada
TORONTO

Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	5,000,000.00

answer complaints against the chartered institutions. The result is that many of the vague mutterings heard against the banks are being more clearly articulated and for the most part being satisfactorily met.

No matter what the outcome of the inquiry may be from the provincial standpoint it promises to be of value in bringing out weak or strong points in the system preliminary to the periodical revision of the Bank Act at Ottawa next year.

The government's new check taxes are now in effect. Two cents must be placed on each check for every \$50 up to \$5000. New stamps of denominations to \$1.00 are used and in addition the government has made an arrangement whereby individuals and companies can secure embossed cheques without the amount of the tax stated and on these the tax is paid through a return made direct to the government by the issuers of the checks.



NOVA SCOTIA'S NEW ISSUE

An issue of \$300,000 of capital stock is being made by the Bank of Nova Scotia to the shareholders. At present the issued and paid-up capital of the bank is \$9,700,000 and the proposed new stock will bring the capital up to around \$10,000,000. Notices are being sent out to the shareholders offering them the new issue in proportion to their holdings at a price of \$255 a share. Issues of capital stock of the Bank of Nova Scotia in the past have been allotted as follows: Previous to 1898, \$1,500,000; allotted December 28, 1898, \$225,100 at 210; December 6, 1899, \$104,900 at 220; February 25, 1901, \$140,000 at 230; January 3, 1905, \$340,800 at 260; December 1, 1905, \$159,200 at 265; February 21, 1906, \$500,000 at 268; Decem-

ber 13, 1910, \$1,000,000 at 268; July 31, 1912, \$1,000,000 at 240; capital of the Bank of New Brunswick, February 15, 1913, \$1,000,000 issued to shareholders of Metropolitan Bank November 16, 1914, \$500,000; issued to shareholders Bank of Ottawa, May 1, 1919, \$3,200,000; total outstanding at present time \$9,700,000.

Shareholders will have proportioned to them one share of the new stock for each thirty-three and one-half shares held. Ten per cent. will be called on November 1 and further on the basis of ten per cent. a month.

FORM GIVES TAX DETAILS

The Bank of Montreal has prepared for the use of its correspondents and depositors a convenient form giving details of the Canadian Stamp Tax in effect August 1, 1922.

The form is printed so that it may be attached to the inside cover of a check book.

PRAISES BANK SYSTEM

Bank managers who are faced with complaints by manufacturers that they do not give the service and credit which successful industry demands should make a note of the following statement by John R. Shaw, the new president of the Canadian Manufacturers' Association:

The capital we are using is borrowed from the banks, and we can well be proud of our banking system. It came through the trials and tests of war and reconstruction with its flag flying. The money in the banks is always entirely the savings of the people, it is lent to the manufacturers to buy materials and pay wages, and they sell their goods and repay the banks. So when we talk of capitalists, that is a misnomer. We are really trustees for the people's money, and those who call us capitalists are probably those whose money we are using. Employer and employees would be better words to use. The words "capital and labor" should not be used in a free democratic country like this, where there is no accumulated capital, and where we use the savings of the people.

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A. B. A. APPOINTS CANADIAN RELATIONS COMMITTEE

A committee on Canadian Relations has been appointed by President Thomas B. McAdams of the American Bankers Association pursuant to a resolution of the Administrative Committee of that organization adopted as a result of its recent visit to Montreal. Conferences were held there with representatives of the Canadian Bankers Association with a view of bringing about close cooperation between banking in the United States and the Dominion.

The committee as named by Mr. McAdams is as follows: David R. Forgan, president National City Bank, Chicago; Daniel G. Wing, president First National Bank, Boston; E. C. McDougal, president Marine Trust Company, Buffalo, N. Y.; Frank W. Blair, president Union Trust Company, Detroit, Mich.; W. D. Vincent, president Old National Bank, Spokane, Wash. It is expected that a committee will also be appointed by the Canadian Bankers Association to consider with the American committee commercial and financial matters of common interest between the two countries.

UNION BANK ERECTS MEMORIAL SHAFT

The desire of the directors of the Union Bank of Canada to perpetuate the memory of the 125 members of the bank staff who fell in the war recently manifested itself in a very practical way. For on July 11, Sir James Aikins, Lieutenant-Governor of Manitoba, unveiled at McElheran, Manitoba, fifty miles from Winnipeg, a memorial shaft bearing the names of the members of the staff who made the supreme sacrifice and W. R. Allan, president of the bank, presented the Lakeside Fresh Air Camp for Children with a deed to the eighteen acres on which the shaft and the camp establishment stands. The bank thus at one stroke presented to posterity a fitting memorial to its dead soldiers, perpetuated a philanthropic institution in whose welfare its General Manager, H. B. Shaw, has long been interested, and placed before the thousands of members of the growing generation who annually visit the camp a monument to self-sacrificing heroism which cannot but inspire them to national service in later years.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SIXTH YEAR

OCTOBER 1922

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The American Bankers Convention

AS the assembling of the convention of the American Bankers Association in New York was coincident with the date of publication of this issue of THE BANKERS MAGAZINE, a report of the meeting must necessarily go over until next month.

The gathering of so many bankers at the chief financial center of the country is an important event, and during few phases of our national history have the steadying influences of the bankers' views been more urgently needed. As a nation and as individuals we have not yet learned the lesson of economy and thrift, and of patient untiring industry, which the bankers are so well qualified to teach us. In saying this no attempt is made to hold up the banker as a superior type of citizen, or to picture the laborers as benighted persons in need of instruction. But the banker from the nature of his business occupies a position where he has exceptionally favorable opportunities of observing the beneficent results of continuous and well directed industry and economy. And all of us do need instruction along this line—not the "laborers" only, but merchants, manufacturers and professional men. High costs of production, excessive profits, heavy transportation charges, unwise expenditures—these and other costly and extravagant tendencies are still operating to hinder that return to more normal conditions for which we are all devoutly praying. And our people are getting seriously over-taxed, and much of this taxation is wholly unnecessary. It is the duty of bankers, and of all citizens, to fight against every one of these tendencies which uselessly absorb the products of the labor of our people.

No doubt the papers and resolutions produced at the New York convention will lay emphasis on many of these things, and will also bring out the desirability of close coöperation between the various lines of production and exchange. It is to be wished that the results of these conventions might be more generally circulated throughout the country, so that the people would gain a better understanding of the vast importance of the work being done by the American Bankers Association in behalf of the general welfare.

The convictions of the bankers of the United States, reached after due deliberation, and representing all the geographical regions of our country, are pretty sure to afford a safe guide in gaining the haven of national prosperity and well-being.



Co-operation Between the Banks of Canada and the United States

EFFORTS looking to closer relations between the bankers of Canada and the United States ought to meet with success.

These efforts were initiated by the administrative committee of the American Bankers Association, and seem to contemplate not only closer financial relations between the two countries, but also a greater degree of coöperation in such matters as tariff, waterways, etc.

That this country has very great concern over its trade relations with the Dominion is a fact too well known to require argument. In view of the importance of these relations, many people on both sides of the border have been not a little puzzled over our enactment of a tariff law whose practical effects have been a serious curtailment of these relations. Our tariff heretofore has been based chiefly upon a policy looking to the protection of the manufacturing industries of the country, including of course the workmen employed in such industries. Until quite recently at least American farmers have been able to give such a good account of themselves that they did not ask for protection. But with the increasing costs of agricultural production a change of sentiment has taken place, and the farmers are in many cases expecting that the Government, in fixing its tariff policy, will give to their interest quite as much attention as is bestowed upon manufacturing. This probably explains the imposition of rather heavy duties upon farm products imported into the United States. Such duties fall principally upon the output of Canadian farms, a fact due to the proximity of the Dominion, to the fertility of the soil and the energy displayed by the farmers of our neighbor.

But while this protection may enable the American farmer to get a better price for some things that he raises, it tends to some extent at least to deprive the Eastern manufacturers of cheaper food supplies for their workers—and this is in some cases a vital element in sustaining those industries—and furthermore by limiting the export of Canadian farm products also cuts off a considerable volume of manufactured exports from the United States to Canada.

That this is no mere theoretical statement recent statistics of trade between the two countries all too clearly show.

Perhaps the bankers see the desirability of closer relations between Canada and the United States somewhat more plainly than others do. There will be differences of opinion on some of the details of improving these relations. None can hardly exist as to the mutual benefit that will flow from making such relations as close as possible.



The Balfour Note

FEW documents in recent international financial history have excited wider interest than what has come to be known as the Balfour Note. This momentous communication was addressed to certain European governments, but apparently it was intended more for this country than for the nations to whom it was addressed. The chief purpose of the note was to fix upon the United States responsibility for the muddle into which the world has been thrown by the problem of German reparations and the closely related question of inter-allied indebtedness. In substance Earl Balfour told the European countries that Great Britain would willingly forego its share of the German reparations and cancel the allied debts, but was debarred from doing so by the fact that the United States rigidly insisted upon payment of the debt which Great Britain owes to this country. Since Great Britain must pay the United States, Earl Balfour pointed out, payment must be required from its allied debtors. In taking this position, the distinguished British statesman assumed a very lofty moral tone and displayed a truly forgiving spirit. The criticism has been made, that he was only evincing a willingness to forgive debts which could not be collected in any event.

Despite all the fine phrases which Earl Balfour employed with that remarkable skill of which he is capable, the note can only be regarded as a colossal political blunder. Certainly it created a most unfavorable impression in the United States, nor was it well received in France or in those political circles in England opposed to the Lloyd George government.

The attempt to shift financial responsibility from the powers imposing the reparations provided for in the Versailles Treaty upon the shoulders of the United States, which had no share in such reparations, and which sought through President Wilson to have the sum materially cut down, will not succeed. The responsibility

does not rest upon us. It rests elsewhere. And no diplomatic finesse can put this burden upon our shoulders. For electioneering purposes in Great Britain Earl Balfour's note may prove highly useful, since it professes proper concern for British taxpayers. He is quite right in telling them that if they are expected to pay it is just that other nations be required to pay what they owe to England. But the responsibility for this dilemma does not rest upon us. We did not fix the reparations, since we did not ratify the Versailles Treaty. Nor do we get any share of these reparations. But Great Britain was a signer of the Treaty and had a share in the reparations. The attempt to evade this responsibility, and to place the blame upon the United States, is hardly in accord with the fine spirit of sportsmanship generally characteristic of the British people, while from the standpoint of international politics it can be only regarded as a blunder of the first magnitude. There is a shrewd suspicion afloat that the note was not published without foreknowledge on the part of the American Government, and possibly of passive assent to its contents. Surprising as this view may appear, it rests upon the belief that some such statement was necessary in order to clear up the international financial situation, and that the United States did not object to being made the scapegoat.

Serious as the affair is, humorous elements are not lacking. It is an amusing spectacle to watch Earl Balfour trying to make Uncle Sam the wicked partner in the firm of Spenlow & Jorkins; to see him laboring to show how meek and forgiving is Fascination Fledgeby and how grasping is Riah the Jew. But most comical of all is the clumsy figure John Bull presents in the role of Portia, urging Uncle Sam to forego his pound of flesh.

Side by side with this comedy are all the dark and sinister elements of tragedy. Somebody seems to have forgotten the real international culprit—Germany. If the efforts to prove that France is stiff-necked, and that the United States is grasping, had been directed toward fixing responsibility upon Germany, and stern insistence made that such responsibility be not evaded, the present impossible situation might have been avoided. For such failure the United States must accept its due share of responsibility. After refusing to enter the League of Nations—as was indisputably our right, and very likely our duty—we ought to have found some alternative method by which we would have firmly stood by France and Great Britain until Germany had been compelled to pay. In that we failed, and for such failure are we responsible before the court of world opinion. But this responsibility is something wholly different from that which Earl Balfour ascribes to us in his famous note.

A One-Sided Balance Sheet

EMINENT professors of political economy, in arguing for the cancellation of the European debts owing to the United States, usually base their arguments on the large profits this country made out of the war. In estimating these "profits" they fail to take any account of the offsetting factors, such as our heavily increased debt, the rise in the cost of living, and the more or less general demoralization of our industries. Probably the professors of political economy, accustomed to dealing with financial problems in the abstract, may be excused for this important oversight.

But this excuse can not be pleaded in extenuation of the fault of a leading European Finance Minister when dealing with the same question. Shortly before the adjournment of the British Parliament, Sir Robert Horne, the Chancellor of the Exchequer, in explaining why Great Britain must exact payment from her debtors in order to pay her debts to the United States, fell into an error very similar to that which has marked the views of the political economists referred to above. The British Finance Minister gave figures to show the debts incurred by some of the countries concerned in the war and the burden put upon the respective peoples. In these estimates he did not take into account the fact that the United States got nothing from the reparations awards nor from annexed territories. In other words, his balance-sheet contained liabilities only and no statement of offsetting assets.

The presentation of figures in this one-sided way is misleading, and tends to confuse the public mind regarding a matter of the gravest importance.

Whenever any statements are made as to the cost of the war to the respective nations involved in it, full account should be taken of all the factors. It does not help but hinders the settlement of serious international financial problems to present statistics in a way to exhibit the United States as a huge war profiteer or a grasping Shylock. The truth is otherwise, and the existing world situation is far too grave, and the relations between the lately Allied nations too delicate, to allow statements like those mentioned to escape unnoticed and uncensured.



Nature's Beneficence and Man's Perversity

THE good effects of bounteous crops this autumn will be somewhat counterbalanced by the contrary influences of the railway and coal strikes. Nature has been beneficent, but man's perversity, as so often in the past, has done what it could to destroy

this evidence of providential concern for the welfare of our country and its people. It may be vain to indulge the hope that the history of mankind will ever be different. Always, when the pail of prosperity begins to fill, somebody kicks it over. Probably it is this perverse trait in humanity which impels all of us to scratch pretty hard to pay our bills. If prosperity went on uninterruptedly, the time might arrive when our only labor would be the computation of income taxes.

With the tremendous increase in production due to improvement in the tools of production and exchange, the general welfare of the human family could be expanded almost indefinitely were it not for the counterbalancing factors of war, ignorance and preventable diseases. Notwithstanding the spread of education, ignorance still darkens the earth, our own land not excepted. Great strides have been made in reducing the ravages of disease, though much still remains to be done in that direction. Rumors have been persistently current for months of a threatened invasion of typhus into Western Europe which would seriously menace the United States.

Could we have found the means of satisfactorily apportioning the products of our farms, mines, forests and factories, there would have been in this year of grace enough for all and to spare. But ignorance, greed, or perversity, has prevented that happy outcome. Emerging as we are from a period of almost universal depression and disaster, no sooner do we reach sight of the promised land than we begin quarelling over the distribution of its still ungarnered fruits.



THERE are problems for us to face at the outset of the twentieth century—grave problems abroad and still graver at home; but we know that we can solve them and solve them well, provided only that we bring to the solution the qualities of head and heart which were shown by the men who, in the days of Washington, founded this government, and, in the days of Lincoln, preserved it—
Theodore Roosevelt.



JOHN G. LONSDALE

President National Bank of Commerce, St. Louis

MR. LONSDALE was born in Memphis, Tenn., in 1872. His first business venture was in 1891 when he established a real estate and insurance business in Hot Springs. In 1894 he became a member of the firm of J. P. Mellard & Co., and in 1899 vice-president of the Little Rock, Hot Springs & Western Railway. About that time he formed a partnership as Gaines & Lonsdale, private bankers, afterwards acquiring the interests of his partners and continuing the business under the title of J. G. Lonsdale & Co. In 1905 he became the New York partner of Logan & Bryan, bankers and brokers, this position bringing him in contact with many of the bankers throughout the country.

Mr. Lonsdale has always been a student of financial and economic subjects and had practical experience in banking, as one of the organizers and a director of the Security Bank of Hot Springs. He was instrumental in bringing about the consolidation in 1904 of the Citizens Bank with the Exchange National Bank of Little Rock. Mr. Lonsdale became president of the National Bank of Commerce in 1915.

Bankers to Gather in New York

International Finances and Industrial Unrest at Home Two Chief Topics of Discussion at Convention of American Bankers Association

ON October 2 seven thousand American bankers, representing 22,000 member banks, will assemble in New York City for the forty-eighth annual meeting of the American Bankers Association. The convention will be held at the Hotel Commodore, October 2 to 6. This is the first time in seventeen years that the association has met in New York, and no pains have been spared by the committee of 100 prominent New York bankers which has been formed to assure the proper carrying out of detailed plans, to make the convention a complete success. It seems peculiarly appropriate that, at a time when international finances are in a state of confusion heretofore unknown to history, our leading bankers from all parts of the country should convene in the country's leading financial center for a serious and thorough consideration of the problems presented by present international conditions.

Financial problems purely local to the United States will not be overlooked in the work of the delegates, but because of the intricate relationship of our affairs with Europe, it is expected that the larger phase of international conditions will be the keynote of the convention work. In banking and financial circles, the convention is considered the most important business conference of the year.

AN IMPOSING LIST OF SPEAKERS

In addition to a group of this country's foremost financial leaders and public servants who will speak before it, the convention will be addressed by the Right Honorable Reginald McKenna, former Chancellor of the British Exchequer, and present chairman of the London Joint City and Midland Bank,

who will talk on the subject of "Reparations and International Debts".

Thomas W. Lamont of J. P. Morgan & Company, one of our leading exponents of international banking, and a financial and economic adviser at Versailles during the Peace Conference will discuss world finance from the viewpoint of America. Henry J. Allen, Kansas' able and courageous Governor will take up the question of government responsibility for industrial justice, and the relation of the Federal Reserve System to American business. Dr. George E. Vincent, one of the country's leading public figures and a gifted orator, will speak on "Public Health Assets". Dr. Vincent is at the head of the great Rockefeller Foundation, and was formerly president of the University of Minnesota.

ELABORATE PLANS FOR ENTERTAINMENT

The bankers of New York City, hosts to the convention, are headed by Seward Prosser, president of the Bankers Trust Company, as chairman of the committee of 100. Elaborate plans have also been worked out by a committee of socially prominent New York women, headed by Mrs. Dwight W. Morrow, to provide every comfort and entertainment for the wives and families of the delegates. The members of this committee will open their homes to the women visitors and will endeavor to make their welcome a personal one in the true sense of the word. In all thirty-five homes have been offered, and Mrs. Morrow says the New York women will feel it a distinct privilege to entertain the out of town women and are looking forward with keen interest to the event.

The entertainment will be in the form of a luncheon served simultaneously



Wall Street in 1846

in all of the homes and Thursday, October 5, which will be known as Hostess Day, has been selected as the day for the event. It is expected 3000 out of town women will be entertained at these luncheons which will be served simultaneously in the homes by Louis Sherry.

Much sentiment will attach to the fact that Sherry will do the catering, inasmuch as this institution is one of the oldest in New York, and because this luncheon will represent one of the biggest affairs for which Sherry has assumed the catering since the earlier history of Manhattan when the city was not so large, and when gaiety drew New Yorkers and their guests into closer association than is ordinarily possible now.

Specially engraved invitations will be sent to the bankers' wives and guests who have already registered for the convention. Inasmuch as many women will register too late to afford the committee an opportunity to send invitations to their homes, one of the luncheons will be served for these late-comers at the Museum of Natural History with Mrs. A. Perry Osborn, daughter-in-law of Professor Henry Fairfield Osborn, president of the Museum, as hostess.

Later in the afternoon a receiving committee will receive the luncheon guests at the Metropolitan Museum of Art. Mrs. William Woodward and Mrs. Harold I. Pratt have been active in assisting Mrs. Morrow in arranging for these luncheons at which the following ladies will be hostesses: Mesdames Charles B. Alexander, Robert Bacon, George F. Baker, Jr., Walter P. Bliss, James A. Burden, Joseph H. Choate, Jr., Joseph E. Davis, Edward C. Delafield, Walter Douglas, William Pierson Hamilton, John Henry Hammond, J. Horace Hammond, E. H. Harriman, Walter B. James, Otto H. Kahn, Alvin W. Krech, Thomas W. Lamont, Gates W. McGarrah, William Fellows Morgan, Dwight W. Morrow, Grayson M. P. Murphy, Acosta Nichols, Charles D. Norton, A. Perry Osborn, Frederic D. Philips, Harold I. Pratt, John T. Pratt, Whitelaw Reid, John D. Rockefeller, Jr., W. Emlen Roosevelt, Willard D. Straight, Carl Tucker, Felix M. Warburg, George Whitney and Payne Whitney.

Every effort will be made to see that the greeting of the visiting bankers will be made a personal matter, and to discredit any feeling that New York is

"cold" or impersonal toward visitors. Stress will be placed on the important part which New York has ever played in the history and development of the country, rather than the mere "bigness" of the city from a commercial or financial standpoint. Among the entertainment features which have been arranged are, a trip to West Point to witness a special drill, visits to points of historic interest in New York, golf matches, a smoker for the men, and the annual ball.

For the convenience of the visitor, huge maps of the city have been devised and will be hung in the convention headquarters, showing all traffic lines, the shopping and theatrical district, and other points of city life. In the Grand Central and Pennsylvania stations information booths will be established, and similar booths will be placed in many of the hotels.

The committee of 100, in collaboration with the editor of Valentine's Manual of Old New York, has in course of publication a unique souvenir book, profusely illustrated, which will contrast the old and new New York.

One hundred hotels will cooperate in housing and providing all comforts for the 7000 visiting bankers. Three hundred New York bank employees and members of the Bond Club have volunteered their services in helping to give every visitor a cordial personal welcome upon his arrival in New York.

THE COMMITTEE OF ONE HUNDRED

The committee of 100 is composed of Seward Prosser, chairman; Walter E. Frew, chairman executive committee; Guy Emerson, executive manager; and the following members of the executive committee: James S. Alexander, Stephen Baker, Mortimer N. Buckner, Henry J. Cochran, Harvey D. Gibson, Percy H. Johnston, Thos. W. Lamont, Gates W. McGarrah, Chas. E. Mitchell, Mrs. Dwight Morrow, Lewis E. Pierson, Wm. C. Potter, Jackson E. Reynolds, Albert H. Wiggin and Wm. Woodward. The following chairmen have been designated: entertainment

committee, Henry J. Cochran; finance committee, Gates W. McGarrah; golf committee, Mortimer N. Buckner; hotel committee, Harvey D. Gibson; reception committee, Thos. W. Lamont; womens' reception committee, Mrs. Dwight Morrow; committee on convention and information, Guy Emerson. A full list of the members of the committee of 100 follows:

James S. Alexander, president, National Bank of Commerce in N. Y.; J. H. Ardrey, vice-president, National Bank of Commerce in N. Y.; C. A. Austin, president, Mercantile Trust Company; Andrew D. Baird, president, Williamsburgh Savings Bank; George F. Baker, chairman, First National Bank of N. Y.; Stephen Baker, president, Bank of the Manhattan Company; LeRoy W. Baldwin, president, Empire Trust Company; Samuel G. Bayne, president, Seaboard National Bank; Howard F. Beebe, president, Investment Bankers Ass'n; Walter M. Bennet, vice-president, The Bank of America; Eli H. Bernheim, president, Columbia Bank; C. A. Boody, president, The Peoples Trust Company; E. C. Bridgman, president, Staten Island Savings Bank; Louis V. Bright, president, Lawyers Title & Trust Company; Mortimer N. Buckner, chairman, The New York Trust Company; S. S. Campbell, vice-president, Mechanics & Metals Nat'l Bank; J. H. Case, deputy governor, Federal Reserve Bank of N. Y.; Orion H. Cheney, president, Pacific Bank; Hubert Cillis, president, Central Savings Bank; I. L. Clarke, president, The American Exchange Nat'l Bank; Henry J. Cochran, vice-president, Bankers Trust Company; Edwin W. Coggeshall, chairman, Lawyers Title & Trust Company; W. P. Conway, vice-president, Guaranty Trust Company of N. Y.; Seymour L. Cromwell, president, New York Stock Exchange; G. W. Davison, president, Central Union Trust Company; Edward C. Delafield, president, The Bank of America; Richard Delafield, president, The Nat'l Park Bank of N. Y.; H. M. DeMott, president, Mechanics Bank; Clarence S. Dunning, treasurer, South Brooklyn Savings Inst.; J. D. Fairchild, president, Kings County Trust Company; William Feick, president, American Institute of Banking; George W. Felter, president, Green Point Savings Bank; E. Hayward Ferry, vice-president, Hanover National Bank; John W. Fraser, president, Roosevelt Savings Bank; Walter E. Frew, president, The Corn Exchange Bank; Charles Froeb, president, Lincoln Savings Bank of Brooklyn; Harvey D. Gibson, president, New York Trust Company; G. E. Gregory, vice-president, National City Bank; Herbert L. Griggs, president, The



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 Courtesy of Major Hamilton Maxwell

Aeroplane view of lower Manhattan showing the financial district

Bank of New York, N. B. A.; Crowell Had-
 den, president, Brooklyn Savings Bank;
 Jos. W. Harriman, president, The Harri-
 man National Bank; Theodore Hetzler,
 president, Fifth Ave. Bank; F. L. Hine,
 chairman, executive committee, First Na-
 tional Bank of N. Y.; Herbert P. Howell,
 vice-president, National Bank of Commerce
 in N. Y.; Joseph Huber, president, The
 First National Bank of Brooklyn; Brian
 G. Hughes, president, Dollar Savings Bank;
 Pierre Jay, chairman, Federal Reserve Bank
 of N. Y.; Percy H. Johnston, president,
 Chemical National Bank; Raymond E.
 Jones, vice-president, Bank of the Manhat-
 tan Company; Louis G. Kaufman, president,
 Chatham & Phenix Nat'l Bank; Clarence
 H. Kelsey, president, Title Guarantee &
 Trust Company; Fred I. Kent, vice-presi-
 dent, Bankers Trust Company; Willard V.
 King, president, Columbia Trust Company;
 Alexander P. W. Kinnan, president, Union
 Dime Savings Bank; William E. Knox, vice-
 president, Bowery Savings Bank; Herman
 D. Kountze, president, Atlantic National
 Bank; Alvin W. Krech, president, The
 Equitable Trust Co. of N. Y.; E. P. May-
 nard, president Brooklyn Trust Company;
 Gates W. McGarrah, chairman, Mechanics
 & Metals Nat'l Bank; John McHugh,
 president, Mechanics & Metals Nat'l Bank;
 Samuel McRoberts, president, Metropolitan
 Trust Company; Samuel H. Miller, vice-
 president, Chase National Bank; Charles
 E. Mitchell, president, National City Bank;
 J. P. Morgan, J. P. Morgan & Co.; William

A. Nash, chairman, The Corn Exchange
 Bank; James H. Perkins, president, The
 Farmers Loan & Trust Company; Lewis E.
 Pierson, chairman, Irving National Bank;
 John W. Platten, president, U. S. Mortgage
 & Trust Company; Ruel W. Poor, president,
 The Garfield National Bank; William C.
 Potter, president, Guaranty Trust Company
 of N. Y.; Henry H. Powell, president, Im-
 porters & Traders National Bank; Seward
 Prosser, president, Bankers Trust Company;
 John J. Pulleyn, president, Emigrant In-
 dustrial Savings Bank; William E. Purdy,
 assistant vice-president, Chase National
 Bank; Jackson E. Reynolds, president, First
 National Bank of N. Y.; Harold C. Richard,
 president, The State Bank; E. A. Richards,
 president, East New York Savings Bank;
 William J. Roome, president, Excelsior Sav-
 ings Bank; Charles H. Sabin, chairman,
 Guaranty Trust Company of N. Y.; Ernest
 K. Satterlee, president, The Franklin Sav-
 ings Bank; Henry Saylor, president, Citizens
 Savings Bank; J. Louis Schaefer, president,
 W. R. Grace & Co.'s Bank; Edward W.
 Sheldon, president, United States Trust Co.
 of N. Y.; William A. Simonson, vice-presi-
 dent, National City Bank; Samuel Sloan,
 vice-president, The Farmers Loan & Trust
 Company; G. Foster Smith, president, Nas-
 sau National Bank of Brooklyn; Sanger B.
 Steel, president, Bond Club; John A.
 Stewart, chairman, United States Trust Co.
 of N. Y.; Walter C. Stokes, president, The
 Manhattan Savings Institution; Benjamin
 Strong, governor, Federal Reserve Bank of

N. Y.; Eric P. Swenson, chairman, National City Bank; Gilbert G. Thorne, vice-president, The National Park Bank of N. Y.; Edward Townsend, chairman, Importers & Traders Nat'l Bank; William E. Trotter, president, Harlem Savings Bank; Arthur S. Van Winkle, president, Empire City Savings Bank; Felix M. Warburg, Kuhn, Loeb & Company; Harry E. Ward, president, Irving National Bank; Albert H. Wiggin, president, Chase National Bank; William Woodward, president, Hanover National Bank.

DETAILED PROGRAM OF PROCEEDINGS

The general sessions of the convention will be held in the Grand Ballroom, Commodore Hotel, Forty-second street and Lexington avenue, in the forenoon of Tuesday, Wednesday and Thursday, October 3, 4 and 5. The sessions of the sections and divisions of the association will be held in the Grand Ballroom on Monday morning and on Tuesday, Wednesday and Thursday afternoons. Morning sessions will be called at 9.30 and afternoon sessions at 2.30. The Executive Council will hold its meetings in the East Ballroom of the Commodore Hotel, the Finance and Administrative Committees in the board room on the mezzanine. All other committees will meet in the rooms of the New York Chapter, American Institute of Banking, 15 West Thirty-seventh street.

The detailed program of meeting is as follows: Monday, October 2, 9.30 to 5.00:—Committee, Trust Company Division, National Bank Division, State Bank Division, and Savings Bank Division; Agricultural Commission; Commerce and Marine Commission; Economic Policy Commission; Public Relations Commission; Administrative Committee; Fiftieth Anniversary Committee; Finance Committee; Insurance Committee; Protective Committee; Committee of Five; Committee on Membership; Committee on Public Education; Committee on State Taxation; Committee on Federal Legislation; Committee on State Legislation; and Special Committee on Taxation.

On this date the sixteenth annual meeting of the Clearing House Section

will also be held from 9.30 to 12.30 p. m. in the ballroom, Hotel Commodore. The program is: invocation; address of the president, John R. Washburn; reports of officers and committees; address, John McHugh, president Mechanics and Metals National Bank, New York; address, L. F. Loree, president Delaware and Hudson Railway, on "Labor Unions"; open discussion on the clearing house examiner system; election and installation of officers.

In the afternoon the sixth annual meeting of the State Bank Division will be held in the ballroom, Hotel Commodore, at 2 p. m. The program is: address of the president, R. S. Hecht; address, "Financing Agriculture," Eugene Meyer, Jr., managing director War Finance Corporation; address, "Practical Problems of State Banking," Marshall Cousins, Commissioner of Banking of the State of Wisconsin; committee reports; open discussion; report of the committee on resolutions; election and installation of officers.

In the evening at 7.00 p. m., there will be a dinner of Reserve City Bankers, and at 9.00 p. m., a meeting of the Executive Council of the association.

Tuesday, October 3, at 9.30 a. m., the first general association session will be called to order by President Thomas B. McAdams. The program is: invocation; address, Thomas W. Lamont; address, President McAdams; reports, the Administrative Committee and Executive Council; the American Institute of Banking, Retiring President Robert B. Locke; the State Secretaries, Andrew Smith, president State Secretaries; the Clearing Houses, John R. Washburn, president Clearing House Section; the Trust Companies, J. A. House, president Trust Company Division; the Savings Banks, Raymond R. Frazier, president Savings Bank Division; the National Banks, John G. Lonsdale, president National Bank Division; the State Banks, R. S. Hecht, president State Bank Division; address, "Public Health Assets," Dr. George E. Vincent; appointment of resolutions com-



A group of bankers on their way to West Point during the last convention held in New York, September 1904. A trip to West Point will be a feature of this year's convention

mittee. In the afternoon at 2.30 the Savings Bank Division and the State Secretaries Section meet, and at 5.00 the association's nominating committee. In the evening there is a theater party.

Wednesday, October 4, the program of the general session which opens at 9.30 a. m. is as follows: address, Governor Henry J. Allen of Kansas, on the responsibility of the government for industrial justice and the relation of the Federal Reserve System to American business; address "Reparations and International Debts," Reginald McKenna; report of nominating committee; election of officers.

In the afternoon at 2.30 the National Bank Division meets in the main ballroom, Commodore Hotel, the program being as follows: remarks by President John G. Lonsdale; appointment of committees on resolutions and nominations; address, James S. Alexander, president National Bank of Commerce, New York; address, "Some Problems for Thinking Men to Think About," Frank A. Munsey, New York; reports of committees; election of officers.

In the evening at 6.30 there is a dinner of incoming American Bankers Association state vice-presidents, presidents, and secretaries of state bankers associations; at 8.00 a theater party for ladies, and at 8.30 a smoker for men.

Thursday, October 5, the final general session opens at 9.30 a. m., the program being: reports, the Committee of Five, Charles deB. Claiborne, chairman; Insurance Committee, Oscar G. Foreman, chairman; Committee on State Taxation; Ernest J. Perry, chairman; Committee on State Legislation, Craig B. Hazelwood, chairman; Committee on Federal Legislation, A. E. Adams, chairman; Committee on Public Education, John H. Puelicher, chairman; Public Relations Commission, Francis H. Sisson, chairman; Agricultural Commission, Joseph Hirsch, chairman; Economic Policy Commission, M. A. Traylor, chairman; Commerce and Marine Commission, Fred I. Kent, chairman; resolutions committee; installation of officers.

In the afternoon at 2.30 the Trust



Hotel Commodore, New York, which is to be the headquarters of the convention

Company Division meets; at 6.30 there is a dinner of the American Institute of Banking; and at 9.30 the American Bankers Association grand ball.

Friday, October 6, the closing day, comes the boat trip to West Point,

where the cadets give a special parade. At 11.00 a. m., the Executive Council will meet aboard boat, and in the afternoon, at 4.00 the Administrative Committee meets on the boat. At 7.00 p. m. comes the golf dinner.



Bankers' Views on Clients' Advertising

Expression of Attitude From Bankers in All Parts of Country
Show Divergences of Opinion

By Richard F. Durham

THE matter of the banker's attitude toward the advertising policy of his clients as regards appropriations—more particularly the question of bank loans to customers for advertising purposes—has been during recent time the subject of so much discussion and debate in both business and banking circles that THE BANKERS MAGAZINE has, through a questionnaire addressed to prominent bankers in all parts of the country, endeavored to get a widespread and comprehensive expression of banking opinion on this subject.

Embodied in the questionnaire were the following four questions:

1. Do you review the advertising plans of borrowing customers?
2. Do you—as a general rule—encourage or discourage increased advertising expenditure in periods of increased sales resistance?
3. Do you admit the cumulative effect of past advertising investments as a secondary asset?
4. Do you ever extend accommodations directly for advertising expenditure?

The reactions of bankers to these questions, while well in accord on certain points show marked divergences of opinion on other phases of the discussion.

The answers to the first question, "Do you review the advertising plans of borrowing customers?" reflect a tendency in the majority of cases to let the bank's attitude be guided by the circumstances involved in each particular case. Many of the banks make it a point to review the plans of such clients as are engaged in, or who contemplate, an advertising campaign. Other banks feel that with concerns whose state-

"We review their advertising plans with many of our borrowing customers, believing that in many cases the advertising plans of those customers are as important as any of their plans in relation to their business."

ments indicate a sound condition the matter of advertising plans is best left in the hands of the customers. In these cases, however, the banker is glad to give his counsel when called upon to do so.

Expressions of opinion on this question follow:

New England States:

A bank in Providence writes:

As a general thing we do not review advertising plans of borrowing customers. In one or two instances depositors who are making exceptionally large expenditures annually for advertising go over their plans with us.

A Boston bank states:

We do not review advertising plans of all our borrowing customers, but when we feel a necessity for knowing all the details of a company's operations we include this among the other things on which we try to inform ourselves.

Eastern States:

A New York bank remarks:

Occasionally, but not in detail.

A Philadelphia bank says:

The matter of advertising is one we leave to the customer. Sometimes we might suggest it to him if we feel that an advertising policy would be a good thing, but as a general rule, the bank is not called upon, except in rare instances, to take action in the matter of advertising on the part of its customers.

"We make it a point to go over advertising plans and advertising results with those of our customers who go into what might be termed an advertising campaign. Where their advertising outlay is a very small percentage of their gross expenditures it is not ordinarily a matter of consultation between us and our clients."

A Pennsylvania bank writes:

When asked to do so, which is seldom.

From a bank in upstate New York:

We review their advertising plans with many of our borrowing customers, believing that in many cases the advertising plans of those customers are as important as any of their plans in relation to their business.

Middle States:

A Chicago bank writes:

We make it a point to go over advertising plans and advertising results with those of our customers who go into what might be termed an advertising campaign. Where their advertising outlay is a very small percentage of their gross expenditures it is not ordinarily a matter of consultation between us and our clients.

Another Chicago bank says:

Almost invariably in instances where sales are dependent on advertising and concern has no large amount of free capital.

Still another bank writes from Chicago:

As a general rule, no. The matter is sometimes broached by our customers, but this is the exception rather than the rule.

An Ohio bank remarks:

As to the methods we pursue with our clients as far as investigating their advertising activities is concerned, this all depends upon the nature of the business in which the concern is engaged, and if we believe that it is necessary that advertising play a prominent part in the selling campaign we of course take this into consideration and endeavor to review their plans.

A Kansas City bank states:

We do not review the advertising plans of borrowing customers as a rule. Where the amount paid for advertising expense is large in proportion to the total expense, we make some inquiry into the policies of the management.

A St. Louis bank makes this comment:

We do not make it an invariable rule to review the advertising plans of borrowing customers, unless the character of the business is such that advertising is the principal factor in its development. In some cases we take considerable interest in advertising plans, but we do not believe any fixed rule could be laid down, as each case would have to be considered on its merits.

Pacific Coast States:

A Portland, Oregon bank writes:

We do give careful consideration to the advertising plans of our customers in sufficient detail to know what form of advertising they propose to take and the amount which they expect to expend in such advertising campaigns as are undertaken.

A bank in Seattle remarks:

Yes—where they are a factor in the operations of the business.

Another Seattle bank says:

We would review the advertising plans of borrowing customers if the amount of their borrowings for this purpose was of sufficient importance.

The responses to the second question, "Do you—as a general rule—encourage or discourage increased advertising expenditure in periods of increased sales resistance?" bring out first of all the feeling that it is a difficult matter to apply any general rule to cases which fall under this head.

Assuming past evidence of sound management and sane advertising in the conduct of the concern's affairs, the matter comes down to a question of policy on the part of the individual bank—and here—as is evidenced by the answers—opinions differ.

Some of the answers read as follows:

New England States:

A Boston bank says:

We do not think it possible to allow a general rule to govern our attitude toward increased advertising expenditure, for we feel that each case would have to stand on its own merits. The character of the product advertised, would be of primary consideration.

Another Boston banker writes:

It is impossible for me to lay down any

rule as to whether increased advertising expenditure should be encouraged or discouraged in periods of increased sales resistance. I feel that each case should be studied individually.

A Massachusetts bank writes:

Encourage, provided customer's reserves warrant it.

A bank in Boston remarks:

Just what attitude we would take if a loan of this kind was presented to us, we are not prepared to say, as it would depend principally on the general condition of the company's affairs.

A bank in Connecticut observes:

We would advise the redoubling of the efforts of the sales department through its men on the road. To our minds, when a company is obliged to borrow in substantial amounts for advertising purposes, it is an evidence of lack of working capital and an effort should be made to refinance the business either through a stock or bond issue. We do not doubt but what there will be material difference of opinion on that point but that is the way we feel about it.

Eastern States:

From a Pennsylvania bank:

Yes, we encourage a carefully drawn plan during periods such as we are emerging from on the theory that during such periods every punch must count and there must be more punches than during a boom. We practically forced a merchant to follow these lines to his profit and our relief last year.

An upstate New York bank writes:

From the nature of the subject itself it is impossible for us to lay down general rules as to advertising expenditures or the increase or decrease of expenditure in relation to the character of the period in its relation to sales resistance. For instance, on one end of the problem, you would find certain manufactured products the sale of which would not be increased to any great extent, no matter how much you increased the advertising. On the other end, one would find certain products the sale of which would be increased by an extensive advertising campaign. We have advised borrowing customers in some cases to increase advertising expenditures, on account of the nature of the product, or some change in the product, or where some new line is introduced, even in a time like the present.

Our officers have spent days in conference with a customer making a proprietary article as to his advertising and selling policies

"The matter of advertising is one that we leave to the customer. Sometimes we might suggest to him if we feel that an advertising policy would be a good thing, but as a general rule, the bank is not called upon, except in rare instances, to take action in a matter of advertising on the part of its customers."

and have advised increasing the expenditure, although it might mean increased borrowings for a time. We have advised a manufacturer of typewriters to curtail for a time, but then to increase his advertising like a wave, at a later time when the occasion warranted. So we have advised the manufacturer of hoisting apparatus to decrease advertising in one line and increase it in another, because of the novelty and the wider field of the line in which the advertising was increased. Perhaps these three examples best illustrate our attitude.

Advertising presents many fascinating problems, and the attitude of the borrower towards such problems is of the utmost importance to the credit department of the bank.

A bank in New York City says:

Too broad a question to answer specifically. All depends on the individual case. As a general rule a bank would not be warranted in advancing money to finance a sales campaign unless the bank was amply protected by a cushion of liquid assets. A bank should finance merchandise turnover and be secured by that merchandise. The risk of selling and overhead should be done on the concern's own capital.

A Philadelphia bank states:

Assuming that the well established manufacturing concern with a good market and stable demand for its product has shown consistent progress over a period of years, and that it has kept its quick assets in the right proportion to its quick debt, it would seem to be a good banking proposition to go along with the concern in its advertising campaign.

It would, however, be difficult to make a standard that could be rigidly adhered to, as no two concerns handle their financial matters in exactly the same way. It would, therefore, be desirable to carefully consider each application as it arises and decide on the merits of each individual case.

An upstate New York bank remarks:

We let our customers work this out themselves.

"To our minds, when a company is obliged to borrow a substantial amount for advertising purposes, it is an evidence of lack of working capital, and effort should be made to finance the business either through a stock or bond issue."

A Buffalo banker writes:

If sales resistance is result of competition—yes; if sales resistance is result of general business conditions—no.

A Pittsburgh bank observes:

Do not think a general rule could be laid. In my opinion the individual cases would have to be analyzed, taking into consideration the nature of the commodity, the liquid condition of the subject, and the proportion of advertising expense to overhead. In some cases no doubt the increased advertising expenditure in periods under discussion, would be justified.

Southern States:

From a banker in Richmond:

If consulted we would judge each case by its merits. We believe, however, in decreasing sales resistance by judicious advertising.

A bank in New Orleans says:

We have not done so, although we believe in certain lines it could very probably be a matter for discussion.

Another New Orleans bank writes:

We encourage any decrease in overhead that does not kill the efficiency of the business and would accordingly recommend a normal amount of advertising.

Middle States:

An Ohio bank remarks:

This feature seldom comes to our attention. We have very little to say on the subject.

Usually our customers who are large advertisers do not consider the bank man in their arrangements when it comes to an advertising program.

Perhaps it's our fault.

A letter from a Detroit bank states:

We are a believer in increased advertising in certain periods of increasing sales resistance. However, do not stress the point

when customer's condition needs considerable financial assistance.

A banker in Kansas City says:

We do not encourage increased advertising expenditure in periods of business depression. The purchasing power of our section is with the agricultural class, and we do not believe that advertising is going to change the mental attitude of this class when the value of its products is declining, or has declined to a point considerably below the cost of production. At this particular writing, prices have recovered considerably, the attitude of the farmer is improving, and we believe it an opportune time to enter into an advertising campaign.

From a St. Louis bank:

We cannot say that this point comes up to us very often. The ordinary successful management is well able to look after its own advertising problems, and we do not believe that bankers, as a general rule, could be called in as expert specialists on questions of advertising, and unless a business drifts into a situation where it requires special handling, we believe this is a matter which should be left to the discretion of the management, without undue interference from outside sources. It appears to us that banks should assume the responsibility of management only in cases of emergency, although, of course, there is no objection to their acting in an advisory capacity on matters of general policy, particularly where the extension of loan accommodation is involved.

A banker in Cleveland observes:

I think it is to be encouraged in cases where the capability of the management is established and the concern is properly financed.

Pacific Coast States:

A Seattle bank writes:

We would be inclined to encourage advertising expenditure in periods of increased sales resistance.

A bank in Portland says:

As a general rule we encourage our customers to increase their advertising within reason to meet sales resistance, all depending upon the class of goods, general marketing conditions, etc. We have seen cases in the last two years where additional expense for advertising some lines of goods would have been money wasted, and other cases where advertising was absolutely essential to maintain a normal amount of sales—depending very largely upon the class of business and the type of consumer to

which the advertising was expected to appeal.

On the third question "Do you admit the cumulative effect of past advertising investments as a secondary asset?" while most bankers are ready enough to admit the good-will value of past advertising they are, as a rule, loath to place this good-will on a dollars and cents basis. Indirectly, though, it would have its place in a general summing up of the concern's credit standing. When the question comes up, however, of granting this good-will a place on the current assets side of the statement, the average banker seems to feel decidedly reluctant about so doing.

Observations on this question follow:

New England States:

From a Providence bank:

We should, of course, give consideration to the intangible value of past advertising investment, but in calculating the condition of a company, we would not include any such items in the current assets.

A Boston banker observes:

In some cases I admit that the cumulative effect of past advertising may have some value as an asset, but I never figure this item, which we usually call good will, as an asset which can be used in paying liabilities.

Eastern States:

A banker in upstate New York remarks:

We have not in the past considered the cumulative effect of past advertising investments as a separate secondary asset. We do, however, admit and consider such effect in relation to the value of the good will of a business and in making up our mind as to whether a credit risk is attractive. We feel, however, that it is impossible to put a definite monetary value in the balance sheet, which would be given a definite credit rating.

From a bank in New York City:

This really means good will and is usually eliminated in consideration of actual assets, although it has an effect on a banker's judgment in considering a concern's credit.

A Philadelphia bank writes:

Good will as an asset is usually of doubtful value. In the case of a well ad-

"Our officers have spent days in conference with a customer making a proprietary article as to his advertising and selling policies, and have advised increasing the expenditure, although it might mean increased borrowings for a time. We have advised a manufacturer of typewriters to curtail for a time, but then to increase his advertising like a wave, at a later time when the occasion warranted. So we have advised the manufacturer of hoisting apparatus to decrease advertising in one line and increase it in another, because of the novelty and the wide appeal of the line in which the advertising was increased."

vertised proposition, the chances are all in favor of the enterprise itself being in good shape without having to take into consideration its advertising program. Banks are very slow to attach any value to good will and where they would attach value to it, as stated, the chances are that the concern itself would be good enough anyhow. Accommodation extended directly for advertising expenditure is a very rare matter.

A Pittsburgh banker says:

Consider past advertising expenses investment as purely an overhead expense, the value of which decreases very rapidly, if such advertising is cut out or curtailed. For this reason would not consider it even as a secondary asset.

Another Philadelphia bank observes:

We appraise a well advertised article as having a possibly secondary asset value equal to about two years (averaged) profits plus two years (averaged) advertising costs. Of course this only applies to a concern of merit, which might through some misfortune be compelled to live on its past record for a time.

Middle States:

A Chicago bank writes:

It would be difficult to make a categorical reply as to the cumulative effect of past advertising, but we would be inclined to feel that if there was no cumulative effect, it would be a very definite index of a poorly conducted or unwarranted campaign. We would be inclined to loan our depositors on the statement they were able to make at a given time, but we should be loath to finance advertising on the basis of giving a customer

"As a general rule a bank would not be warranted in advancing money to finance a sales campaign unless the bank was amply protected by a cushion of liquid assets—a bank should finance merchandise turnover and be secured by that merchandise. The risk of selling and overhead should be done on the concern's own capital."

more than their present statement warranted, because their contemplated advertising campaign would, or ought to, bring them new and profitable business. In other words, we want to see the results of past advertising expressed in their profit and loss statement. When those figures indicate that they have successfully carried through a definite advertising scheme, it would be reflected in such an improved condition of their statement that they would be entitled to additional accommodations. Broadly speaking we feel that investments in large scale advertising campaigns should be made by the stockholders, i. e. out of the concern's capital, rather than by the bankers, i. e. out of short time loans.

Another Chicago bank states:

We would hardly call it an asset, because of its intangible nature. It has its value, however, if it has stimulated the demand or broadened the market for the advertiser's products, and this is of course taken into consideration along with the other factors by the banker.

An Ohio bank says:

Being believers in advertising ourselves we naturally encourage a reasonable advertising expenditure on the part of our clients. While we do not exactly admit that past advertising investments are a secondary asset, yet we take that into consideration in determining the value of the good will of such companies.

A bank in St. Louis remarks:

We do admit the cumulative effect of past advertising investments as a secondary asset, but owing to its intangible nature and the utter impossibility of arriving at any fair basis of valuation, this is an item which should be very carefully scrutinized in any financial statement. Our general conclusion is that cost of advertising is an expense and should be so charged off within a reasonable time after its incurrence. Only in exceptional cases do we feel that the carrying of an advertising account as an asset,

based on past expenditures, is a good practice.

From a banker in Cleveland:

Yes. But we do not count it as an asset which would materially effect the question of loans except in unusual cases—like that of Ivory Soap—Proctor & Gamble, for instance.

Pacific Coast States:

A Portland bank says:

We do admit the cumulative effect of past advertising investments as a secondary asset. In some cases we believe the money expended in this direction—establishing a market for products—is a very valuable item indeed, enabling the concern advertising to present a market affording consumption of their output, thereby establishing a more sound value upon plant assets.

A Seattle banker observes:

Yes, but such an asset is intangible.

Answers to the fourth question "Do you ever extend accommodations directly for advertising expenditure?" are, perhaps, best divided under the three following classifications: 1. Banks which feel that such procedure is permissible only in very exceptional cases, and that no set rule can be laid down; 2. Banks which think that such procedure is not justifiable in any case, and that advertising expenditure ought always to come out of a concern's working capital, and; 3. Banks willing either to extend accommodations directly for advertising, or at least to include advertising appropriation as part of a general expense program.

Following are expressions of opinion on this subject:

New England States:

A bank in Providence says:

We have not been asked to extend accommodations directly for advertising purposes, but concerns which are borrowing in sizable amounts from us we know are expending substantial sums each year for advertising.

A Massachusetts bank remarks:

We do not believe that bank loans unsecured should be made except for the purpose of financing commercial transactions. Expenditures looking toward the building

up of either plant or good will should be taken from either stockholders' capital or earnings. There may be instances, of course, where good will has a very tangible value but in the ordinary sense of the term we do not think it should be regarded as an asset to be taken as a basis for credit.

A Boston banker observes:

Whether it is proper or not for a bank to extend accommodations directly for advertising expenditures would depend entirely on circumstances. I think there are cases where it might be perfectly proper, but it is difficult to apply rules to govern this.

A bank in upstate New York writes:

We have never been called upon to extend accommodation directly for advertising expenditures, though we feel in many cases direct relation between the income and the expenditure for advertising could be relied upon. As a matter of fact our larger accounts are in most cases advertisers to a considerable extent, and we believe their expenditures in the way of advertising are warranted. In fact we would criticise the management of many of the concerns who do business with us if they did not advertise. We might be unwilling to continue to extend credit if advertising was done away with.

This whole matter of advertising policy is not capable of analysis in terms of dollars and cents. However, it is one of the most important factors to consider in relation to the probable progress of a customer. It must be considered in arriving at the credit department's judgment of that intangible something which goes far to make up the credit department's determination as to whether or not an account is attractive. I think all bankers would realize that as between two companies, whose financial statements are practically identical, the one who advertised might be an attractive credit risk while the other would be unattractive. The plans and policies and the expenditures past, present and future in relation to advertising would be one of the most important factors in our estimation as to the attractiveness of many accounts.

A Philadelphia bank states:

Whether a bank's funds should be loaned for an advertising campaign is a question that may not be answered generally. Ordinarily it would not constitute a good bank loan. Advertising is an investment—frequently a very profitable one—but it is not a self-liquidating asset. The fact that the borrower wishes to borrow in order to make this investment indicates an inability to spare the amount of his own working capital. Provided his advertising campaign be

"We do not encourage increased advertising expenditure in periods of business depression. The purchasing power of our section is with the agricultural class, and we do not believe that advertising is going to change the mental attitude of this class when the value of its products is declining, or has declined to a point considerably below the cost of production."

successful his working capital must suffer a strain in ratio to that advertising success because larger sales mean increased book accounts and usually a larger merchandise item.

In other words, the successful advertiser who uses borrowed money to conduct his plan very likely joins the class of those doing too much business on their invested capital. While you are fostering your customers' ambitions along that line you may be jeopardizing the loan that stood on your books before the advertising subject came to your attention. Profits do not build capital fast enough to take care of quick increases in volume. That is usually a capital issue. There are many recent instances where vigorous and successful sales campaigns have been conducted independent of suitable capital arrangements with much discomfort to the company's general creditors.

A general rule may hardly be applied to the question of whether bank loans should foster advertising. Each case is apt to be a matter unto itself.

A Buffalo bank says:

As a part of an expense program—yes.

Southern States:

A Richmond bank observes:

While it can be said that we extend accommodation for advertising expenditure, we nevertheless consider this as a part of the customer's general plan, when we go over with him his application for a credit line. Of course, the relative expenditure for advertising in the budget which he submits is dependent almost entirely upon the character of his business.

Middle States:

A Chicago bank remarks:

As a general rule it has been our policy to assist any of our customers in the expansion of their business where their past record has shown ability to conduct such a

"We are a believer in increased advertising in certain periods of increasing sales resistance. However, we do not stress the point when the customer's position needs considerable financial assistance."

business; in any case of this kind we take into consideration the moral responsibility as of equal or greater weight than the financial statement.

A bank in Ohio writes:

Only one case comes to mind—the business is a product which lives from the result of direct advertising and is seasonable.

Another Ohio bank says:

With some concerns we have extended accommodation directly for advertising expenditure, for we have felt that such an expenditure was just as legitimate as an expenditure for merchandise.

A bank in St. Louis remarks:

We do not, as a general rule, extend accommodation directly for advertising expenses. This, in our opinion, is an item which should come strictly out of the busi-

ness' own working capital, and inasmuch as the results of advertising campaigns are merely in prospect, they are not, generally speaking, a proper basis for bank loans.

A Cleveland bank writes:

Not for that specific purpose alone. I don't recall that we have ever been asked to do so. Occasionally we know that an advertising appropriation is included in general expense schedule.

Pacific Coast States:

From a bank in Seattle:

We consider advertising a legitimate business expense and if the company's standing is satisfactory, we are always willing to loan for such purposes.

A Portland bank writes:

In some cases we have extended credit for advertising purposes, but they are very few, due to the fact that our line of customers, this far West, do not have the same national advertising expenditures for specialty lines such as are met in other districts. As a rule these expenditures are a part of the entire budget of operations for a season and are not of such major importance that we feel our credit extensions are directly for this purpose.



What is the Cause of Industrial Unrest?

FESTUS J. WADE, president of the Mercantile Trust Company of St. Louis, says that "the time is fast approaching when employee and employer must get together and go hand in hand for the mutual benefit of each and for the making of a greater United States."

He offers the following suggestion as a practical means of finding the solution to the problem:

Every large center has its Chamber of Commerce, Business Men's League or Manufacturers' Association. Why not let the St. Louis Chamber of Commerce take the initiative and ask all these other organizations throughout the land to hold a meeting in their respective cities and appoint a commission of fifteen or twenty-five men who will devote their time in an endeavor to solve the strike problem. Sooner or later bills will be drawn in Congress looking to-

ward a settlement of the question. The great colleges and universities should immediately endeavor to suggest some practical solution.

Every national labor organization and national manufacturers' association should likewise appoint committees for such purpose.

The American Bankers Association should also create a commission and work in harmony with employee and employer associations to endeavor to find the method of eliminating strikes.

The framers of the Constitution of the United States never intended that any minority of men should dictate to the majority, whether they be represented by Organized Capital or Organized Labor. Therefore, in this period of great unrest, it seems to me to be the duty of every conservative labor leader and every conservative thinker, regardless of his condition in life, to work out in harmony a plan by which peace and happiness may reign throughout the country.

The Banker and the Surety Company*

By Jarvis W. Mason

Vice-president American Surety Company of New York

THE banker comes into touch with a surety company at many points. Not only is he a purchaser of surety bonds in the market, but he is often very glad indeed to hold as security, the bond of a reliable surety company when tendered to him by a client or by a debtor.

If I touch but lightly upon burglary insurance this is because my personal experience has been in the surety line, and in speaking of burglary insurance, I am compelled to rely upon the experience and knowledge of others.

The banker is particularly interested in the individual fidelity bond, the schedule bond, and the banker's blanket bond in its several forms. In addition to that, he is specially interested in depository bonds. In the burglary field he is interested in, what is known, as bankers' burglary, robbery and forgery insurance.

I will discuss somewhat the generally accepted facts, in relation to these several classes of bonds, the forms used, and I will comment upon the underwriting experience.

The standard form of fidelity bond, approved by the American Bankers Association, covers loss, which the employer may suffer, of money or other personal property (including that for which the employer is responsible) through fraud, dishonesty, forgery, theft, embezzlement, wrongful abstraction, misapplication or misappropriation, or other dishonest or criminal act or omission of or by any of the employees covered, and then proceeds to provide that the employer must give prompt notice of the discovery of any loss, and limits the time within which he must sue, if the employer and the surety do not agree. Each surety company has also its own form of bond. It will be found that some of these special forms are in many particulars

much broader from the standpoint of the employer, than the standard form, while, in other particulars, it may be, that conditions and limitations are inserted which are not in the standard form. It is the personal knowledge of the speaker that many banks prefer the company's form to the standard form, while others prefer the standard form, and so far as the speaker is aware, all companies will sell either their own form, or the standard form, as the customer desires.

There can never be any real understanding between the bank and the surety company, writing its fidelity bonds, until the bank has read with the greatest care, the bond, which it holds, and has ascertained precisely what it covers, and what it does not cover. It insures against the hazards specifically covered only. The surety company's compensation is a premium, out of which, it must pay losses and expenses. The premium is fixed in view of the hazard. It cannot be expected, because of any misunderstanding on the part of its client, to assume after a loss has occurred, a hazard greater than was expected in the beginning.

The requirements as to prompt notice are properly inserted, so that loss, both to the bank and surety company may be avoided, or reduced by immediate action on the part of the surety company in the case of loss, such action looking primarily to the recovery of the property stolen. We have had quite recently, an instance, both of the value of prompt notice, and of the result which might have followed, had the notice been still prompter.

One of the largest and best organized banks in the United States, recently suffered a loss, through the theft

*Excerpts from an address delivered at the nineteenth annual convention of the Montana Bankers Association.

by some of its employees, of securities worth approximately \$500,000. The bank did not discover its loss for, I think, seven or eight days. It promptly notified the surety company involved, that company promptly proceeded to investigate the loss, and within a very short time, succeeded in securing the return of about \$440,000 worth of these securities. Who can say, if the surety company had commenced investigation the day after the loss, that it might not have recovered all of the securities? It will be appreciated, therefore, that for the protection of the banks, that rely upon surety companies to keep themselves solvent so that they will be able to respond in case of necessity, the surety company must insist upon prompt notice of anything likely to result in a claim.

The only other restriction of any importance is the one limiting the time within which suit may be brought. If it were always possible for banks and surety companies to agree, there would be no occasion for litigation, but occasions for differences have happened before, and doubtless will happen in the future. When such is the case, the matter should be promptly submitted for adjudication while the documentary evidence is available and the recollection of witnesses remains fresh. Confining myself to the standard form of fidelity bond, it will be appreciated, that in order to present a valid claim thereunder, it must appear—

1. That the employer has suffered pecuniary loss of money or other personal property.
2. That it is the direct result of one of the hazards insured against.
3. That it is the result of an act or omission on the part of one or more employees specified.

It will not do to say that something has been lost and the bank does not know how, or that the bank surmises that it was lost, through the act of some one of its employees, and it generally will not do to say, that there is a loss that occurred, because of the act

of some employee. The surety is entitled to be advised, whose act, caused the loss.

Some years ago London Lloyds introduced a form of bond, which has come to be known, as the "bankers' blanket bond," which attempted to insure the banker against loss arising by reason of any one or more of a considerable number of hazards. For a long time, the surety companies in America declined to use this form, but under pressure from the bankers, and against the judgment of the more experienced underwriters, (including that of the writer), the companies in this country entered this field. After an apparently profitable experience, for the first two or three years, the losses, which underwriters knew must accrue, commenced to make themselves apparent, and in a short time it developed, that the losses were out of proportion to the premiums received, and in some lines exceeded the premiums, leaving nothing with which to pay expenses, or to provide for profit. This resulted in revision of the form used, and now there are in current use, two forms of bankers' blanket bond, designated as No. 1 and No. 2, No. 1, being the broader coverage and No. 2, being more restricted coverage. The charge for this restricted coverage was made substantially at the rates that had been charged for the form theretofore used, and under which the experience had been unprofitable. A largely increased rate was charged for No. 1. The banker was offered whichever form he desired taking into account the difference in the price charged. It will be noted that under either form, the loss insured against, is a loss of a tangible thing only, and that it must be a tangible, coming within the definition, set forth in the bond. Besides that, the loss must not be from one of the causes excluded, and it must be the result of one of the acts insured against. These facts must be set forth in any proof of claim, in order to present to the surety a valid claim.

In the case of bank fidelity rates, in

the beginning rates were fixed according to the best judgment of the underwriters and within the memory of the speaker, bank fidelity rates have fallen from one dollar per hundred dollars of suretyship to twenty-five cents per hundred dollars of suretyship, which is the present rate. The reduction is really greater, in view of the fact that bond forms are now much broader and warranties formerly included in the bond forms, are now omitted. Under the present rates our loss experience under bank fidelity bonds shows loss to premiums is considerably greater than any other large class of fidelity bonds, and the bank rates would have to be materially increased by any company which undertook to write only bank fidelity bonds and did not include other classes of fidelity insurance.

In the year 1921 my company paid in losses on state banks, having capital of \$25,000 or less, an amount equal to 120 per cent. of the premium by it collected during the year from such banks, and on state banks, having a capital exceeding \$25,000 it paid a sum equal to 117 per cent. of the amount collected by it in premiums from such banks. Under bankers primary blanket bonds it paid in that year a sum equal to nearly fifty per cent. of the amount collected by it on premiums on all such bonds for all classes of banks. Even though it be admitted that the year 1921 was an exceptional year, it must be seen that such loss ratios are excessive. When we consider eleven years, beginning January 1, 1910, and ending January 1, 1921 we find that my company paid to state banks, having capital of \$25,000 or less a sum equal to eighty-five per cent. of the entire amount collected by it from such banks, and it paid to the larger state banks a sum equal to fifty-four per cent. of the amount by it collected in premiums from such banks. On bankers primary blanket bonds it has paid to all banks a sum equal to sixty-one per cent. of the total amount it collected in premiums from all banks on this class of bonds.

I think it will be quite apparent

that the bank fidelity business is written below cost, and either the banks must guard themselves better and reduce their losses, or premiums must be increased, and that particularly, state banks whose loss ratio runs considerably higher than the average of all banks, must adopt more efficient measures to prevent dishonesty. If I were in position to furnish the consolidated experience of all surety companies in these lines, the loss ratio would be much greater than that above mentioned.

The depository bond is of a different character from the fidelity bond, and while excessive loss under the fidelity bond indicates the character of the management of the bank, loss on depository bonds can only be the result of insolvency, I need say very little here about the form of the depository bond. It is enough to say that in every case it guarantees that the bank will upon proper demand repay the deposit covered, and if the bank does not, the surety company will. The experience, however, is quite as interesting under this class of business, as it is under the fidelity class.

For the year 1921 my company's loss ratio to premium for this class of bonds was 107 per cent. and for state banks was 254 per cent. If we include the experience from 1910 to 1921, we find that my company has paid about fifty cents for losses on depository bonds for state banks of every one dollar of premium it has collected.

In presenting the facts connected with bank burglary, hold-up and forgery, I must acknowledge my indebtedness to S. B. Brewster, the manager of the burglary department of my company, who has been good enough to furnish me with the result of his broad experience, which I will briefly present. We will divide the business into burglary, including hold-up and forgery.

The surety companies offer the banks three varieties of burglary policies: One—Covering loss of property from the safe, whether that property belonged to the bank or be deposited with it for safekeeping and covering all

burglary committed upon the safe or vault.

Two—A robbery policy covering the loss of money, or securities taken by force from the possession of the bank, whether they belonged to the bank, or were deposited with it for safekeeping, and whether they were at the moment in or out of the vault.

Third—Safe deposit, covering loss by reason of burglary or robbery of property, of the character defined in the policy, deposited in a safe deposit box, rented by the bank to a customer, whether the loss be the result of robbery or burglary.

The first two forms of policies are primarily for the protection of the bank and only incidentally protect its customers, nevertheless, a bank, which holds policies on these forms, does materially protect its customers against the hazards covered.

The third form is one for the protection of the customers of the bank and does not protect the bank, excepting so far as the bank may be liable to the customer for loss resulting from the acts of its agents.

I am confident, that no matter what conclusion you may arrive at as to the limitation of your liability, the fact that you have covered your customer's loss by insurance, will add to your comfort and promote your nightly rest. It would in addition enable you to tell your customers how well you are endeavoring to protect their interests.

When we come to consider forgery insurance, we are faced with conditions which are different from those involved in fidelity insurance. While there may be a forgery on the part of an employee, the real risk of forgery is of one committed by a person not in the employ of the bank, and that the forgery will result in loss to the bank. This hazard having always existed, banks have made special efforts to develop care and skill on the part of tellers and others, in guarding against forgeries. Obviously, it is not desirable from the standpoint either of banks or surety companies to encourage the lowering of the necessity

for the exercise of care and skill, else the losses will grow to a point, where no premium which the business would stand, would make the line profitable to any surety company. A system has been devised, therefore, of excluding from coverage each loss, which does not exceed a certain maximum entered in the policy, and even when it does exceed that maximum excluding the amount of loss from coverage. The holding of this risk over the head of the teller will cause him to utilize the same care and skill as he would utilize, if there were no insurance, and thus as a result reduce the percentage of loss to such a rate as will make it possible to charge a premium which the business will bear. An examination of the rate scale, showing its rapidly decreasing ratio as the maximum amount excluded from the coverage increases, proves the effect of this.

In addition to this general form of bank forgery bond, which covers forgery, resulting from loss to a bank or its customers whether the forgery be committed in connection with paper issued by the bank, or issued by its customer, operates not only to protect the bank, but to assist the bank in developing the volume of its own business by the protection offered its customers.

Another form of coverage is limited to forgery of the bank's own paper, or of paper which the bank makes its own, by accepting the same. The surety companies are quite willing to sell this line even though the premiums be much lower than the broader form of forgery policies, but I cannot help but feel that, where conditions are such, as to warrant the bank in purchasing the broader form, the broader form will prove more satisfactory.

If I were a banker I should insist upon the broad form of forgery policies, the bank robbery policy and the bank burglary policy, and if I were operating a safe deposit vault, I would cover that. I would find some way to say to my customers, having all regard to the ethics of banking, I am protecting you against all hazards, which I am in a

position to guard you against. It seems to me this will furnish the bank with a very strong argument to induce the customer to prefer your bank when there is competition with another bank which does not furnish such security.

When you come to consider fidelity bonds, then we arrive at the point where the surety company furnishes service to the banker alone and only covers the customers of the banker to the extent that the banker is responsible to them.

Having in mind that bankers' blanket bonds cover loss of tangibles only, I think if I were a banker I would have a fidelity schedule covering each of my employees on the regular fidelity form in an amount sufficient to protect me against loss by reason of any manipulation of accounts or any other acts where loss of a tangible thing cannot be established, and then I would have a bankers' blanket bond covering all the employees in sufficient amount to protect me against all the various hazards therein specified, which are not covered by the fidelity bond.

In that connection, it will be well to bear in mind where an underlying schedule is carried, a deduction is made from the premium charged on the blanket bond.

It occurs to me that some banker may say, why incur the expense of a burglary or robbery policy, when most, if not all the hazards covered thereby, are covered also by the blanket bond? The answer to that question is very simple, when a loss results from burglary or robbery, the charge made for restoring the amount of coverage under a burglary or robbery policy, is very much less than the charge for restoring the amount of a bankers' blanket bond.

The success of a surety company depends upon its pleasing its clients and selling them what they want, at as low a price as is sufficient to enable it to continue in business with profit. Whenever it occurs to anyone of you that the surety company is not fair or is not furnishing what the bank assumes that it ought, I suggest a conference with a representative of that company, and I

am sure, that after such a conference a satisfactory disposition of these questions involved will be reached.

Most, if not all, of the differences which arise between banks and surety companies are either from a misunderstanding of the risk insured against or from lack of knowledge of the items involved in fixing a fair and reasonable rate.

There is no way to avoid misunderstanding as to risk insured against, except for the banker to read every policy he holds with care, and demand of the company a definition of any term, which he does not understand. It is to that end that I have referred to such an extent to the forms of policies used.

Upon the question of a proper premium rate, I must at the outset call your attention to the fact that like bankers, surety companies are not producers. Each of us, in his own way, is engaged in distributing hazard.

You as bankers, distribute the credit hazard, and charge for your services, a sum called "interest," which is intended not only to pay for the use of money, but to protect you against the hazard involved in your underwriting, or in other words, the sale of credit.

We also are selling credit just as much as you. We also are distributing hazard, just as much as you. Like you, we produce nothing, but we collect a sum called "premium," where you collect a sum called "interest". In your case, interest must pay for the loss resulting from the hazard as well as for the value of the use of the money, and the expense involved, and reasonable profit. We have all of those elements involved in our business, except we do not include in our premiums a charge for the use of money.

When you pay a surety company \$1.00 premium, you must always bear in mind that on the average twenty-five cents of that \$1.00 remains in your home town and is paid to the agent or broker in shape of commission, or brokerage. In many states, through resident agency acts, this has been made practically obligatory. I would not be

understood to say that the broker's services are not worth this percentage. An additional ten cents is expended in maintaining in your immediate neighborhood an organization so that you may be served promptly and your loss may be investigated quickly. While it would be difficult to say just how much is absorbed in the expense of supervising the underwriting so as to prevent selection against the surety's interest, and therefore against the interest of the banker, and in maintaining the necessary organization to enable the surety company in case of emergency to follow a bank defaulter to Central America, to Brazil and to Portugal which has been done by my company and as it stands ready to do again in a proper case, I think that you will agree if we say fifteen to twenty cents is appropriated to this expense, we would be making a very modest estimate of the expense involved. Another twenty-five cents and over is absorbed in current losses year by year, while the balance of the premium is necessary to create reserve out of which the losses incurred this year, which will be payable in future years, can be met. Under these circumstances, you will not be surprised to learn that the average profit of all companies is between three per cent. and four per cent., if I remember correctly in the neighborhood of three per cent.

I can almost hear some banker say, "Well, why do they need any profit on their underwriting. Fire Insurance men expect to break even on their underwriting and look to the earnings upon the investment of their capital, surplus and reserves for profit."

I hope that some day the surety companies can do likewise, but just at present the reserves are so little in excess of the invested capital (including sur-

plus) that such interest would not prove sufficiently profitable to induce investment in the surety field.

That the average earnings of surety companies is too little, is demonstrated by the fact, that on January 1, 1907, there were engaged in the surety business twenty-nine companies, but of these, only nine were included in the 1921 list, twenty of the companies, included in the 1907 list, have either failed or voluntarily retired from the surety business. This does not tell the whole story, there have been companies that started since 1907 and that have long ceased to do business.

Both the banker and the surety man in considering this business as a whole and without regard to the interest of any one bank, or of any one surety company, must bear in mind that the premium charges must be so fixed as to make it certain that a well managed company will find itself able to respond to all lawful demands and thereby the bank will find itself actually insured against the hazards specified and not merely insured on paper.

The record of the eight or ten companies that have been in this business twenty years or more, demonstrates that this can be accomplished under present conditions. The record of failures of companies engaged in the business demonstrates that the rates are as low as is consistent with profit. Both suggest to the bank the selection of a company, whose underwriting record indicates ability. The banker may then feel that he is insured against all the various hazards covered by surety companies and I am satisfied the relations between the banker and the surety underwriter will soon become as intimate as the banker desires to make his relationship between himself and his depositor.



Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable bank 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 person asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or 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 at various times the item "Treasury Stock" shown as an asset on statements and I have wondered if it should be carried as such. Do you consider it a proper asset? Can you also give me a clear idea as to just what the term "Treasury Stock" includes, distinguishing it from unissued and retired stock?—K. F. B.

ANSWER: The definition of Treasury Stock and the proper method of carrying it has been the subject of considerable discussion among accountants as well as bankers. Technically, Treasury Stock is an asset, in that it represents stock which has at one time been issued for value, whether property, cash or services, and has since been reacquired by the issuing corporation through purchase or donation by some interested party or in settlement of a debt. It can be resold below or above par and may be given away as a bonus with bonds or preferred stock. It cannot be put in the same class, however, with the stock of another company owned by the subject concern, in that it has no voting power and cannot pay dividends. Practically, therefore, (while it has some right to the claim of being an asset,) it actually represents merely a temporary reduction of liability to stockholders, with the power to re-sell at any time *provided there can be found a market for it*. The proper way to carry it on a statement, consequently, is not as an asset, but as a deduction from the amount of capital outstanding, i. e.:

Capital stock _____	\$100,000
Less stock in treasury _____	10,000
Capital outstanding _____	\$90,000

Although the above is considered the proper and conservative way of carrying Treasury Stock, it very often happens that

the item is shown on a statement as an actual asset. Bank credit men sometimes advocate this manner of carrying it on the balance sheet, stating that it is really a tangible asset in that it can usually be readily sold for cash if necessary. They further add that a corporation is hardly likely to buy in any of its own stock unless it is in a strong position financially and that to deprive it of the asset value of such a purchase, for which it has paid cash, is an obvious injustice.

While this claim is in some cases to a certain extent true, it is nevertheless not correct as a general rule because of the fact that Treasury Stock is not usually acquired through actual cash purchase for full value. The customary manner in which a corporation acquires such stock is by donation or repurchase at a nominal value. This generally happens in the usual case where a corporation is formed to develop or promote some commercial enterprise or to consolidate various existing companies, in which all or part of the original stock has been issued to promoters for over-valued services or property. After thus legally issuing the stock as full-paid, the corporation repurchases it from the promoters at a nominal price, creating Treasury Stock. Or again, the original stock may have been issued to interested parties in return for property or services with the understanding that a portion of it will be donated back to the corporation to be used for the company's benefit. Such stock is correctly termed Treasury Stock and can now be sold or given away as a bonus, according to the will of the subject corporation's directions. From this it can be seen that the belief that Treasury Stock is generally obtained through cash purchase at full value is fallacious. Furthermore, as stated above, it actually represents merely a temporary reduction of liability to stockholders, with power to re-sell provided there can be found a market for it, and as such is conservatively carried merely as a reduction of outstanding capital stock.

It is well to note in this connection that

a corporation can legally purchase its own stock only out of profits or surplus, and that such purchase can not be allowed to impair the present outstanding stock of the company or to conflict with the rights of the other stockholders.

Regarding the question as to the difference between unissued stock, retired stock and Treasury Stock, it is quite obvious that there is a decided difference between these three and that the terms are never synonymous. Unissued stock consists of that portion of the authorized issue for which no certificates have been issued. It represents merely the right to incur a liability. As such it can not be construed as an asset of any sort. This is made clear when we consider that it is possible for a corporation to be organized with an authorized issue of several million dollars capital by the mere payment of a charter fee of a few dollars. Such a company would have millions in unissued stock but actually no assets at all. Again, we must not confuse Treasury Stock with retired stock. The latter has been permanently cancelled and is not subject to re-issue or resale, whereas Treasury Stock can be disposed of at any time.

In carrying Treasury Stock on the balance sheet it should always be shown at par value regardless of the purchase price. Otherwise it is quite impossible to deduct it from the capital stock on the statement and show the correct amount outstanding. Furthermore, if the corporation in question repurchases its stock at a price below par, the discount made should not be carried as a profit and added to surplus. The only time a profit can be shown on the balance sheet is when the stock is actually sold at a higher price than was paid for it. The discount gained by the purchase of stock below par should be credited to some such account as "Contingent Profit on Stock Purchased".

QUESTION: Can you tell me what is meant by the term "merchandise turnover" as employed in connection with the business of a mercantile or manufacturing concern? Should this be figured in connection with sales?—
W. M. M.

ANSWER: This is a question which we touched upon briefly in the September issue in discussing the "loan turnover" of a bank. Merchandise turnover refers to the number of times during a fiscal year that a company's average stock of merchandise on hand is liquidated or turned over. In

analyzing a statement this is naturally a very important point to know, as it indicates the degree of liquidness of the inventory in question as well as the normal amount of merchandise that we should expect to find on hand at any time during the fiscal year. Obviously a company which is able to turn its merchandise six or seven times a year is in a position to make a larger profit on the capital invested than a concern which has a turnover of only three or four times a year.

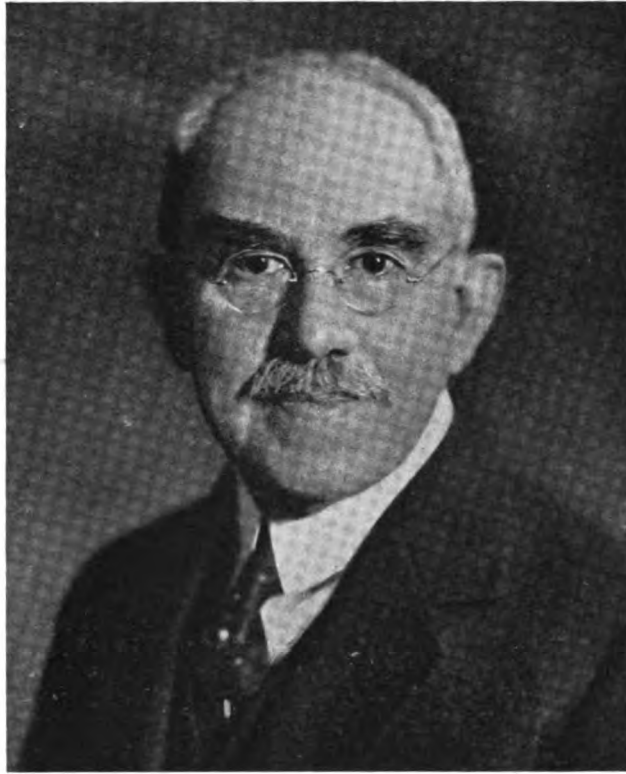
Very often, in the absence of figures from a profit and loss statement, the turnover is computed in connection with sales, i. e., the merchandise on hand (as shown on the financial statement submitted) is divided into the annual sales and the result is called the merchandise turnover.

This, however, provides only a rough estimate, and while it may suffice for ordinary purposes it does not present an accurate calculation of the turnover desired. The correct way of figuring the turnover is as follows: Take the merchandise on hand at the beginning of the fiscal period and to this add the purchases during the year (in the case of a trading company) or the cost of manufactured goods (in the case of a manufacturing house), deducting from the total the merchandise on hand at the end of the year. The result will be the amount of merchandise at cost price that has been sold during the year. If we then divide this figure by the amount of merchandise on hand at the beginning of the year (or the average monthly amount on hand during the year if the former is not sufficiently accurate) we will arrive at the merchandise turnover for the year. For example:

Merchandise on hand at beginning	
of year	\$ 15,000
Purchases during year	85,000
Total	\$100,000
Less merchandise on hand at end	
of year	\$ 10,000
Merchandise at cost sold during	
year	\$ 90,000
Merchandise turnover	
.....	\$90,000 ÷ \$15,000 = 6 times

The reason that merchandise turnover cannot be accurately computed in connection with sales is that sales represents cost plus profits, whereas merchandise on hand represents merely cost price. Consequently it will not furnish an accurate computation of the turnover if we divide an amount of merchandise taken at cost into another amount taken at cost plus profit.





HERBERT L. GRIGGS

Chairman of the board Bank of New York and Trust Company

MR. Griggs received his early business education in the office of Kidder, Peabody & Co. in Boston, which he entered in 1869. Some eight years later he came over to the New York office of the same firm and was admitted as a partner in 1886. In 1900 he retired from the succeeding firm of Baring Magoun & Co., and in January, 1901, was elected president of the Bank of New York. On the recent consolidation of the Bank of New York and New York Life Insurance and Trust Company he was elected chairman of the board.



EDWIN G. MERRILL

President Bank of New York and Trust Company

ON the merger of the Bank of New York and the New York Life Insurance and Trust Company, Mr. Merrill became president. He had been president of the latter institution for the past few years, having accepted the presidency when the office became vacant through the death of his predecessor. 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.

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

Crediting Overdraft Check to Depositor Makes Bank Liable

First National Bank v. Mammoth Blue Gem
Coal Company, Court of Appeals of
Kentucky, 240 S. W. Rep. 78.

TWO coal companies, which may be referred to as the Keeton Company and the Mammoth Company, kept their deposit in the defendant bank. The Keeton Company being indebted to the Mammoth Company, delivered its check on the defendant bank for \$1200 to the Mammoth Company. The Mammoth Company deposited the check in the bank to its credit. At the time of making the deposit, the cashier handed to the Mammoth Company's agent, a post card, which bore the statement: "We credit your account \$1200." The card was in the form ordinarily used by the bank in notifying its customers by mail of the receipt of deposits.

Shortly after the deposit was made, the bank discovered that the drawer did not have on deposit a sum sufficient to meet the check and so notified the Mammoth Company. Upon the bank's refusal to allow the Mammoth Company credit for the deposit, that company brought suit and it was held that the bank was liable. In a case of this kind, where one depositor offers to his bank, for deposit to his credit, the check drawn by another depositor, the bank must ascertain, before giving credit for the deposit, whether the check is drawn against sufficient funds. If it gives credit, the transaction is closed and the credit cannot later be revoked. The situation is the same as though the bank had cashed the check and the depositor had thereupon deposited the cash to his own credit.

OPINION

Appeal from Circuit Court, Whitley
County.

Action by the Mammoth Blue Gem Coal Company against the First National Bank. From a judgment for plaintiff, defendant appeals. Affirmed.

J. B. Snyder, H. C. Gillis, and B. B. Snyder, all of Williamsburg, for appellant.

Tye & Siler, of Williamsburg, for appellee.

TURNER, C. In December, 1918, H. C. Keeton was doing business at Williamsburg, Ky., in the name of the H. C. Keeton Coal Sales Company, and for a few months prior to that had done quite an extensive business amounting to something over \$100,000 in six or seven months. During the same period appellee, Mammoth Blue Gem Coal Company, a Kentucky corporation, was operating a coal mine near the same place and doing a general coal mining business. Prior to the 16th of December, 1918, the H. C. Keeton Coal Sales Company had become indebted to the appellee, Mammoth Blue Gem Coal Company, and on that day the H. C. Keeton Coal Sales Company executed and delivered to Sol L. Smith, the president and chief stockholder of the Mammoth Blue Gem Coal Company, a check for \$1200 on the First National Bank of Williamsburg, at which institution both the drawer and the appellee at the time did business and had accounts. Smith left home on business, and placed the check with his wife, together with some smaller ones, to be deposited by her the next day in the First National Bank to the credit of Mammoth Blue Gem Coal Company. On the next day Mrs. Smith went to the bank, and in the presence of the cashier wrote the name of the Mammoth Blue Gem Coal Company on the back of the check drawn upon that in-

stitution by the H. C. Keeton Coal Sales Company, whereupon the cashier gave to Mrs. Smith a postcard used by the bank in notifying its customers by mail of the receipt of deposits, which postcard was addressed to "Mammoth Blue Gem Coal Company" on one side and the other side is as follows:

First National Bank.

Williamsburg, Ky., 12/17, 1918.

Yours of the ——— inst., received with stated inclosures.

We enter for collection	We credit your account
	\$1,200.00
	12.00

Not responsible for lack of protest at points where there is no bank.

All items (except checks on us) are credited subject to payment.

C. S. Wilson, Cashier.

Mrs. Smith accepted this paper for the company and it is the basis of this action. Thereafter, on the same day, it was ascertained by the officers of the bank that the H. C. Keeton Coal Sales Company did not have the money on deposit to meet this \$1200 check, and they so notified that company and Mrs. Smith, and declined thereafter to give the appellee credit by that amount.

C. H. Keeton, the father of H. C. Keeton, was at the time of this transaction the assistant cashier and bookkeeper of appellant bank, and it is its claim that in the signing of the postcard by the cashier showing the giving of credit to appellee for the \$1200, the bank and its cashier were misled by the fraudulent misrepresentation of the bookkeeper, C. H. Keeton, into believing that the account of the H. C. Keeton Coal Sales Company had a sufficient balance on deposit at the time to meet the check. But there is nothing in the pleadings or in the evidence to justify the assumption that the appellee, Mammoth Blue Gem Coal Company, or any of its officers or agents, including Mrs. Smith, had anything whatsoever to do with any representation of either of the Keetons to the bank.

This is an action by Mammoth Blue Gem Coal Company against the bank for the \$1200. The first paragraph

of the answer is a denial that the plaintiff received the check for \$1200 drawn on the defendant bank by the H. C. Keeton Coal Sales Company in payment for coal theretofore sold or delivered to it, or that plaintiff indorsed its name on the back of any such check, or that after having so indorsed same it deposited the same with the bank, or that the bank received the same or credited the account of the plaintiff with that amount.

The second paragraph alleges that the check referred to in the plaintiff's petition was made payable to Sol L. Smith, who was the only payee therein, and that said Smith did not, at any time, indorse the check, and his name was not indorsed thereon, and did not appear thereon as the payee, but that the plaintiff did indorse said check and did place its signature upon the back of same otherwise than as the maker, drawer, or acceptor thereof, and did indorse the same in blank before delivery to the bank, and thereby became liable to the payee therein and to all subsequent parties, and therefore that if defendant has incurred any liability or shall thereafter incur any loss or injury by reason of these facts then the plaintiff, as an indorser on the check, is liable to defendant for any such liability, loss, or injury, and pleads these facts as a counterclaim against the plaintiff by way of indemnity against any such liability.

In the third paragraph it is alleged by the defendant that at the time the check was presented to defendant the drawer did not have any money on deposit in the defendant bank, and its account therein was overdrawn, and defendant did not have in its possession or under its control any money belonging to the H. C. Keeton Coal Sales Company, or with which it was authorized to pay said check, and that defendant bank included said check on a copy of a deposit slip delivered to plaintiff by mistake and oversight, and at which time the name of the payee therein, Sol L. Smith, was not indorsed thereon, and was not authorized to give

the plaintiff credit therefor, or to charge the same to the maker thereof; and defendant notified plaintiffs of such mistake and oversight, and said purported credit was withdrawn before the plaintiff had acted upon the same or had drawn any checks upon the faith thereof.

The fourth paragraph alleges that after defendant had by mistake and oversight included the check in a deposit slip delivered to plaintiff, and before the institution of the action and before plaintiff had acted upon or suffered any injury by reason of the purported credit or deposit, the maker of the check, the H. C. Keeton Coal Sales Company, stopped payment thereon, and notified defendant not to pay same, and thereupon the plaintiff, by its president, agreed with the defendant that if it could not collect the amount of said check from the maker the plaintiff would have to lose the same.

By an amended petition wherein Sol L. Smith was made a joint plaintiff the allegation in the original petition that Mammoth Blue Gem Coal Company was the payee in the check was withdrawn, and it is alleged that Sol L. Smith was the payee in the check, the said Sol L. Smith at the time being the president of the Mammoth Blue Gem Coal Company, and that the check was issued by the H. C. Keeton Coal Sales Company to cover an indebtedness to the Mammoth Blue Gem Coal Company, and Sol L. Smith had no interest whatever therein or thereto, and Smith ratifies the act of the Mammoth Blue Gem Coal Company in signing its name on the back of the check and collecting the amount thereof from the defendant. The court, upon motion, struck out paragraphs 2 and 3 of the answer, and refused to strike out paragraph 4, and overruled a demurrer to that paragraph.

Manifestly, the court did not err in striking out paragraph 2 of the answer. That paragraph sought to make appellee liable as an indorser on the check, but this is not an action on the check nor an action by the appellee as an indorser of the check. On the contrary,

it is an action by the appellee to recover the \$1200 which represents the actual credit given to it by the bank because of the deposit of the check. And, even if this paragraph presented a good defense, the evidence shows without contradiction that appellee was in fact the real payee in the check which had by oversight been executed to its president, and the signing of appellee's name thereon was not as an indorser, but as the real payee in the note for the purpose of having the same transferred to its credit.

It is likewise clear that the action of the court in striking out paragraph 3 was proper. The officers of the bank knew that Sol L. Smith, the nominal payee in the check, was the president of the Mammoth Blue Gem Coal Company, and they knew when that check was presented by the wife of the president, and she requested them to put it to the credit of the coal company, and they did put it to that company's credit; that the transaction was with the coal company; they knew, as the evidence shows, that Mrs. Smith, the wife of the president, had been in the habit of transacting business for the company of which her husband was president, and she signed the name of that company on the back of the check simultaneously with its deposit; and when they gave to her in the name of the Mammoth Blue Gem Coal Company a certificate of deposit embracing a check drawn upon that identical institution by one of its depositors, it matters not that they were mistaken about that depositor having the money on hand to pay the check, for the law requires of banks and bank officials that they shall know the state of the account of their customers. But, even if this paragraph had presented a good defense the evidence, without contradiction, on the trial disclosed that Smith was only the nominal payee, and that the check was given to pay a claim due to the Mammoth Blue Gem Coal Company.

When the court came to submit its instructions it failed to embrace therein the defense set up in paragraph 4 of the

answer. Conceding for the sake of argument, that that paragraph presented a good defense, on the trial the evidence showed without contradiction that the appellee had been given credit at the bank for the amount of the \$1200 check long before the H. C. Keeton Coal Sales Company undertook in any way, if it ever did, to stop payment on the check; and it is clear that the drawer of the check could not, at that time, have stopped its payment so as to affect the rights of the appellee. Its rights were then already fixed—its claim against the Keeton Company had been paid—and there was no consideration for its alleged agreement with the bank.

The jury found a verdict for the plaintiff, and in our view of the law of the case it is unnecessary to consider the correctness of the instructions given. The uncontradicted evidence, as we have stated, shows that both the drawer and the actual payee in the check were customers of appellant bank and each had accounts there; that the H. C. Keeton Coal Sales Company drew its check on appellant bank in favor of appellee for \$1200, and that bank gave to appellee what is equivalent to a certificate of deposit for that amount, thereby, in effect, paying to appellee the amount of a check drawn against it by one of its customers, and for that reason the directed verdict asked for by appellee at the close of all the evidence should have been given.

When a bank gives to one of its depositors credit by a check drawn in favor of that depositor by another depositor on the same institution, in the absence of fraud or collusion, the act of crediting to the depositing customer will be given the same effect as if the actual cash had been paid to him; and if thereafter, even though it be on the same day, the bank officials ascertain they have made a mistake, and the drawer did not in fact have the money on deposit to meet the check, it will not affect the rights of the depositing customer. For under these circumstances, it is a completed transaction, as much so as if the actual money in cash had been

paid to the customer over the counter.

The necessities of commerce require that there shall be the utmost good faith between a banking institution and its customers, and when one customer of a bank presents to it a check drawn on it by another customer, and is given credit by that amount on the books of the institution, or is given what amounts to a certificate of deposit for that amount, the transaction is closed, and the depositing customer has the right to rely upon the fact that he has that amount of money on deposit in that institution. And if there is any question of loss as between the depositing customer and the bank, the latter must bear that loss because it brought about the loss by its own mistake or oversight. *Robinson & Co. v. Bank of Pikeville*, 146 Ky. 538, 142 S. W. 1065, 87 L. R. A. (N. S.) 1186; *First National Bank v. Burkhardt*, 100 U. S. 686, 25 L. Ed. 766; *Oddie v. National City Bank*, 45 N. Y. 735, 6 Am. Rep. 160; *Wasson v. Lamb*, 120 Ind. 514, 22 N. E. 729, 6 L. R. A. 191, 16 Am. St. Rep. 342; *City National Bank v. Burns*, 68 Ala. 267, 44 Am. Rep. 138; *American Exchange National Bank v. Gregg*, 138 Ill. 596, 28 N. E. 839, 32 Am. St. Rep. 171; 3 R. C. L. 526.

Judgment affirmed.



Collateral Security Clause Must be Carefully Worded

Garrett v. Bank of Chelsea, Kansas City,
Missouri Court of Appeals.
241 S. W. Rep. 87.

The plaintiff, Garrett, borrowed \$1000 from the defendant bank on a note, secured by 200 shares of mining stock.

The note contained a provision that the collateral securing it "may, after the payment of this note, be applied as herein provided to the payment of any other obligation or indebtedness due by the maker hereof to said bank or the holder of this note. The surplus, if

any, after the payment of this note and any other and all indebtedness due by the undersigned to said bank, together with all costs as above stated, shall be paid to the maker of this note."

Upon the maturity of the note, Garrett paid it. But instead of delivering the collateral to Garrett the bank applied it to the satisfaction of another note for \$1200, signed by Garrett and held by it.

In an action by Garrett against the bank, it was held that the bank had no right to apply the stock to the satisfaction of the \$1200 note. Ordinarily, a bank has a lien upon a general deposit for any indebtedness due to it from the depositor. But where collateral is deposited for the payment of a particular debt, the bank cannot apply that collateral to the payment of any other debt.

The clause above quoted, although probably intended to accomplish that purpose, did not authorize the bank to use the collateral for the payment of the \$1200 note.

Reduced to ordinary language, the clause provided that in the event of the collateral being sold to pay the note which it secured, then the surplus, if any, could be applied to any other debt owing by the maker to the bank. The note was paid by the maker and, therefore, it was unnecessary to sell the collateral. The circumstance, upon which the collateral might be applied to other debts, did not occur and it was held that the plaintiff was entitled to recover the value of his stock.

OPINION

Action by H. C. Garrett against the Bank of Chelsea. Judgment for plaintiff, and defendant appeals. Affirmed.

BLAND, J.—This is an action for conversion of corporate stock of the admitted value of \$2000. The case was tried before the court without the aid of a jury. At the close of all the evidence the court declared the law to be:

"That plaintiff is entitled to recover the reasonable value of the stock at the

time of conversion, November 5, 1919, with six per cent. interest from that date."

There was a verdict and judgment in favor of plaintiff in the sum of \$2170, and defendant has appealed.

The facts show that on August 14, 1918, plaintiff at Miami, Oklahoma, executed a promissory note in the sum of \$1,062.50 in favor of the Black Eagle Mining Company of that place and as collateral security for the payment of the note deposited with the mining company 200 shares of stock of that company. These are the shares alleged to have been converted by defendant. On October 15, 1918, the note was renewed for \$1000, and the mining company's shares remained deposited with the mining company as security for the payment of the debt. This latter note, which was due ninety days after date, became the property of defendant, the collateral going with it, and on February 19, 1919, plaintiff renewed the note with the defendant, agreeing to pay the same on May 15, 1919. The note recites that plaintiff had deposited and pledged with defendant bank as collateral security for the payment of the note said mining shares. The note then provides:

"In the event of the nonpayment of this note at maturity said bank, its president or cashier, is hereby authorized to use, indorse, collect, transfer, hypothecate, sell or convey said collaterals, or any collaterals substituted for or added to the above, or any part thereof, or cause the same to be done, at public or private sale, with or without notice or demand of any sort, at such place and on such terms as said bank may deem best, and said bank is authorized to purchase any collaterals when sold, and the proceeds of such collection, sale, transfer or hypothecation shall be applied to the payment of this note, together with all protests, damages, interest, costs and charges due upon this note or incurred by reason of its nonpayment when due, or in the execution of this power. All collateral

held by said bank to secure this note may, after the payment of this note, be applied as herein provided to the payment of any other obligation or indebtedness due by the maker hereof to said bank or the holder of this note. The surplus, if any, after the payment of this note and any other and all indebtedness due by the undersigned to said bank, together with all costs as above stated, shall be paid to the maker of this note. If the proceeds of such collection or sale shall not be sufficient to pay this note, costs and all other indebtedness, the maker agrees on demand to make good the deficit."

On November 5, 1919, this note was paid and surrendered to the plaintiff, but defendant refused to surrender the shares of stock, claiming that it had the right to hold the same for other indebtedness due it from plaintiff. This indebtedness consisted of a note dated Chelsea, Okl., August 15, 1918, and provided that on demand after date plaintiff agreed to pay to the defendant the sum of \$1200 with interest. This note had never been paid.

The answer pleads the provision of the note of February 19, 1919, and that by reason of said note defendant had a right to hold the stock as security for the amount due under the note, and also as security "for any and all other indebtedness" due from plaintiff herein to the defendant. The answer also pleads the follow statute of the state of Oklahoma (Rev. Laws 1910, § 3854):

"A banker has a general lien, dependent on possession, upon all property in his hands belonging to a customer, for the balance due to him from such customer in the course of business."

The answer pleads the fact that there is a \$1200 note and interest thereon due the defendant, and that defendant had a right to hold the collateral deposited as security for said note.

Defendant does not dispute that the bank had no right under the common law to hold the collateral deposited to secure the \$1000 note as security for the \$1200 note in the absence of an

agreement between the parties that that might be done, or lacking the statute of the state of Oklahoma quoted supra, but maintains that that part of the note that we have enclosed in single parenthesis shows that it was agreed between the parties that the bank might hold the collateral as security for the \$1200 note.

We do not think that the entire agreement contained in the \$1000 note bears out this contention. The clause relied upon by the defendant is not complete within itself, but provides that the collateral may be applied "after the payment of this note" "as herein provided." It is apparent that the agreement has to do with the proceeds of the sale of the collateral in case of nonpayment of the \$1000 note in accordance with its terms. The agreement goes on to say that the \$1000 note shall be first paid, in case of the sale of the collateral, and the "surplus, if any, after the payment of this note and any other and all indebtedness due by the undersigned to said bank, * * * shall be paid to the maker of this note." It then provides that, if there is not enough money to pay the \$1000 note and costs and all other indebtedness, "the maker agrees on demand to make good the deficit." The words "as herein provided" contained in the clause of the note relied upon by the defendant refer to the other parts of the agreement, wherein it is stipulated that, in case of default in the payment of the \$1000 note, note and costs should be first paid from the sale of the collateral, and the balance left from the proceeds of the sale, if any, should be paid upon any other indebtedness due to the bank. We think this is the meaning of the stipulations contained in the note; but, in any event, if this is not the plain meaning, that meaning is obscure and ambiguous, and the language used must be construed strongly against the defendant bank, in view of the fact that the wording of the note was that of the bank. *Van Zandt v. Hanover National Bank*, 149 Fed. 127, 79 C. C. A. 23; *Hanover National Bank v. Suddath*, 215 U. S.

110, 80 Sup. Ct. 58, 54 L. Ed. 115. In view of the nonhappening of the event upon which the collateral might have been disposed of to satisfy the indebtedness due from plaintiff to defendant, the latter had no right to apply the security to the payment of the \$1200 note, even though that note was due when the \$1000 note to defendant was executed, as there was no agreement that this might be done.

The cases of *Merchants' National Bank v. Demere*, 92 Ga. 735, 19 S. E. 38, and *Selma Bridge Co. v. Harris*, 132 Ala. 179, 31 South. 508, relied upon by the defendant, are not in point. In the first case the note provided that—

"To secure the prompt payment of this note or any general balance due or to become due the Merchants' National Bank are hereby pledged the following collaterals," etc.

In the latter case the note provided that the transfer of the stock to the bank to secure the note executed at the time was "to secure payment at maturity of said note and after its payment to secure any other indebtedness," etc.

Nor do we think that the defendant was entitled to keep the security under the provisions of the law of Oklahoma quoted. Plaintiff insists that the law of Oklahoma is merely declaratory of the common law, which is to the effect that, where securities are deposited with a bank generally, and not for a particular purpose, the bank has a general lien upon the same, and they may be retained by the bank for a general balance or payment of other claims, but where the deposit is made for a particular or special purpose this rule does not apply. 7 C. J. 660; *Deal v. Mississippi County Bank*, 79 Mo. App. 262; *First National Bank of Sharon v. City National Bank*, 102 Mo. App. 357, 76 S. W. 489.

As was stated in *Armstrong v. Bank (C. C.)* 41 Fed. 234, 239 (6 L. R. A. 226):

"It is equally familiar law that the lien does not exist when the securities have been deposited for a special pur-

pose, or for the payment of a particular loan; and, where they are delivered specifically to protect the banker in a particular transaction or a series of transactions, he has no lien upon them for any other purpose, and cannot assert one for any other indebtedness, whether arising upon general account or otherwise."

See, also, *Reynes v. Dumont*, 130 U. S. 354, 9 Sup. Ct. 486, 32 L. Ed. 934. However that may be, we think that the law of Oklahoma referred to has no application to the facts in this case. That law has relation to property belonging to a "customer," and provides that the bank shall have a lien for the balance due it "from such customer in the course of business." In 17 C. J. at page 443, "a customer of a bank" is defined as:

"A person who sustains habitual or consecutive business relations with a bank. The term involves something of use and habit; but it is not necessary that one should have an account at a bank to be included within the meaning of the phrase."

In *Dunshee v. Standard Oil Co. (Iowa)* 126 N. W. 342, 344, "a customer" is defined as "a person with whom a business man has repeated or regular dealings." See, also, *Weinhouse v. Cronin*, 68 Conn. 254, 36 Atl. 45. We do not think that the relation that plaintiff bore to the defendant bank made him a customer of the latter. Defendant pleads in its answer the law of Oklahoma, and relies upon the statute of Oklahoma as a defense, and the burden of proving the fact that plaintiff was its customer was upon the defendant.

There is no evidence as to how plaintiff happened to execute the \$1200 note to the defendant. The facts set up in the reply tend to show that its execution grew out of a transaction with a mining company, in which plaintiff was apparently interested, and another bank in the State of Oklahoma, and was for the purpose of having defendant bank advance enough cash to the other bank to cover overdrafts made by the mining company upon the latter, and the note

was given to the defendant by agreement of all of the parties as the result of the transaction. This would indicate that in the \$1200 note transaction plaintiff, if a customer at all, was one of the other Oklahoma bank, rather than of the defendant bank. However, there is no evidence of these facts, but we recite them to show that the mere fact that a \$1200 note was given to the defendant bank does not necessarily prove that plaintiff intended to or did become its customer. As to the \$1000 note, that note was merely a renewal of the note in that sum given to the Black Eagle Mining Company. The latter note was assigned to the defendant. Plaintiff was thus brought into relation

with the defendant bank through no special instance of his own, but through particular circumstances. While the fact that the renewal of this note may be evidence of the fact that the plaintiff was transacting business with the bank, in view of the definitions of the word "customer" we do not think that one transaction, or even two transactions, such as appear in the record in this case, were sufficient to make plaintiff a customer of defendant bank. Therefore we think that the statute of Oklahoma pleaded by the defendant has no application.

Entertaining these views, we have concluded that the judgment should be affirmed; and it is so ordered.



Banks Using Increased Floor Space

IN the monthly letter of the Commonwealth Trust Company of Boston, George S. Mumford, president, makes the following interesting comment on the increasing demand for floor space by banking institutions:

One interesting phase that is having some effect on new building operations is the development of present-day banking. Not long ago there were a comparatively large number of small national banks and trust companies, which required but little floor space for their depositors and not much more for the clerks and officers. Within hardly more than fifteen years all this has changed. A bank that then boasted of three thousand or four thousand depositors now has five or ten times as many accounts on its books. Many banks here in Boston have three or four thousand persons transacting business with them in a single day. The actual amount of floor space needed by the public to comfortably make its deposits and cash checks has made necessary an ac-

tual revolution in bank buildings. The space needed for the officers to transact their business, to consult with customers as to investments, trusts, business matters, loans, etc., has become long since wholly inadequate in most growing banks. The character of the business now requires immense floor space on the street floor, and the comfortable private interview between a depositor and his banker in a small back room is now as much a thing of the past as the old theory that a bank was doing a man a favor by permitting him to open an account. Many desks in rows in a large open space, each occupied by an officer in consultation with customers, large public space where two or three hundred depositors can do their business at one time, and long rows of tellers' windows, all these are now essential. This tends to increase the demand for large building space in the financial districts. The same thing is going on in all of our large cities at this time. Big buildings and more of them are needed, and their construction is bringing with it general business activity.

International Banking and Finance

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

BROWN BROTHERS & CO.

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Helping Europe, a Good Business Move

By Percy H. Johnston

President Chemical National Bank of New York

Mr. Johnston has just returned from Europe where he spent two months studying economic and financial conditions, visiting eleven countries and talking with the leading bankers and business men. He was accompanied by C. P. Hunt, the Chemical Bank's vice-president in charge of the foreign department, and Frederic Stevens Allen, one of the bank's special representatives.—THE EDITOR.

IT is strange that the great mass of the people of all the belligerent nations should have believed that after the war they would have so much better times and such a different world—that labor hours would be shorter and easier and that the remuneration would be greater.

During the great struggle, propaganda of every description was sowed broadcast in every war-engaged nation; the people drank in such rose-tinted phrases as "making the world safe for democracy" and "the self-determination of peoples". They took these and other alluring phrases too literally. They were lulled into an expectancy, the fulfillment of which was as absurd as the story of the pot of gold at the end of the rainbow.

THE SAD AWAKENING

The sad awakening has now come. The people have come out of the trance to find that their situation is far worse instead of the expected better—that their governments are burdened with crushing debts and that their tax bills are overwhelmingly heavy and beyond what anyone prior to the war had thought people would or could endure.

History is but repeating itself again—war has been the great retarding influence of the human race since the earliest recorded events of civilization. It can never be otherwise.

Above everything else the peoples of Europe want peace and an opportunity to work and to pursue gainful occupations. They certainly do not want charity. They do realize, however, painfully and almost hopelessly that



PERCY H. JOHNSTON

President Chemical National Bank, New York

their burden is far too heavy for them to carry. What they need and really ask is that we help them to help themselves.

From a careful study of fundamental conditions I am convinced that Europe owes more than it can ever hope to pay. If the depressing and crushing governmental debts could be wiped out conditions would soon become normal.

Almost four years after the ending of the great conflict we find England alone able to balance her budget. The debts of other belligerent nations have vastly

grown and in some instances more than doubled since the war closed.

There can be but one result from this staggering burden of debt and this reckless currency inflation, namely national bankruptcy.

HOW TO HELP EUROPE?

Except in the case of England, the situation with the belligerent nations is not unlike that of an American company whose creditors discover that reverses have been met and that the company is indebted for more than it can pay.

The common sense procedure under such a circumstance and the one followed by sensible business men is for the creditors to meet, to agree to an extension of the debts or in a bad case to effect a composition settlement, always arranging the settlement where possible so as to let the business continue.

The European situation sooner or later will require a composition settlement and at such time the external and internal debts together with currency inflation will all have to be taken into account.

If Europe would agree to a sound program of debt readjustment and the eliminating of worthless currencies, both America and England could well afford to agree to an indefinite postponement of the large amounts due each on account of the loans made to the respective countries during the late war. If such a program were agreed upon and put into operation, trade and commerce between nations would soon revive, and thereby America and England would indirectly recover their principal in this manner much sooner than they can from debtors who are totally unable to pay and who are getting weaker year by year.

No world stability can exist under these conditions.

It is futile to discuss the details of such a settlement unless we can agree on the principle by which it is to be made.

The world is looking to America to take the lead. The opportunity is great for us to do a constructive job and in a truly American businesslike way. Shall we meet the situation squarely or shall we continue to be timid and hold back?

IS IT WORTH WHILE FOR US?

It is essential and proper for America to take cognizance of this situation and for us to ask ourselves the question—is it worth while for us to take part in a world rehabilitation—to take part not from an altruistic impulse, but from a hard headed and, if you like, from a dollars and cents viewpoint?

If patriotic idealism does not move us to some kind of constructive program then enlightened self interest will drive us to it.

The settlement has to do with business rather than politics. Our best informed business men should be delegated to the task and clothed with all necessary powers. Congress should in this instance delegate these powers to the men best qualified to exercise them and to men unhampered by reason of political affiliations.

The day of settlement is inexorable, a prompt adjustment is essential, and the sooner made the better. The world will continue in turmoil and uncertainty so long as we drift as at present.

I believe that through some processes we in America can hasten the reestablishment of international commercial equilibrium.



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The Public Finances of Rumania*

By Aristide Blank

Director Bank Mamrosch, Blank & Co.

RUMANIA, whose life as a modern State has lasted barely sixty years, has during the last eight years passed through what may be the decisive stage in her national existence.

The world upheaval has, on broad lines, certainly been favorable to this country, in spite of the hardships inherent in such great changes. The war and the victory of the Allies have allowed Rumania to realize in large part her national aspirations, since she has extended her territory from 129,000 to 290,000 square kilometres, and has increased by nine millions the number of her inhabitants, bringing it from eight millions to seventeen. The fact of having united nearly all the Rumanians within a single frontier represents an event so considerable that all the bur-

dens of the war, whether paid in the form of a cruel tribute of blood or in the form of war debt and post-war debt, or even of the new and distressing problems, economic and social arising from the cataclysm, do not appear to us disproportionate. But while we do not deny the difficulties and dangers over which the present generation must triumph in order to make firm its foundations and march on the path of progress, we cannot help thinking that these very dangers and difficulties constitute a beneficent discipline: human energies are, as it were, spurred on thereby, and a desire is stirred up to find for all the problems of the moment solutions in conformity with a spirit of greater jus-

*Reprinted from the MANCHESTER GUARDIAN.



Building Aerial "Highways"

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It has seen a score of well managed little shops grow into immense organizations affording lucrative employment for thousands of men.

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Because of this intimacy with the growth of automotive transportation, we have great faith in the ability of our people to enter also the aerial field and build permanent "highways" leading out through space from the Great Lakes Region.

Be sure and read of, if you cannot attend, the Second National Aero Congress held in Detroit in October.

FIRST NATIONAL BANK

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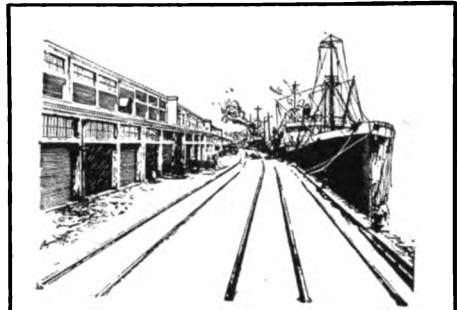
MICHIGAN

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tice and liberty. It is in this way, we think, that the various incontestable evils which for the present accompany the immense advantages of national unity may in turn become factors of regeneration, through the sacrifices which they impose and the nobility which they arouse.

YEARS OF ABUNDANCE IN PRE-WAR TIMES

Pre-war Rumania experienced, with very rare exceptions, only years of abundance and budgets with a surplus. Exports of some three and one-half million tons of cereals and about one million tons of oil, with timber exports to the value of some millions of pounds sterling, furnished her nearly always with a credit balance of trade. Her growing industry, largely assisted by German specialists and capital, was mainly based on the transformation of her indigenous products. Transport was entirely satisfactory for ten months of the year, and complaints were heard only during the months following the harvest, that is to say, at the time of the temporary congestion of the sidings on the lines leading to the river and sea port. The Rumanian rate of exchange was the same as the French, and often higher than the Belgian and Italian. During the months of September and October it even happened occasionally that only 99½ per cent. could be obtained for the Paris cheque. The Rumanian public debt did not exceed one and one-half milliard of lei on August 1, 1914, while the circulation of the National Bank was about 600 millions, forty-five millions of which were owed to it by the State. By far the greater part of this milliard and a half was owing to Germany; Berlin placed a portion of it in France, Belgium, and England. For the amortisation of this debt about ninety millions appeared in the National Budget, which, *per contra*, received a similar amount from the revenues of the State railways and of the administration of monopolies (tobacco, salt, matches, &c.) alone.



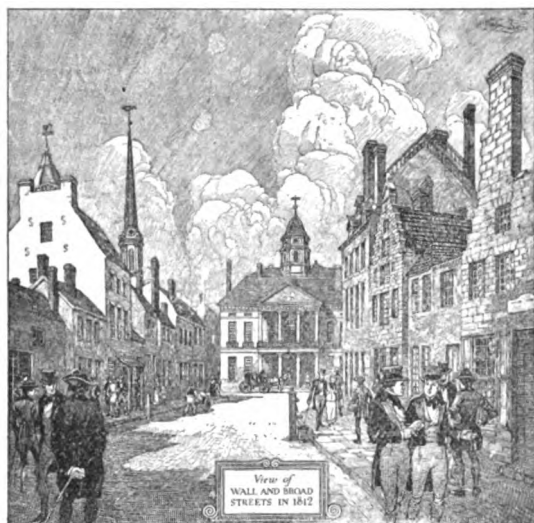
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TODAY'S FIGURES PRESENT CONTRAST

In contrast with the idyllic details of this pleasing picture stand the formidable figures of today. The solution of the agrarian problem, by the expropriation of the large landowners in favor of the peasants, added to a series of five bad harvests, have diminished temporarily, but very perceptibly, our capacity for the exportation of cereals. The surplus of oil has similarly diminished. for three important reasons: the destruction of the oilfields during the war, the cost of material for new borings, and, lastly, the requirements of the new provinces. Formerly Transylvania obtained its petrol from Galicia and Bessarabia from Baku. At present the whole of new Rumania has to supply itself from the internal oil-bearing areas, which, moreover, produce at the present time only one and one-



A Financial Background —of 110 Years

IN the early summer of 1812—110 years ago—the City Bank was granted its charter by the State of New York and began its business career at 52 Wall Street, across the street from its present head office.

This financial background of more than a century, during which the United States experienced such a remarkable period of national growth and expansion, became the heri-

tage of The National City Company when it was established.

Today, the Company, with its chain of American and Canadian offices and its staff of field representatives in daily touch with Wall Street through 10,000 miles of private wires, brings to the Bankers throughout the continent a quality of investment service that carries with it many definite advantages.

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SHORT TERM NOTES

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quarter million tons of oil, as compared with two millions in 1918. The timber trade is handicapped by the enormous difficulties of transport, which shows steady improvement, but cannot be quickly adapted to the new needs.

On returning from Moldavia after the German occupation we found 175 locomotives; the number has been raised by new purchases to 1,500. Merely to ensure regular traffic we should have 5,000 locomotives, independently of other necessary undertakings, such as the renewal of ballast and sleepers, the construction of sidings, the completion of small junction lines in order to divert the trains from Transylvania and Bukovina from their former route via Budapest to the Adriatic and direct them towards the Danube and the Black Sea.

THE EXTERNAL AND INTERNAL NATIONAL DEBT

The currency has fallen (for reasons explained later) to four per cent. of its old exchange value, while the external national debt has reached a total of two millions* of gold francs and the internal debt about thirty-five milliards of lei. These debts are made up as follows:

A. The pre-war debts of one and one-half milliard, almost entirely owed abroad, and due principally to Germany, are amply balanced by the seven milliards of reparation which that country owes us, and of which, consequently, we will take account neither on the credit nor on the debit side. Even this first milliard and a half has been reduced by successive amortisations to 800 millions, 350 millions of which have been stamped in France and are therefore obligatory for us. On the other hand, for the conduct of the war itself we borrowed some 1,600 million gold francs from England and France. This debt can be reduced by the sums which these countries owe us for the destruc-

*For greater clearness we give round figures, omitting details and fractions, which in no way modify our thesis.



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tion, at the beginning of the war, of our oil wells, and need not be paid until the final settlement of all the inter-Allied war debts. The problem of the war debt therefore affects us as little or as much as it affects our great Allies. But, apart from this settlement, we have since the war contracted engagements abroad against short-dated Exchequer bills for a total of about 1,200 million gold francs, and the funding of this debt is one of the most urgent financial measures required. Obviously, if we set against this figure the product of the export of a single average harvest we shall be in a position to satisfy our creditors completely. But it is necessary, in the first place, to have this harvest, and then to be able to transport it.

B. The internal debt—thirty-five milliards of lei—is made up of:—

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UNITED STATES—NEW YORK: Equitable Trust Company, Battery Park National Bank, Bankers Trust Company. NEW ORLEANS: Hibernia Bank and Trust Company. SAN FRANCISCO: Crocker National Bank. EUROPE—PARIS: de Neufville & Co. LONDON: London Joint City and Midland Bank, Ltd. BARCELONA: Banco Espanol de Chile. BREMEN: Commerz und Privat-Bank. HAMBURG: Commerz und Privat-Bank. ITALY: Banco di Roma.

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- 12 milliards (about) due to the National Bank;
- 15 milliards, bonds to be given to those whose land has been expropriated for division among the peasants, who in their turn must redeem them in fifty years;
- 1 milliard for war requisitions;
- 2 milliard for compensation;
- 1 milliard (about) to industries, banks, and others making supplies to the State;
- 8 milliard, old floating and funded debts;
- 1 milliard, orders in course of execution.

This table shows the same phenomenon which is to be observed in victorious and conquered countries alike: it shows that the financing of the war was an infinitely smaller and easier matter than the financing of the post-war period.

However, we Rumanians do not regard this situation as desperate. Not that we have a mystic faith in the inexhaustible vigor of our people, but a cool calculation of the future, and even of the near future, gives a satisfactory impression.

MEANS OF IMPROVING FINANCIAL SITUATION

The means of improving our financial situation and laying the basis of our national reconstruction are of a moral and a material nature. To keep to our engagements at home and abroad, not to promise a single ton more than we can deliver by the contract date, to respect the treaties which we have signed—these are some of the moral conditions which will permit us easily to recover abroad the confidence which

we inspired only yesterday. But there are also, we have said, material conditions.

A FOREIGN LOAN NEEDED

A foreign loan will have to be arranged by a group which will become for twenty-five years the partner of the Rumanian State in the working of a portion of its oil lands, whose extent reaches the considerable figure of 150,000 hectares (some 370,000 acres). This partnership will be in the proportion of forty-five per cent. foreign capital to fifty-five per cent. participation by the Rumanian State. The loan will have to be two and one-quarter milliards of gold francs, or, say, 100 million pounds sterling, in addition to the capital necessary for working the oil fields. Of these two and one-quarter milliard gold francs, 516 millions will serve for the funding of the Exchequer bills in the following manner: A payment of twenty-five per cent. on account must be made at once, say, 300 millions, 900 millions being given in new bonds to fall due in fifteen years; in addition, 216 millions must be left in the foreign banks to represent the interest allotted to these new bonds for three years, say, 72 million gold francs a year. The amortisation will not commence until 1925.

The grouping and the employment of these sums of money will then appear as follows:

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- (a) 300,000,000, twenty-five per cent. of the total of the old Exchequer bills;
- (b) 216,000,000 will remain abroad, representing the interest, at eight per cent. for three years, on the new Exchequer bills;
- (c) 150,000,000, in addition, will remain abroad for orders from railways, manufacturers, and the War Office;
- (d) 133,000,000 will be placed by the Rumanian Government and its competent organs at the disposal of Rumanian merchants and manufacturers who have heavy exchange debts to foreign merchants and manufacturers. As a set-off the former will have to place in the hands of the Rumanian authorities five lei for each French franc or ten lei for each gold franc allotted to them for the payment of their debt.
- (e) 456,000,000 will similarly remain abroad for three years, representing eight per cent. interest on the new loan of two and one-quarter milliards;
- (f) 1,100,000,000 will be used by the Rumanian State to redeem successively, on the plan described below, some twenty-seven milliards of lei of internal debt; Total 2,355,000,000 gold francs. Then:
- (g) 900,000,000 new bonds arising from the conversion of the present Exchequer bills—bonds which will have to be introduced into the stock exchanges of London, Brussels, Paris, Geneva, and Milan, and which, in order to make a market for them, must be assured at least in part, the privilege of being received in payment of export taxes and customs dues levied in Rumania;
- (h) 350,000,000, Government stock stamped in France.

In all, three and one-half milliard gold francs abroad, and about eight and one-half milliard lei at home.

In estimating the total resultant foreign debt at three and one-half mil-

liards, instead of the total of 3,605 millions indicated by the figures given, we have allowed for the interest which will be credited to the State on the sum of about a milliard which will remain abroad for an average of about one and one-half years; this will exceed the 105 millions difference.

ADVANTAGES TO THE LENDER

We take this opportunity of emphasizing the advantage to the lenders of the new loan. Of the total of two and one-quarter milliards, about one and one-half milliard will remain for an appreciable time with the contracting banks. The remaining three-quarter of a milliard is in any case for the benefit of foreign holders of bills. Of the one and one-half milliard which will gradually be placed at the disposal of the State, more than a milliard will be entirely spent in the countries of the lenders. The new orders given by the Government to the extent of 150 millions of gold francs will serve to give work to the industries grouped around Rumania's new bankers, while the 133 millions provided under (d) of the foregoing table will enable old creditors of the Rumanian merchant to get in an important part of their outstanding advances. Finally, it may be mentioned that it is always to the advantage of a creditor to restore his customer's solvency and therewith his power to buy.

WORKING THE OIL BEARING AREAS

With a view to the working of the oil-bearing areas of the State, the great

general company which we advocate (with forty-five per cent. foreign participation and fifty-five per cent. State participation) would create about twenty-five subsidiary companies, which would operate under one single control, but would nevertheless retain a certain independence. Each of these companies would annually, and as far as possible in the eruptive regions (Tucani, Ochiuri, Runeu) sink twenty shafts, and would have its own reservoirs. The pipe-lines and tank-wagons could be used in common. According to the calculations of specialists acquainted with our oil-bearing regions these 500 borings would produce 3,000,000 tons of oil. The revenue from 1,000,000 tons of this production covers the general working costs, as well as the amortisation of the cost of technical equipment and of the starting of the shafts. The remaining 2,000,000 tons, multiplied by 3000 lei—the price abroad of a ton of oil (in Rumania this price is 1200 lei)—gives six milliard lei, or £10,000,000 sterling; in other words, the full amount of the annuity on the new loan proposed (£100,000,000, or 2,355,000,000 gold francs). The oil company can assure its own industrial profits (independently of the sums which it will have to furnish to the public debt) by sinking another 100 shafts. This revenue, including the cost of amortization, proceeds from the utilization of wealth still lying intact in our subsoil, and is thus assured to the creditors. These latter, being associated in the working, export, and sale, will be in a position to renounce formal guarantees such as securities or the control recently imposed on Czechoslovakia in consideration of a small loan of £10,000,000 sterling. The revenues will permit us to fund our earlier debts, to obtain a further loan in order to redeem the whole of our internal debt (as explained later), and, in general, to consolidate our economic situation, while furnishing the security indispensable to an external loan without impairing our national dignity.

As regards the six-and-a-half mil-

liards of war debts and reparations (England, France, and Austria), interest will be added to the capital up to the day of the general settlement or non-settlement of the inter-Allied debts.

If we now return to the employment of the money which we propose shall be lent to Rumania, we see that it is only the 1,100,000,000 milliards that still demand an explanation.

The internal Rumanian debt is, as we have said above, thirty-five milliards, representing a fairly light burden by reason of the present depreciation of the coinage. So long as the exchange remains so low, the State is in a better position to levy high taxes.

That is evident. It is easier to levy an export tax of 1500 lei on a ton of cereals at the price of 5000 present-day lei, that is to say, thirty per cent. of the market price, than a seventy lei tax, representing still thirty per cent. of a price of 200 gold lei, the normal price of a ton of cereals.

So long as the exchange remains at the present rate, the whole of our exports, which amount during a good average harvest to above 5,000,000 tons of cereals, represent 22-25 milliard of lei on which the Exchequer can levy, without excessive perturbation, seven and one-half milliards of lei. But if, as is very probable, our exchange rises three or four years hence to its normal level, that is to say, if the same exportable crops, still amounting to 5,000,000 tons, produce no more than two and one-half milliards of gold lei, the State will not be able to levy more than 7-800 millions, and will no longer have the sums necessary to pay off its present internal debt or to balance its budget.

TRANSFERRING INTERNAL DEBT TO GOLD DEBT

It should therefore be made possible today for the State to redeem the maximum of its internal debt and to transform it into a gold debt, so that the State may some years hence find itself faced with a credit claiming two milliards of francs at that moment equal

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Capital Paid-up	5,250,000	£1,050,000
Reserve Fund and Undivided Profits	6,138,190	(£1,227,638)

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NEW YORK AGENCY, 64 WALL STREET

to lei, instead of a creditor claiming some thirty milliards.

Now, if this is to be made possible for the Rumanian State, there must be held at its disposal sufficient bank-notes to redeem its securities (stock, bonds, Exchequer bills, and so on) in lei, issued for the expropriations, compensations, and such like. This can only be done by an inflation of Rumanian paper-money, going as far as four milliards of lei, but not exceeding this figure. By this increase of the bank-note circulation we should, with our 18,000,000 inhabitants, slightly exceed eighteen milliards, which is *pro rata* half the issue which France supports with her 40,000,000 inhabitants and eighty milliards issued in notes and Exchequer bills. (France has, none the less, an exchange thirteen times as favorable as ours.)

But even the inflation here proposed must be temporary, and lead finally to an ultimate deflation. By this temporary surplus of currency, increased further by hidden money which will return to circulation as soon as its scarcity is over, industry, commerce, and the banks will be enabled to cease their present inaction—an inaction due to lack of currency. Moreover, it will become possible, by an increased industrial production, to bring out hidden money, when more bank-notes will in the natural course be withdrawn from circulation than have been artificially introduced into it.

By putting at the disposal of the State an additional four milliards of lei

the National Bank would enable it to reduce by this same amount its debt to the public. This money would then enter into circulation, and would certainly depreciate the leu, if the States did not intervene on the market as a buyer of lei against the foreign moneys reserved by us in the form of 1,100,000,000 francs, which were dealt with above.

For these four milliards which the Finance Ministry would have put into circulation it would use about 160,000,000 of gold francs in a period of six months. This would allow it to spread out the sales of moneys at the rate of about a million francs a day, distributed among francs, pounds, lire, marks, Czechoslovakian crowns, and so on, according to the needs of the market.

MUST MANOEUVRE WITH TACT

At this moment the Finance Ministry will have to manoeuvre with much tact. With the gold moneys which will be at its disposal abroad it can at will provoke a disastrous rise of the leu. One says disastrous, for one cannot forget what recently happened in Czechoslovakia, where, following on the rise of the crown to nearly three times its former value, many factories had to close and throw tens of thousands of men out of work. The same mistake, the other way about, may be made by provoking the fall of the leu by putting into circulation too many lei at one time. There will therefore be needed, for the superintendence of this grave and delicate

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financial operation, much prudence and skill in the direction of this Department. It will purchase with the foreign exchange only as many new lei as will be introduced into the market by the redemption of State securities, and the normalization of our exchange will thus be regulated quite naturally by a slight rise of one or two centimes every three or four months. By this relative stabilization there will be reintroduced the possibility of making commercial

National Bank, and redeems its securities in the hands of the public. The State debt to the bank increases from twelve to sixteen milliards, while its debt, in securities, to the public diminishes from twenty-three to nineteen milliards. Simultaneously the resources of the State abroad diminish by 160,000,000 gold francs through its purchase of four milliard lei.

The table of figures will then take this form:

	Debt to the National Bank in currency (In millions of lei)	Debt to the public in securities (of lei)	Available abroad (In millions of gold francs)
Commencement of first six months	12+4=16	23-4=19	1,100-160=940
End of first six months	12	19	940
If we continue we arrive at:—			
Commencement of second six months	12+4=16	19-4=15	940-160=780
End of second six months	12	15	780
Commencement of third six months	12+4=16	15-4=11	780-160=620
End of third six months	12	11	620
Commencement of fourth six months	12+4=16	11-4=7	620-160=460
End of fourth six months	12	7	460
Commencement of fifth six months	12+4=16	7-4=3	460-160=300
End of fifth six months	12	3	300
Commencement of sixth six months	12+4=16	3-3=0	300-160=140
End of sixth six months	11	0	140

contracts, a thing which is impossible during fluctuations. It is evident also that the State has every interest in preventing an artificial or even natural rise so long as the whole of the State's operation has not been concluded. The new procedure which we contemplate is as follows:

At the commencement of the first period of six months the State obtains four milliards, freshly issued by the

At the commencement of the seventh half-year or of the fourth year, that is to say, in 1926, we shall have exhausted our resources abroad—for a margin must be left for the successive rises,—but we shall, on the other hand, have reduced our internal debt (which will become merged with that to the Bank) to eight milliards of lei. It is even probable that this figure will also be reduced for the four following reasons:

First, the redemption of a good deal of stock, especially that covering the expropriation, the requisitions, and the war compensations, can be carried out below par. Hence a profit of a few milliards, perhaps three or four, for the Exchequer. Secondly, the budgetary amortization of one milliard a year in the four following years is a second point to bear in mind in case the preceding supposition were not realized in its entirety. Thirdly, the exchange of the present bank-note for a new note of the same value (with or without a forced loan), an operation which we have long advocated, will give, on the total of fourteen milliards now in circulation, a profit of at least one milliard, for it is well known that no issuing bank recovers *all* the notes which it has issued, and that at least seven per cent. of these notes are regularly lost. And lastly, the 133,000,000 of gold lei which will be given to the merchant against 1,330,000,000 of lei which the State will keep until the end of the whole operation, will very probably produce a milliard profit four years hence.

We shall then arrive in three and a half or four years' time at the reduction of almost all our internal debt. We should then owe abroad three and one-half or five and one-quarter milliards, according to the method of settling the inter-Allied debts.

Our exchange will recover, at that time, in proportion to the reorganization of transport, the intensification of internal production, and the skilful maintenance of the currency in circulation. And the commercial balance, re-established by a normal export and by an import proportioned to the real needs of the country, will contribute to the stabilization of the lëu, which, with great prudence and slowness, must be conducted towards parity.

A BOLD PLAN—BUT NOT TOO BOLD

This is a bold plan, but not too bold. We are acquainted with all the objections which could be offered, but we also know that heroic treatment alone can change the present state of affairs



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into ultimate health. This health does not seem possible unless our Budget becomes more and more the faithful reflection of the economic situation of the country.

This is the path on which the Finance Ministry has already started in its latest efforts and those of the Chamber, voted in April, 1922. Here is a comparative table of the present receipts and expenditure and of those of the preceding Budget:

REVENUES

	1921-22	1922-23
Direct taxes	722	650
Indirect taxes	2,214	3,310
Stamps, registrations —	564	571
Monopolies	1,350	1,626
Transport	2,340	3,125
Other Ministries	517	760
	<hr/> 7,707	<hr/> 10,042

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EXPENDITURE

	1921-22	1922-23
Ministry of War _____	925	1,767
Ministry of Finance —	1,926	2,084
Ministry of Education—	781	954
Ministry of the Interior	685	709
Transport _____	2,260	3,187
Other Ministries _____	1,131	1,203
	7,708	9,904

The latest Budget, which is for seven and three-quarter milliards, the Ministry of Finance raises to ten milliards. This difference of two and one-quarter milliards, which is justified in the expenditure items by an increase of 800,000,000 in the War Budget, of 170,000,000 on education, and of one milliard on transport, is covered by a 1,400,000,000 surplus on indirect taxes and 800,000,000 of new revenues from transport. These figures will show that, in spite of the intention to economize as far as possible, there has been no hesitation in inserting useful expenditure in the Budget, for we must consider as such the better maintenance of the army, the increase in the number of schools and in the salaries of the teachers, as well as more important orders for the railways.

The next financial statement will have to be put into agreement with the administrative reorganization in its entirety, the date of the commencement of the financial year being also modified; this has, up to the present, been April 1, and will in future be January 1. At the same time, the Finance Minister thinks that the centralization in his De-

partment of all funds, including those of the railways and the special receipts of the Ministry of Commerce and Industry, is necessary to good administration, both for an improved control of the different elements of the economic organization and for a better employment of these funds, a part of which has, up to now, enjoyed a relative independence. We must, therefore, wait until the autumn to know the general financial program of the Government, for, as the Finance Minister himself says in his explanatory statement, he has not had the time to set up anything except a simple revision of the preceding Budget, with the few modifications indicated above.

For that reason we believe that we are not going too far in asserting that the bases of the reduction of the internal debt, as well as the mechanism of this transformation of debts, will make possible also a new plan for the creation of revenues and for their employment. It is with this conviction that we see the future Budget taking the following form:

I.—UNDER "REVENUES"

(a) An export tax of 1500 lei per ton of cereals is easily admissible, seeing that an average harvest produces 11,000,000 tons of cereals, of which 5,000,000 must be reserved for internal consumption, 1,000,000 for reserve stocks and national defence, and 5,000,000 devoted to export. This quantity, multiplied by the 1500 lei export tax,

will yield seven and one-half milliards of revenue.

(b) Indirect taxes, monopoly, tax on turnover will produce only four and one-half milliards, according to our estimates, although the present Budget anticipates five and one-half milliards. On the other hand, we venture to include for direct taxation one milliard in place of 650,000,000, the figure anticipated in the present Budget. The total is thirteen milliards, instead of ten milliards anticipated in the present Budget.

As a reserve for unforeseen works or expenses, we would add the annuities paid by the peasants for the land which they have received in consequence of the agrarian reform.

II.—UNDER "EXPENDITURE"

(a) Nine milliards, the figures of the present Budget, less the expenses of the Ministry of Transport;

(b) Three milliards, indispensable to a serious reconstruction, in which we shall include the additional 900,000,000 of income anticipated for the Transport Ministry;

(c) One milliard for four years, to pay off four milliards of the internal debt.

If we admit that some of our figures will be somewhat modified by events, we have only to put off the date of their application to arrive at the same result.

Not only should the figures of this Budget not alarm us (for we see to what degree it will be easy, under the auspices of a severe but just administration, to obtain revenues without resorting to excessive taxation), but, on reducing the Budget figure of thirteen milliards of present-day lei to its pre-war value, we arrive at less than half a milliard of gold lei for a Rumania of 18,000,000 inhabitants, while the 1914 Budget was 600,000,000 for seven and one-half inhabitants.

Let us add, too, to that, the possibilities existing in the submersible lands of the Danube, for which we have devised, since 1910, an excellent scheme,

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which, for lack of money, has to be limited to the study of plans and programs of execution. These lands, which extend to hundreds of thousands of hectares, can, if scientifically improved, yield, through fishing and agricultural development, immense revenues when foreign specialists and our Government decide on a collaboration identical with that which, in these columns, we have already advocated in the case of the oil-bearing areas. This amounts to saying that, in that matter also, we should contribute the natural wealth and the foreigner the tools and skill.

In other words, with a vast program of general reconstruction which would not halt in front of all the problems which we are leaving unsolved (such as the problem of the submersible regions, or that of the motive power of our waterfalls, that of the methane gas

of Transylvania and of the oil gases still entirely unutilized, that of the roads and railways of Bessarabia or of the railway junctions in the north and south of Transylvania), we ought to, and we can, succeed in being among the first countries in Europe to realize the normalization indispensable to economic equilibrium in the first place, and to politics in the next.

Great Britain

INDUSTRY AND FINANCE

The unexpected American demand for British coal has affected the entire British industrial situation, according to a report to the Department of Commerce at Washington. Inadequate dock and shipping facilities are impediments to greater coal exports. The textile and iron and steel industries are feeling an increased prosperity and look forward to the immediate future with confidence. Government revenues are showing a healthy surplus over expenditures. The reduction of a bank rate to three per cent. on July 18 has not yet had its expected effect on the security market, but easier money is already stimulating industry. Unemployment is on the decline, but labor discontent still mars the improved industrial situation. The wholesale price index of the *Times* stood at 158 on July 31.

THE FINANCIAL MARKETS

The financial markets have been governed by the sensational movements of the German mark. The exchange operations undertaken by the German Government in order to meet the reparation payments now due, occasioned a great anxiety on the part of the public to dump their currency holdings. Government revenue and expenditures during the week ending July 28, were £13,618,702 and £10,479,509, respectively. The total revenue received

during the first four weeks of July amounted to £70,988,048 and expenditures to £41,605,872—making revenue receipts for the month £39,382,176 in excess of expenditures.

The favorable returns have enabled the Government to repay £4,750,000 to the Bank of England for the Ways and Means advances outstanding, and reduce similar advances from public departments by £8,995,000. The net result of the favorable tendencies of the national finances has been a reduction of the floating debt from £965,862,000, obtaining on June 30, 1922, to £918,898,500 on July 28. The total of currency notes and certificates outstanding was £321,967,593 on July 19, 1921. Private deposits were reduced by £7,908,000 and public balances were increased by £9,563,000.

The acute discussions concerning the British debt to the United States have, during this month, taken on the tone that the British Government should delay no longer in settling terms and conditions of the debt. Almost simultaneously with these discussions an announcement is made in the press by the Chancellor of the Exchequer that the shipments of gold to the United States were to provide for the "Services" on the indebtedness to the United States.

As a result of the lowering of the bank rate and allowance for deposits, the stock market has been somewhat firmer, but the volume of business has not increased appreciatively.

BANK RATE REDUCED

The reduction of the bank rate from three and one-half to three per cent. on July 18 was warmly welcomed. The deposit rate now stands at one per cent., which is a fraction under the rate at which the Treasury Bills are being taken. The expected stimulation of the securities market has not as yet been felt, although easier money rates have helped the government considerably in the floating of maturing short term obligations and the carrying of the floating debt.

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Foreign Exchange

Letters of Credit

Cable Transfers

COAL PRICES AFFECTED BY AMERICAN DEMAND

The American coal situation has affected an increase in British coal price and exports. It is roughly estimated that 1,250,000 tons of British coal has been sold for shipment to the United States. The per diem average of sales during the past few days of August has been 50,000 tons, and reliable reports indicate that the offerings are held to this figure not so much by mining capacity as by dock congestion. During the week ended July 22 the coal output in terms of long tons was 4,390,300; making 18,614,800 tons produced during the first three weeks of the month. The American demand has had the effect of increasing other foreign demand also.

The steel trades have been spotty during July. According to recent reports order books are being filled up

and accounts are better. Increased buying in domestic, foreign and Colonial, especially Far Eastern markets are the principal factors.

The wide fluctuation in continental exchange rates has had a very pointed effect upon the British lumber market.

The textile trades—cotton, wool, linen and silk—and the boot and shoe industry, have maintained their activity. Many cotton mills continued to run on full time filling June orders. Business during July has been slack, due to raw cotton uncertainty and India monsoon season. High grade lines have been in exceptional demand and prices have remained firm. Prices for medium and low grades have weakened owing to the failure to withdraw all such descriptions. The activity in the wool mills continues improved. There has been much activity in the engineering trades and a further stimulation is expected shortly.

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France

THE FINANCIAL SITUATION

A decrease of two billion francs in the amount of the French Government's loans from the Bank of France and an increase of nine billion francs in the annual revenue collections are noteworthy results achieved by France in her post-war efforts to put the nation's finances on a strong basis. A new study, "*French Public Finance*", issued by the Bankers Trust Company of New York, discloses that the above results were accomplished by the end of the fiscal year 1921 through measures which were seriously begun in 1920.

The French Government was, in 1913, free of debt to the Bank of France. But due to the burden of the war, thereafter, it became necessary for the Government, in addition to other borrowings, to borrow vast sums from the Bank. Meanwhile, the national revenues had not been keeping pace

with the very rapid growth of the national indebtedness.

Upon the defeat of the military invasion, determined efforts were undertaken to improve the French financial situation. The results of these efforts are shown by the following official figures of the Ministry of Finance, quoted from "*French Public Finance*":

Year	Loans from Bank of France (million francs)	Taxes and revenue (million francs)
1913		5,103
1914	3,900	4,006
1915	1,100	4,317
1916	2,500	4,738
1917	5,000	6,473
1918	4,650	7,846
1919	8,450	12,515
1920	1,000	18,381
1921 (decrease)	2,000*	21,765

*Amount of reduction by repayments.

The official figures show that the total loans from the Bank of France reached a maximum of 26,600 million francs in 1920, at which time they con-

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stituted approximately one-third of the total floating debt of France. The Government is pledged to reduce these loans by two billion francs a year, hereafter.

The efforts made to increase the national revenues during 1920 yielded 3938 million francs from direct taxation and 9557 millions from indirect taxation, exclusive of income from Government monopolies and miscellaneous sources. The increase in returns from indirect taxation in 1920 over 1919 amounted to 3271 millions. Revenue from direct taxation was increased by almost 1500 millions in 1921 over 1920, income tax revenue alone being more than twice that of 1920. The yield in 1921 from indirect taxation was increased by over 1000 million francs compared to the receipts in 1920.

Out of total taxes and revenues of 21,765 millions in 1921, direct and indirect taxation in France accounted for 15,972 millions, or more than five times the amount of taxes thus levied in 1918.

Referring to other results achieved during 1920 and 1921 in combination with improvement of the national finances "*French Public Finance*" says: "Expenses for military purposes, while large in amount were relatively small compared to war period expenses, being only about seventeen per cent. of the expense budget as against sixty-five per cent. during the war period."

RECONSTRUCTION

Reconstruction in France is entering upon a new phase, according to advices

received by the Bankers Trust Company. The first three years of effort following the Armistice were applied especially to the resuscitation of industry and agriculture. Now, however, greater attention is being given to the rebuilding of dwelling houses, schools, churches and charitable institutions and the reestablishment of normal social life.

The following official figures indicate the progress of reconstruction along the above lines during the year 1921:

	During 1921
Dwelling houses repaired	90,000
Shelters and barracks erected.....	82,000
New houses built	9,782
Increased number of inhabitants housed	126,295
Public buildings rebuilt	72
Public buildings temporarily repaired	7,600
Public buildings permanently re- paired	2,800
Additional population restored to devastated area	697,000

There are now in existence 1828 approved coöperative societies in which 2341 communes are interested. These societies have received cash advances amounting to 1,347,065,000 francs and are everywhere actively engaged in local reconstruction.

There are still 326 fewer grammar schools, and nearly 190,000 pupils and about 826 teachers less than in 1914. It is expected that these figures will be considerably improved by the end of the year. In the department of the Oise, there is already one school more than before the war.



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All high schools have been reopened, but with 361 pupils and sixty-five professors less than before the war. The professional schools number two schools, 800 pupils and forty-nine professors less than before the war.

More than fifteen billion francs in cash and eight billion francs in kind had been paid to the inhabitants of the devastated regions up to January 1, 1922.

CREDIT FONCIER BOND ISSUES

Investments by the French public of more than 2800 million francs are represented by the last three issues of the Credit Foncier, which is France's great mortgage loan bank. At the close of 1921, according to official figures the amount of Credit Foncier bonds outstanding against loans on mortgages and loans to departments, towns and villages in France for construction of public works, was 6816 million francs. This amount was 1761 millions more than the amount outstanding at the beginning of 1920.

Credit Foncier bonds are favorite securities of the small investors in France, whose savings, thus invested, promote the carrying out of important enterprises for the benefit of the general public.

During 1921, the Credit Foncier granted 3926 mortgage loans on real estate, the average amount of which was 34,325 francs. It also granted 3842 loans to departments and towns, totaling 1210 million francs.

The institution is a private company but has a semi-official standing. Its stock is held by more than 47,000 persons. In 1921 it paid dividends amounting to 27,000,000 francs compared to 21,000,000 francs in 1920.

Germany

EFFECTS OF THE MARK DECLINE

The disintegrating tendencies of German economic life have been accelerated by the heavy fall of exchange

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throughout July and by the fear of a further decline as a result of the unfavorable foreign political situation, says a cable to the Department of Commerce at Washington. This causes growing apprehension in Germany and an increasing loss of confidence in the mark. There have been heavy purchases of foreign currencies and foreign fixed interest securities, with an apparent failure to support the speculative investors abroad whose buying of German marks and mark values in large quantities since the Armistice has facilitated German reparation payments and food financing operations. In addition to these foreign investments the flight from the mark is seen in the purchase of goods of intrinsic value, while German investments in Germany are comparatively light.

CIRCULATION AND FLOATING DEBT

The Reichsbank circulation on July 31 amounted to 189,795,000,000 marks, while the floating debt in discounted

treasury bills came to 307,810,000,000 marks. An enormous increase is shown in both of these figures during the month of July, as the note circulation was given as 169,211,792,000 on June 30 and the floating debt as 295,066,165,000 marks on the same date. The Reichsbank gold reserve equalled 1,004,860,000 marks at the end of July; of this 50,082,000 were deposited with the Bank of England.

Private discounts at the Reichsbank have been increasing remarkably; on July 31, they amounted to 8,122,000,000 marks.

REICHSBANK AND COMMERCIAL DISCOUNT RATES

It is the rapid increase in private discounts as well as the growing difficulty in floating treasury bills on the market that brought about the rise of the Reichsbank discount rate on July 28 to six per cent. The six per cent. rate is expected to facilitate the disposal of treasury bills and thus curb in-

flation. Private bank rates on good commercial paper, including commission, are now twelve per cent., and there are prospects of a further increase in case of greater currency depreciation with the consequent demand for credit.

CAPITAL ABSORPTION DECREASES

Tightness of money in Germany has been increasingly noticeable since the beginning of 1922; since July 1 it has been acute. The disparity between working capital and credit needs, particularly in industries requiring foreign raw materials, constantly increases. One of Berlin's most prominent bankers predicts an end to the period of increasing capitalization which has been noticed for many months and believes that difficulty will now be experienced in importing raw materials under the present exchange conditions.

The July capital increases according to the Frankfurter Zeitung were 952,000,000 marks, the smallest figure so far in 1922 despite the new mark collapse. As to fixed interest securities floated in July, twelve corporations issued bonds to the amount of 710,000,000 marks.

Savings bank deposits on July 1 amounted to 53,000,000,000 marks as compared with 47,000,000,000 on January 1.

Italy

GENERAL CONDITIONS

The Government deficit for the fiscal year ended June 30 exceeded estimates by a billion and a half lire, according to a report to the Department of Commerce at Washington. The deficit for the current fiscal year, however, is estimated at only four billion lire, and an economy alliance has been formed by members of the Chamber of Deputies to endeavor to effect Government economies. The general strike which was called at midnight, July 31, has been most complete at Genoa. Street car and railway service has been maintained by volunteer workers and soldiers. In-

vestment of capital in industrial enterprises diminished considerably during June, whereas heretofore each month has shown an increase.

INCREASES IN GOVERNMENT DEFICIT

The total ordinary revenue of the Italian Government for the fiscal year 1921-1922 has been officially published as 12,695,000,000 lire, an increase of 1,262,000,000 lire over the preceding year. In spite of the increases in revenue over 1920-1921 and over original estimates, the deficit for the year 1921-1922, set as 5,000,000,000 lire on December 31, 1921, has actually amounted to 6,581,000,000 lire.

The estimated deficit for the fiscal year 1922-1923 is 4,000,000,000 lire; but, in view of the considerable deviation from estimates in the past year, the figures can hardly be considered as more than a rough guess. The realization of the grave effect of the continued deficits in Government operation on the international prestige of Italy has elicited considerable discussion as to methods of reducing, and, in the long run, eliminating them, and has led to the formation of a Parliamentary Economy Alliance by a number of deputies.

STATEMENT OF BANK OF ITALY

The statement of the Bank of Italy on July 20, compared with the statement for July 10, shows changes immediately following the reduction of the discount rate from six per cent. to five and one-half per cent. on July 11. Specie reserves remained practically unchanged at 940,000,000 lire, domestic loans decreased 11,000,000 to 4,410,000,000 lire, advances against securities increased 819,000,000 lire to 3,580,000,000; foreign credits increased 27,000,000 to 672,000,000 lire, circulation decreased 274,000,000 to 18,863,000,000 lire; demand liabilities increased 15,000,000 lire to 1,012,000,000 lire; interest-bearing deposits increased 85,000,000 to 989,000,000 lire; the ratio of total reserves to circulation advanced from 18.73 to 19.80 per cent.



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For the month of June a net decrease in invested capital, amounting to 179,000,000 lire, has been announced against an increase for May of 1,400,000 lire. During the first three months of the year a net increase of invested capital of 180,000,000 lire had been announced. The reduction is due to the excess of capital withdrawn over the increases, due to the formation of new companies and additions to the capital of old companies.

South Africa

COMPETITION FOR TRADE

"The Union of South Africa, because of its position in the British Empire, the extent of its undeveloped resources, and its steady growth as a consuming market, is increasing in importance as a factor in world trade," says the National Shawmut Bank of Boston, in its current Foreign Trade Review. "This market has not, in the past, been fully appreciated by our exporters. In addition to its trade possibilities, it offers opportunities for in-

vestment of capital in the development of the varied natural resources of the country, in promoting the growth of manufacturing industries, and in filling the need for public utilities of every kind. Previous to 1913 our trade with South Africa had grown slowly but steadily. The disturbance of commercial relations due to the War brought about an increase in our trade with that market, and aroused the interest of a number of our exporters to its possibilities."

TOTAL COMMERCE FOR PAST YEAR

In the year ending December 31, 1921, the total commerce of South Africa amounted to approximately \$600,000,000. This figure, however, because of business depression, was considerably lower than the total for 1920, which reached \$900,000,000. Of this latter amount, almost \$500,000,000 represented the imports into the Union. Imports of cotton manufacturers in 1920 amounted to \$48,000,000 in value while imports of hardware, cutlery, machinery, agricultural implements, and iron and steel manufactures amounted

to \$70,000,000. Fifteen million dollars worth of boots and shoes were imported in that year; and \$20,000,000 represents the value of imports of automobiles and parts. Exports of wool for 1921 amounted to 230,000,000 pounds, an increase of fifty per cent. over 1920. About 40,000,000 pounds of hides, goat and sheep skins are now exported annually. Exports of sugar, last year, jumped from 32,000,000 pounds in 1920 to 138,000,000 pounds.

It is not at all surprising that competition for a market of this character should be keen. Some estimate of that competition may be obtained from a brief review of the trade of the Union in 1903, 1913, and 1921.

PERCENTAGE OF SOUTH AFRICA'S IMPORTS

The following table compiled by the Standard Bank of South Africa Limited, shows the percentage of South Africa's imports supplied by various countries in 1921, 1920, and 1913, and indicates our improved position in the South African field.

	Per cent.		
	1921	1920	1913
United Kingdom	54.7	53.8	54.4
Canada	2.8	2.9	2.2
India	3.4	2.8	2.8
Australia	2.7	4.2	5.2
Other British possessions.....	1.4	2.7	1.7
Holland	1.1	0.8	2.2
Sweden	2.0	2.2	1.8
Japan	1.5	1.5	0.3
Germany	2.3	0.9	8.8
United States	16.0	18.2	9.5

Our greatest gains since 1903 have been made in supplying agricultural implements, machinery, manufactures of steel and motor cars. The development of agriculture and the manufacture of food stuffs in the Union have reduced our former sales of grain and other commodities. As a result, our exports are now of a character to bring them into competition with the products of Great Britain, Germany and Japan.

The figures covering imports and exports, while suggestive, do not indicate the real position attained by the United States in the South African market. It is, of course, obvious that the depre-

ciated value of the British pound was instrumental in cutting down our trade last year. It is also a fact that during the War many lines of merchandise could not, as formerly, be obtained from England. During that period the depreciated value of the pound was disregarded when necessity compelled the ordering of American goods. The decline of the pound below \$4 was very naturally followed by a sharp contraction in new business. As the pound approaches parity, however, there is every reason for us to expect that the effects of this handicap will be removed. Improvement in this respect may be followed by an increase in our trade with South Africa.

TRADE WITH THE UNITED STATES

Trade between South Africa and the United States, should, if properly handled, become more and more reciprocal in character. We need her products of hides, skins, wool, chrome ore, tin, corundum, and asbestos. We have been taking about 50,000,000 pounds of South African wool annually, or about one-third of her total product. The United States is the principal market for South African exports of diamonds; although shipments of these goods are made through England and do not appear in the figures for our trade. It is to be regretted that nearly all of our purchases from South Africa in the past have reached us by shipments through Great Britain. Consequently they do not appear in published statistics of South African trade and as a result we have suffered through loss of identity as a good customer.

South America

THE BRAZILIAN CENTENNIAL

By W. E. EMBRY

U. S. Assistant Trade Commissioner,
Rio de Janeiro

At the time of my departure from Rio de Janeiro, July 12, the Brazilian capital was all astir with the many preparations which are intended to make the forthcoming international exposition in

DISCONTO - GESELLSCHAFT

Established 1851

Capital and Reserves
M 1,200,000,000



BERLIN

Numerous Branches in Germany

Correspondents
Throughout the World

Established 1856

NORDDDEUTSCHE BANK IN HAMBURG

Hamburg — Altona — Harburg

Capital and Reserves, M 83,000,000

Established 1848

A. SCHAAFFHAUSEN' SCHER BANKVEREIN A.-G.

HEAD OFFICE COLOGNE.—Numerous Branches in Rhineland and Westphalia

Capital and Reserves, M 130,000,000

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Hamburg — Valparaiso — Santiago — Concepcion — Temuco — Valdivia

Representative for the United States—A. KOEHN, 25 Broad St., New York

connection with the one-hundredth anniversary of Brazilian Independence a success. All of the various countries taking part in the exposition, including the United States, England, France, Belgium, Italy, Argentina, and dozens of others were vying with each other to have their respective exhibit buildings completed and ready for occupancy on September 7, the opening date of the Centennial.

Some of the participants, as in the case of the United States, have two separate buildings, one being on the main grounds on the Guanabara Bay water front overlooking Rio's wonderful harbor, and an additional building for industrial exhibits down at the foot of the city's main thoroughfare, Avenida Rio Branco. By the first of July American firms either established in Brazil or planning to enter that field, had contracted for approximately fifty per cent. of the 90,000 square feet of floor space in the American Industrial Building, which is being erected by the

United States Exhibits, Inc., of New York.

THE SPIRIT OF THE CENTENNIAL

The spirit of the Centennial is in the air and it is the chief topic of conversation in hotel lobbies, business houses, and on the streets. Practically every ship entering Rio de Janeiro either from the United States or Europe is bringing in exposition commissions, and construction materials for buildings or exhibits. The mayor of the city, Dr. Carlos Sampaio, has been given a free hand by the Administration to see that everything is in readiness by the opening date. Exposition work is taking precedence over all other, and any delays in the smooth operation of the Exposition will not be due to any lack of zeal or energy on the part of the Mayor.

In spite of the fact that the official opening of the Centennial has been definitely set for September 7, certain important features of the Exposition will not be ready at this time. This is

BANKING BUSINESS WITH BELGIUM

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Capital Paid Up . . . Frs. 16,884,000

Reserve Frs. 6,220,945

Branches:

BRUSSELS _____ OSTEND

CORRESPONDENTS
AT ALL BANKING POINTS

particularly true of the international side of the exhibition and a delay in the exhibition of products from the various participating countries can not be avoided, due to the delay in the completion of the exhibition buildings.

The numerous Brazilian buildings are now practically all completed except for interior work. A visit through the part of the grounds where these buildings stand grouped together impresses one with the sincerity with which the Brazilian Government has attempted this celebration in honor of their most important date in history, that marking national independence. These large, spacious buildings, both in design and architecture, fully measure up to the dignity of the occasion. The lighting installations for these buildings and the grounds, which are in the hands of the same American company having charge of this work in San Francisco in 1915, have already been commenced.

ATTRACTIVE RATES BY LINES

Attractive rates have been made by the various passenger lines from the United States and Europe to Brazil. This Exposition affords excellent opportunities to manufacturers and business men who are already interested in Brazil either through having their goods sold in this market or in planning to introduce them there, to visit South America at greatly reduced prices. It should be especially helpful to see exactly the kind of competition that must be met as practically

all of our competitors in this market will be exhibiting their products there.

The erection of two or three large hotels in Rio de Janeiro especially for the Centennial has been pushed. One of these, on a commanding site, overlooking the beautiful Guanabara Bay and the harbor, only eight minutes walk from the city, undoubtedly will be ready for guests by September. Another large hotel under construction on the Avenida Atlantica, which is the ocean drive in the nicer residential section of Copacabana, will be ready soon thereafter. Even with the additional hotels and boarding houses which will be available during the progress of the Exposition, there will probably be a housing shortage, and one intending to make this trip should make advance hotel reservations.

Mexico

SUMMARY OF DEBT AGREEMENT

The International Committee of Bankers on Mexico has made public its summary of the debt agreement signed in New York on June 16, by the terms of which the Republic of Mexico will resume payments on her defaulted obligations. The plan was made public coincident with the opening of the Mexican Congress. Formal ratification of the settlement arranged, which provides for the redemption of current interest payments, arrangement for back interest payments and specific proposals con-

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Head Office; 2, Rue Meyerbeer, Paris

ESTABLISHED 1904

Capital Frs. 15,000,000.00

Reserve Funds " 6,250,000.00

BRANCHES

Bordeaux (France)	Dakar (Sénégal)	Cotonou (Dahomey)	Lome' (Togo)	Port Gentil (Gabon)
Douala (Cameroun)	Brazzaville (Congo Français)	Kinchassa (Congo Belge)	Grand Bassam (Cote d'Ivoire)	

Every description of banking business is transacted

Special facilities for discounting or collecting clean or Documentary Bills on or from French West Africa and French Congo

cerning the National Railways of Mexico, is now the chief piece of legislation before the Mexican Congress.

Bankers are prepared to issue calls for the deposit of the twenty-eight different securities affected by the plan, immediately upon favorable action by the Mexicans. Service of the debt, in part at least, is expected to be resumed during the early part of next year.

Prior to the signing of the agreement it developed here that recognition of the Obregon Administration by the United States played no part in the deliberations of the International Banking Committee, which met with Finance Minister de la Huerta. It is the generally expressed belief, however, that acceptance by the Obregon Government of the terms whereby Mexico will discharge her external obligations will have considerable weight with the State Department. In some quarters, recognition of Mexico is considered a strong probability of the near future.

SECURITIES AFFECTED

In the agreement which is set forth in brief by the committee securities affected by the plan are referred to by the following numbers:

- (1) United States of Mexico five per cent. consolidated external gold loan of 1899.
- (2) Republic of Mexico four per cent. external gold loan of 1910.
- (3) United States of Mexico six per cent. ten-year treasury notes of 1913 (Series A £6,000,000).
- (4) City of Mexico five per cent. sterling loan of 1889.
- (5) Institution for Encouragement of Irrigation Works and Development of Agriculture (S. A.) Thirty-five year four and one-half per cent. sinking fund gold bonds, due November 1, 1943 (Caja de Prestamos, etc.).
- (6) United States of Mexico four per cent. gold bonds of 1904.
- (7) Republic of Mexico Consolidated three per cent. internal debt of 1886.
- (8) United States of Mexico five per cent. internal redeemable bonds of 1894.
- (9) State of Vera Cruz five per cent. bonds due April 1, 1927.

The Yokohama Specie Bank, Ltd.

(Yokohama Shekin Gtako)

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed Yen 100,000,000
 Capital paid up Yen 100,000,000
 Reserve Fund Yen 57,000,000

(\$0.80=1 Yen)

Branches and Agencies

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

Agencies in United States

New York San Francisco Los Angeles Seattle

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

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

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- (10) State of Tamaulipas, five per cent. bonds 1902 (first series).
- (11) State of Tamaulipas, five per cent. bonds 1906 (second series).
- (12) State of Sinaloa, five per cent. bonds 1906.
- (18) State of Vera Cruz, five per cent. bonds 1906.
- (14) National Railway of Mexico Guaranteed General Mortgage four per cent. seventy-year sinking fund redeemable gold bonds, due October 1, 1977.
- (15) Vera Cruz and Pacific Company first mortgage four and one-half per cent. gold bonds due July 1, 1934.
- (16) National Railways of Mexico Prior Lien four and one-half per cent. fifty-year sinking fund redeemable gold bonds due July 1, 1957.
- (17) National Railroad Company of Mexico Prior Lien four and one-half per cent. gold bonds due October 1, 1926.
- (18) National Railroad Company of Mexico First Consolidated Mortgage four per cent. gold bonds due October 1, 1951.
- (19) The Mexican International Railroad Company four and one-half per cent. prior lien sterling bonds due September 1, 1947.
- (20) The Mexican International Railroad Company 1st Consolidated Mortgage four per cent. gold bonds due September 1, 1977.
- (21) Pan American Railroad Company First Mortgage five per cent. gold bonds due January 1, 1934.
- (22) Pan American Railroad Company General Mortgage five per cent. gold bonds due January 1, 1937.
- (23) Mexican Central Railway Company, Ltd., five per cent. priority bonds due July 1, 1939.
- (24) Mexican Central Railway Co., Ltd., Equipment Bonds, assumed by the National Railways of Mexico, as follows:
 - (a) First Series dated April 1, 1897.
 - (b) Second Series dated Oct. 2, 1899.
 - (c) Series No. 8 dated Aug. 17, 1906.
 - (d) Series No. 10 dated Jan. 1, 1907.
 - (e) Series No. 11 dated March 23, 1907.
- (25) National Railways of Mexico six per cent. secured gold notes (secured by Government obligations):
 - (a) National Railways of Mexico secured gold notes, Series "B".
 - (b) National Railways of Mexico six per cent. three-months secured gold notes.
 - (c) National Railways of Mexico six per cent. three-year secured gold notes.
 - (d) National Railways of Mexico six per cent. secured gold notes, Series "C".

The Bank of the Philippine Islands

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

Capital fully paid-up .

Reserve Funds . . .

William T. Nolting.....*President*
F. Borromeo.....*Vice-President*
P. J. Campos.....*Mgr. Iloilo Branch*
J. M. Browne.....*Mgr. Zamboanga*



(₱0.50 = 1 Peso)

(Pesos) 6,750,000.00

“ 5,972,500.00

R. Moreno.....*Secretary*
D. Garcia.....*Cashier*
E. Byron Ford.....*Chief For. Dept.*
S. Freixas.....*Accountant*

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New York: National City Bank, The Equitable Trust Co. and Irving National Bank

Paris: Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

- (26) National Railways of Mexico six per cent. secured notes (secured by National Railways of Mexico bonds):
- (a) National Railways of Mexico two-year six per cent. secured gold notes due June 1, 1915.
 - (b) National Railways of Mexico six per cent. secured notes due July 1, 1916.
- (27) Tehuantepec National Railway five per cent. gold loans, Series "A," due June 30, 1958.
- (28) Tehuantepec National Railway four and one-half per cent. gold loan, Series "B," due June 30, 1958.

The chief provisions of the plan are set forth as follows:

The Mexican Government undertakes to set aside annually toward the payment of such coupons on the above bonds as mature after January 2, 1923:

- (a) The entire proceeds of the oil export tax;
- (b) Ten per cent. (10%) of the gross revenues of the National Railways of Mexico;
- (c) The entire net operating revenues of such railways.

In any event the Government agrees to provide for such current interest not less than 80,000,000 pesos (\$15,000,000 United

States gold) during the calendar year 1923, and an additional 5,000,000 pesos each year for the ensuing four years, bringing the fund up to 50,000,000 pesos in the fifth year.

These cash interest payments on such coupons maturing after Jan. 2, 1923, will, during the first year, be made on a scale varying from fifty per cent. to one hundred per cent. on the external loans, at the rate of twenty-five per cent. on the internal three per cent. and five per cent. bonds; fifty per cent. on the State bonds, and, in general, from fifty per cent. to sixty-five per cent. on the railway loans, except that the railway notes secured by Government bonds are to receive 100 per cent.

After 1923 the increases in the minimum fund provided by the Government for current interest should permit an increase in the scale of cash payments to all bonds receiving less than 100 per cent. in the first year, and should permit payment of full current interest in cash in the fourth year upon all bonds named in the schedule, except the internal three per cent. and five per cent. bonds and the State issues guaranteed by the Mexican Government.

SCRIP TO BE ISSUED

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Antwerp Branch: 22 Place de Meir

Lisbon Branch: 32 Rua Aurea

(\$5=£1.)

CAPITAL (Authorized)	-	-	-	-	-	\$20,000,000
SUBSCRIBED CAPITAL	-	-	-	-	-	15,000,000
PAID-UP CAPITAL	-	-	-	-	-	10,200,000
RESERVE FUND	-	-	-	-	-	10,500,000

DIRECTORS

M. ROSS DUFFIELD, Esq.

KENNETH MATHIESON, Esq.

RICHARD FOSTER, Esq.

J. W. BRAUMONT PEASE, Esq.

FOLLETT HOLT, Esq., M. Inst. C. E.

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between the amounts of current interest actually due on such bonds and the cash payments made, scrip or certificates are to be issued maturing in twenty years after January 1, 1923, and bearing interest after January 1, 1928, at the rate of three per cent. per annum, payable semi-annually, the Government to have the right of redemption in whole or in part at 105 and accrued interest at any time before maturity. Any excess over the minimum fund provided for current interest payments is to be used in buying or redeeming such current interest scrip or certificates.

Arrears of interest.—At or prior to the completion of the five-year period beginning January 1, 1923, the interest coupons maturing on or before January 2, 1923, with respect to bonds in the above list, are to be detached by the respective depositaries and lodged with a special depository or depositaries approved by the committee, against the issue of receipts or certificates to an equivalent face amount. Such receipts or certificates are to be purchased or redeemed by the Government from a fund sufficient to retire them in full, extending over a period of forty years, beginning January 1, 1928. The certificates for arrears of interest will be of two kinds—class "A" and class "B"; class "A" to be retired completely prior to class "B".

The respective bonds to which this plan

of readjustment applies are to receive certificates for arrears of interest on the following basis: The secured debt and the railway notes secured thereby (Nos. 1, 2, 3 and 25) are to receive 100 per cent. of arrears of interest in Class A certificates. The balance of the Government loans (with the exception of the internal three per cent. and five per cent. loans) and of the railway obligations (with the exception of the notes No. 25 secured by Government bonds) are to receive thirty-five per cent. of arrears of interest in "A" certificates and sixty-five per cent. in "B" certificates. The internal three per cent. and five per cent. bonds are to receive 100 per cent. of arrears of interest in "B" certificates. Based on the amounts of "A" certificates and "B" certificates to be issued, it is calculated that the proposed annual payments will retire all the "A" certificates in a little less than twenty years from January 1, 1928, assuming that retirement is effected at par.

TO RESTORE RAILWAYS

National Railways System—The Government is to make prompt return of the national railways to private management and to the control of a Board of Directors agreed upon with the committee. It recognizes its obligation to restore such railways, including rolling stock, to their condition



NEW YORK AGENCY, *Woolworth Building*
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at the time the Government took over the railway lines.

Holders of outstanding obligations of the National Railways System, listed above, upon deposit under the plan and the adoption thereof, are to have their bonds and notes stamped to the effect that the Government agrees to assume the payment of principal, interest and existing sinking fund thereof, subject to the provisions set forth as to the payments during the five-year period. The liens created by the existing mortgages are not to be enforced unless the Government defaults in its obligation under the plan; in which event such liens may be enforced in favor of the respective bondholders.

Ten per cent. of the annual gross receipts of the railways are to be set aside toward the minimum fund to be provided for the payment of cash current interest. Further, as stated, until the resumption in cash of full current interest on the obligations dealt with under the plan, the net operating revenues of the National Railways are to be added to the fund for the same purpose.

Matured Obligations—The matured notes of the National Railways of Mexico (No. 26) are to be extended for a period of ten years from January 1, 1923, with interest

at five per cent. per annum for the first five years and at six per cent. per annum thereafter. The six per cent. Notes of the Government of Mexico (No. 3) and the National Railway Notes, secured by six per cent. Government Notes (No. 25) are to be extended for the same period of time, with interest at the rate of six per cent. per annum.

All sinking funds are to be postponed for a period not to exceed five years from January 1, 1923.

The agreement was signed by Mr. de la Huerta for Mexico and by Thomas W. Lamont, chairman of the American section of the International Committee of Bankers on Mexico, composed of the following:

Vice-chairman, Mortimer L. Schiff, Kuhn, Loeb & Co., New York; George W. Davison, Central Union Trust Co., New York; Jesse Hirschman, Speyer & Co., New York; R. G. Hutchins, Jr., Hallgarten & Co., New York; Charles E. Mitchell, National City Bank, New York; John J. Mitchell, Illinois Trust & Savings Bank, Chicago; Walter T. Rosen, Ladenburg, Thalmann & Co., New York; Charles H. Sabin, Guaranty Trust Company of New York; Albert H. Wiggin, Chase National Bank, New York; Robert Winsor, Kidder, Peabody & Co., Boston.



International Banking Notes

The statement of condition of the Asia Banking Corporation, New York, on June 30, 1922, shows total assets of \$26,428,187; capital of \$4,000,000; and surplus of \$200,000. The corporation's head office is at 35 Broadway, New York, with branches at Shanghai, Hongkong, Singapore, Tientsin, Peking, Manila, Canton, Hankow, and San Francisco.

◎

"The Finances of Disarmament," a booklet in discussion of armament expenditures by the principal powers before, during, and since the World War, has been published by the Mechanics and Metals National Bank, New York. A comprehensive survey of the Limitation of Armament Conference at Washington, including a summary of the Naval treaty, is contained in the booklet.

◎

The Guaranty Trust Company of New York announces that it has transferred the business of its Constantinople branch to the Ionian Bank, Ltd., of London, to take effect October 1, 1922.

It is stated that this action is taken on account of the lack of development of important American business in the Near East.

◎

The statement of condition of the Adriatic Bank, Beograd, Jugoslavia, for the year ended December 31, 1921, shows total assets of dinars 525,495,524; capital of dinars 30,000,000; surplus of dinars 15,000,000; and deposits of dinars 255,717,006. The net

profits for the year amounted to dinars 4,522,986.

◎

The statement of condition of the One Hundredth Bank, Limited, Tokyo, for the year ended December 31, 1921, shows total assets of yen 168,828,898; paid-up capital of yen 17,500,000; and reserve fund of yen 7,900,000.

◎

The directors of Lloyds Bank Limited announce that J. W. Beaumont Pease, formerly deputy chairman, has been elected chairman of the bank in the place of the late Sir Richard Vassar-Smith, Bt., and that Sir Austin E. Harris, K. B. E., has been elected deputy chairman.

◎

At their meeting of September 2, the shareholders of the Banco di Roma unanimously approved the increase of the bank's capital from lire 150,000,000 to 200,000,000.

◎

The statement of condition of the Munster and Leinster Bank, Limited, Cork, for the half-year ended June 30, 1922, shows that the profits for the half-year, after making provision for all bad and doubtful debts, amount to £90,625 which, added to the balance of £87,894 brought forward from the last account gives a sum of £128,019.

A dividend at the rate of twenty per cent. per annum has been declared. The sum of £50,000 has been placed to contingencies account; and £10,000 in reduction of premises account, with £39,019 forward.

No alteration has taken place in the fig-

ures of capital and reserve standing at £400,000 and £900,000 respectively.

⊙

The Argentine Government has received three new proposals from United States banking interests for loans of \$50,000,000, \$100,000,000 and \$150,000,000, according to the *New York Times*. It is declared that British bankers have also offered a loan, the amount of which was not made public.

It is declared that the new offers comply with the conditions stipulated by the Government when recent proposals for a loan were rejected.

⊙

The statement of condition of the Bank of Ireland, Dublin, shows that the net profits of the bank for the half-year to June 30, 1922, after meeting all charges and providing for bad and doubtful debts, interest due on deposits, and rebate on bills not at maturity amount to £268,515 7s. 4d. to which must be added the sum of £43,625 11s. 4d. brought forward from the last account, making a total of £312,140 18s. 8d.

Out of this amount a dividend at the rate of twelve per cent. per annum, less income tax, payable on August 1, has been declared for the half-year.

The sum of £120,000 has been transferred to the rest, leaving a surplus of £71,679 7s. 11d. to be carried forward.

⊙

The amalgamation of the Darmstadter Bank and of the Nationalbank für Deutschland has been passed by the general meeting of shareholders of both banks on July 15 and 16 respectively. The Bank für Handel und Industrie (Darmstadter Bank) is taken over as a going concern without a winding-up of pending affairs as from January 1, 1922, by the Nationalbank für Deutschland. The resolutions regarding the share capital having also been passed by the

general meetings of shareholders, the share capital and reserves amount to marks 1,050,000,000. The new corporation is registered under the name of Darmstadter und Nationalbank, Kommanditgesellschaft auf Aktien.

⊙

The statement of condition of the Deutsche Bank, Berlin, on December 31, 1921, shows a net profit for the year of marks 278,151,679.75, added to which undivided profits of marks 13,955,870 makes the total amount available for distribution marks 292,107,549.75.

This amount has been distributed as follows:

	Marks
1. To reserve account.....	100,000,000.00
2. To pension fund.....	30,000,000.00
3. To write off as extraordinary depreciation on bank premises in order to reduce their book-value to the previous figures (viz. marks 40,000,000) the amount of.....	15,665,000.00
4. To appropriate for buildings in course of construction.....	30,000,000.00
5. To a dividend of 24 per cent. on the share-capital of marks 400,000,000.....	96,000,000.00
6. To board of supervisors under the statutes.....	6,021,505.37
7. To new account.....	14,421,044.38

The adoption of the foregoing increases the capital and reserves of the bank to marks 950,000,000. Through the amalgamation with the Deutsche Petroleum-Aktien-Gesellschaft this figure will be raised considerably in the new year and capital and reserves will then far exceed two billion marks.

⊙

The New York agent of the Chartered Bank of India, Australia & China has been informed by cable from the head office in London, that the bank's directors have declared an interim dividend for the past half year at the rate of fourteen per cent. per annum, free of income tax.

The New York agency of this bank, is in charge of William Baxter, agent, at 44 Beaver street.



The Adriatic Bank, Ltd.

THE Adriatic Bank was established eighteen years ago in Trieste by a group of Southern Slav bankers, all natives of the Southern Slav (Jugoslav) Adriatic Littoral. All three elements of the Yugoslav nation—Serb, Croat, and Slovene—were present in this group, and are represented in the management and staff of the Adriatic Bank to this day.

The past history of the Adriatic Bank from the date of its founding in 1905 is one of sure and steady progress. The original capital stock of the parent bank in Trieste was of very modest dimensions,—only 1,000,000 pre-war Austrian kronen. Today the capital stock of the Adriatic Bank has reached the figure of dinars 60,000,000 (Jugokronen 250,000,000), and the surplus fund amounts to dinars 30,000,000 (Jugokronen 120,000,000). At the last general meeting it was decided to raise the capital stock to dinars 100,000,000 (Jugokronen 400,000,000) The capital of the old Adriatic Bank at Trieste amounts now to 15,000,000 Italian lire and its surplus fund exceeds 5,000,000 lire.

THE ADRIATIC BANK AND FALL OF AUSTRIA-HUNGARY

Austria-Hungary fell in 1918, and her fall was followed by a great drawing of frontiers in that part of the world. When it was decided that Trieste, and with it the Adriatic Bank, should remain outside the State frontiers of Jugoslavia, the original founders opened the Adriatic Bank in Belgrade to carry on the traditions of the parent institution. With the newly-constituted State the Adriatic Bank has branches in Cavtat, Celje, Dubrovnik, Ercognovi, Jelsa, Korcula, Kotor, Kranj, Ljubljana, Maribor, Metkovic, Sarajevo, Split, Sibenik, and Zagreb.

THE ADRIATIC BANK AT TRIESTE

When Trieste was made Italian territory, it became necessary to convert the capital of the Adriatic Bank into Italian lire. Today the capital stock of

the Adriatic Bank in Italy amounts to lire 15,000,000, and surplus fund exceeds 5,000,000 lire. It has branches at Zara, Abbuzia, and in Vienna.

AMERICAN CONNECTIONS

In South America the Adriatic Bank is affiliated with the Banco Yugoslavo de Chile. These relations are of a most cordial nature, and bound to lead to the development of further business in that part of the world.

In North America the Frank Sakser State Bank has been opened in New York City under the presidency of Frank Sakser, the well-known banker and member of the board of directors of the Adriatic Bank. This bank suffices for the bank's business with Yugoslav emigrants in that city, and for the requirements of the latter in this respect.

Apart from the Frank Sakser State Bank, the Adriatic Bank has connections with leading American banks at all places where there are Yugoslav colonies throughout the United States.

A special American department has been opened at the head office of the Adriatic Bank under the management of the American bankers. This department is in constant touch with all leading banks in America. It also serves as a bureau of information for business men, private individuals and business institutions in North and South America, Australia, New Zealand, and South Africa. There is also a foreign department for general foreign information.

NEW BRANCHES

With the constitution of the Yugoslav State arose the need for the establishment of more native branches. Within the last three years (i. e. since the Liberation) the Adriatic Bank has opened new branches at Bled, Cavtat, Celje, Ercognovi, Jelsa, Jesenice, Kranj, Korčula, Prevalje, Sarajevo, Trzic, and Zagreb.

It will be noticed that most of these new branches are situated in the Adriatic Littoral.

SPECIAL POLICY OF THE ADRIATIC BANK

Both Adriatic Banks, that of Beograd and that at Trieste, have always pursued and do still pursue the policy of raising Yugoslav economic conditions by financing trade, business, and industrial enterprises. Fully alive to the importance of shipping and sea traffic, the bank devotes special attention to the development of Yugoslav shipping and the improvement of the overseas trade, for the purpose of promoting a better knowledge of Yugoslav requirements and resources, and of fostering trade relations abroad.

According to last year's balance sheet the available assets of the Adriatic Bank on December 31, 1921, amounted to:

	Dinars	Jugokronen
Cash in the vaults	22,792,073.62	91,162,294.48
Due from the State		
National Bank		
and other banks		
and bankers	80,404,851.61	321,619,406.44
Bills of exchange.....	85,401,267.02	341,605,068.08
Securities	61,243,790.86	244,975,163.44
Foreign checks and currency in the vaults	3,040,390.33	12,161,561.32
Total	252,882,373.44	1,011,529,493.76

The bank's books, duly audited and found correct, show that the entire turnover of the bank during the year 1921 amounted to 80 milliards and 79,591,930.78 dinars (Jugokronen 120 milliards, 318,367,723.12). Cash transactions over the counter amounted to 8 milliards, 439,555,073.94 dinars (Jugokronen 13 milliards, 756,220,295.76). Net profits for 1921 were dinars 4,522,986.14 (Jugokronen 18,091,944.56), yielding a dividend of twelve per cent. on the nominal value, i. e. dinars 12.— (Jugokronen 48.—) on every share.

The board of directors and stockholders of the Adriatic Bank take an active interest in the welfare of Yugoslav emigrants and their relations with the mother country. The Adriatic Bank seeks by every means to supply prospective emigrants with information regarding foreign countries, to facilitate business relations and intercourse between emigrants and their people at home, and interest them in commercial and industrial enterprises.



Direction Der Disconto-Gesellschaft

OF the great changes which the war has brought to the United States perhaps the most important is the one making this country, which prior to 1914 had always been a borrower on the European market, the greatest lending power of the world.

Depreciated currency in the Central European countries and the disparity between the purchasing power of these currencies in their home countries and abroad, is inviting the capital of countries with strong currencies to take advantage of the opportunity offered for investments in Central Europe.

A further effect of the war has been that American industry having multiplied its producing facilities during the years immediately preceding the entry

of this country into the war and during the war, is now seeking an outlet for its surplus production. It naturally has turned to the countries which, during the years of conflict, were not accessible to it.

The principal of these countries is Germany, before 1914 one of America's best customers. Added interest is shown to Germany because it is generally conceded that through its geographical position and knowledge of that country, its collaboration in the economic reconstruction of Russia cannot be dispensed with.

All these things have created the desire to obtain a better knowledge of German affairs and institutions, and to the American banker and business man the following short history of one of



Head office of the Direction der Disconto-Gesellschaft in Berlin

Germany's foremost and at the same time the oldest of its large banks may be of interest.

The Direction der Disconto-Gesellschaft, Berlin, was established in 1851, with a capital of marks 30,000,000 (\$7,500,000) for the purpose of conducting a general banking business. It was organized as a "Kommandit-Gesellschaft auf Aktien," a form of incorporation not generally known in this country which combines the advantages of a joint stock company with those of a private partnership, as the managing partners are responsible for the bank's obligations with their entire fortunes.

The Disconto-Gesellschaft soon became Germany's leading credit institution as well as one of the chief financial bulwarks of the country. Besides carrying on a general banking business, as stated above, it undertook the launching of loans on behalf of government, corporations and private companies, which line it eventually worked as one of its great specialties. Thus, under the auspices of the bank, many famous issues took place, including the loans raised by the individual German States and various foreign countries such as: Russia, Austria-Hungary, Roumania, Italy, Scandinavia, the Argentine,

China and Bulgaria. The bank also brought out the debentures, etc., of German railway companies up to the time of the railway property's acquisition by the Government. But most noteworthy and deserving of the highest credit have been the bank's services in connection with the development of German industry, which it furthered in every conceivable way, and that not only by the granting of credits, but also by negotiating and placing with the public the shares and debentures of industrial undertakings and by actively participating in the administration of the largest and most highly reputed industrial companies. It was the Westphalian Rhineland which specially appealed to the bank as a promising sphere for displaying its activity; amongst the many industrial concerns situated in that region which owe their origin to the bank's circumspection and enterprise, the Gelsenkirchener Bergwerks-A. G. occupies the front rank. Founded in 1873, it soon attained to a flourishing condition; its board meetings are always presided over by one of the bank's managing partners. But the bank is also exerting an influence over, and interesting itself in the welfare of other prominent mining companies.

Again, by the coöperation of the bank, there was recently created the huge trust combine of German industry, known to the world at large by the title of the Siemens-Rhein-Elbe-Schuckert-Union G. m. b. H.

Of branches allied to German mining, whose interest the Disconto-Gesellschaft is actively promoting, the potash industry should be mentioned as being first in importance. But, during the last one or two decades, the Disconto-Gesellschaft also kept in touch with the lignite industry, the development of which it sought to assist by founding several new companies.

The bank is also well to the fore as regards the petroleum industry. It first directed its attention to the development of the Roumanian petroleum wells and founded a number of companies with the purpose of undertaking the exploitation of the wells and the process of refining and shipping the material extracted. Later on the bank made over the major part of its interests to the Deutsche Erdoel-A. G., in the administration of which it takes a prominent part. Jointly with the latter company, the bank acquired an interest in the International Petroleum Union, recently founded at Zuerich.

The Disconto-Gesellschaft also materially aided the development of the electricity and machinery industries, besides helping to mature the plans regarding a more extensive utilization of water power. At the present day, the bank may, indeed, be said to be actively engaged in every department of German economic life, always with an eye to its well-being and continued progress.

The services rendered by the bank to the German railways fall within the period preceding that characterized by the system passing into state control. The project of construction of the Berlin-Lehrter Railway, which forms the chief connecting link of the west eastern traffic in Prussia, was wholly due to the initiative of the bank, which not only suggested the idea, but also rendered possible its realization by providing the requisite funds. Another important

public service, the development of which the bank has likewise much at heart and is furthering by every possible means, is German navigation.

The policy governing the bank in this connection may be gauged by the fact that the chairman of the board of directors of the bank acts in a similar capacity for Germany's foremost shipping concern, the Hamburg-America Line, while managing partners of the bank are also represented on the board of the other important shipping companies, such as the Woermann Co. and the Hamburg-South American S. S. Co.

The bank is also considerably interested in foreign railway enterprises and, of the many important lines it has been and is actually patronizing we may mention the following: The Roumanian railways, the St. Gotthard Railway, the Otavi Railway in South West Africa, the German East African Central Railway, the Shantung Railway and the Great Venezuela Railway. Of colonial and foreign institutions created by the bank the following may be cited as specially worthy of attention: Shantung Mining Co., German Asiatic Bank, Banca Generala Romana, Credit-Bank in Sofia and Africa Bank.

Although the Disconto-Gesellschaft had originally been concentrating its business activity on Berlin, it gradually relaxed this principle in favor of extending its influence over the whole of Germany as well as certain parts abroad by founding branch establishments, in the administration of which, however, it reserved to itself a proportionate measure of control. Of paramount importance regarding the future prospects of the bank has been its amalgamation, in the year 1895, with the most influential banking house then existing in Hamburg, viz. the Norddeutsche Bank in Hamburg, with which the Disconto-Gesellschaft had previously been entertaining close relations owing to the two concerns being associated in identical banking enterprises abroad. The Norddeutsche Bank continued operating under its old style, but its whole capital stock (at present

amounting to M 60,000,000—\$15,000,000) was transferred to the Disconto-Gesellschaft. In a similar way as the Norddeutsche Bank in Hamburg, the oldest German Joint Stock Bank (Actien Bank), the A. Schaaffhausen'scher Bankverein in Cologne, which has an extensive and wealthy connection in the Rhenish-Westphalian industrial region, linked up to the Disconto-Gesellschaft, which thereby acquired the former bank's entire capital stock of M 100,000,000 (\$25,000,000). By these amalgamations, the relations of the Disconto-Gesellschaft to German industry assumed a still more intimate character. In conjunction with the Norddeutsche Bank in Hamburg the Disconto-Gesellschaft founded in the year 1877 the Brasilianische Bank fuer Deutschland, with branch offices in Rio de Janeiro, Sao Paulo, Santos, Porto Allegre and Bahia and, in the year 1895, likewise with the head offices in Hamburg, the Bank fuer Chile and Deutschland with branch offices in Valparaiso, Santiago, Concepcion, Temuco and Valdivia. The capital and reserves of these companies amount to M 32,000,000 (\$8,000,000) and M 10,500,000 (\$2,625,000) respectively.

At the termination of the war, the Disconto-Gesellschaft extended its relations in Europe by acquiring an interest in the Handel-Maatschappij H. Albert de Bary & Co. in Amsterdam, whose capital at present amounts to Fl. 6,000,000 (\$2,400,000). Further in association with Messrs. Ephrussi & Co., Bankers, of Vienna, a Kommandit-Gesellschaft was founded in that city under a similar style.

Today the Disconto-Gesellschaft has a capital and reserves amounting to marks 1,237,950,000. In the Berlin main office and the thirty-four branch offices in that city and its suburbs alone, an office force of more than 6,000 is employed. Branches are maintained in ninety German cities, and to these must be added the above two affiliated institutions with their thirty-nine branch offices.

Since the reestablishment of economic relations between this country and Germany, numerous American banks and many residents of this country are making use of the services which the bank offers to its clients.

The bank has a New York representative, A. Koehn, at 25 Broad street.



Protecting the Strong Box With Fluid Toxic Gas

Fumes That Kill or Stupefy the Crook Released by Simple
Little Attachment to Safe Door

THERE is illustrated here a poison-gas releasing device for the protection of safes and vaults, recently invented by W. C. Beckwith. It makes good use of the principles of chemical warfare, turning modern scientific weapons against the yeggman. After the original invention of the apparatus it was perfected with the coöperation of experts in the War Department, and it is said to be under consideration by Post-office officials, who may adopt it

for the safety of branch offices throughout the country.

The third illustration shows the inventor holding the protector in his hand, before it is attached to the safe, the door of which is ajar. It is interesting to note the small size of the device and the simple method of attaching it. It is locked to the escutcheon shown at the top of the safe door, and once it has been put on for the night, it cannot be removed without

breaking it and releasing the gas unless the proper key be used. It may be charged with gas that will kill outright or gas that will merely stupefy the would-be burglar, and after being charged it will remain effective for years. It does not depend on outside electric connections that might be put out of commission by cutting a wire. Opening the door sets it off.

As the gas is released, it forms a blanket around the safe that makes it impossible for anyone to remain in the

hours or longer. A small sign is supplied to the user which reads "Danger! This safe is protected with toxic gas both inside and out. To liberate is fatal", and it would require a stout-hearted crook to tamper with a safe or vault so marked.

On the other hand, the special key will enable the owner of the safe or his employees to open the door without the slightest danger, so it is not a menace to the innocent.

The second illustration shows the



Poison gas releasing device for the protection of safes

vicinity for the following eight to twelve hours, even though he be equipped with a mask. There are forty different kinds of gas that may be used and no mask will give protection against all of them. Gas masks must be adapted to the kind of gas encountered, i. e. charged with the correct chemical neutralizer. Even then a mask will counteract gas for only a short time, and in the open air. No burglar could carry enough masks to insure his safety.

The lock is said to be proof against drilling or picking, and while it might be smashed by the blow of a hammer or iron bar, the man who did that would have to get out and stay out for eight

protector in position on the exterior of a common safe at the top of the door. It can be placed at the side or bottom, or more than one can be used if desired.

In the first view is illustrated a second type, suitable for placing on the inside of a large safe or vault door. If disturbed by explosion or drilling, this style fills the interior with the deadly fumes so its contents cannot be tampered with for hours, the time depending on the quantity of gas let loose and the amount of air admitted. It is provided with a safety attachment so it can be disconnected when desired.





What Has the Banker To Advertise?

WE all know certain individuals who, because of personality, stand out clearly in our consciousness. In each community there are those who have a magnetism which attracts their fellows, and while much could be said as to why this is, it might be summarized in the thought that it is because they are in enthusiastic harmony with the aims of the public.

And so it is with the bank. In appealing to its farmer prospects, to mechanics, business men, doctors, lawyers, housewives, and even school children, it should have that magnetic personality and popularity that only harmony of interests with the community can bring about.

This doesn't mean that a chance should be missed to advertise safe deposit boxes, the savings department or commercial loans; but it does mean that as the basic factor in any successful bank advertising project there

must be a well-planned, well-executed method whereby the personality of the bank shall be recognized.

It might be said, then, that in addition to the details of service, which in any advertising campaign should be explained and presented clearly and repeatedly, there should be brought to public attention "that intangible something" which is the dominant characteristic of the successful Financial Institution and which we may call its personality.

This subject is discussed in folder number 2 of a series on "Salient Questions in Financial Advertising." To receive, with our compliments, this series as issued, simply write to

The Collins Service

The Recognized Standard of Financial Advertising

Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

OCTOBER 1922

What Every Banker Should Know About Buying Power

By Harold F. Podhaski

SOME YEARS ago a retail jeweler in a Southern city finding himself hard pressed by his creditors, without money to cancel his obligations, and unable to obtain any further credit from the banks, sought relief in bankruptcy. His entire stock of merchandise, inventorying around \$20,000, was sold at auction to satisfy the claims of the creditors.

But this jeweler did not permit himself to be discouraged by failure.

When the sale was over and the old business had been closed out this young man began to lay his plans with the end in view of not only recuperating his fallen fortunes, but of re-establishing his reputation in that same community.

One of the first things he did was to spend several hours with a pencil and pad trying to figure out just why his business had failed, analyzing the mistakes he had made. He wrote down all of these mistakes as they occurred to him, and later transferred them to a memorandum book. He was determined to profit by the mistakes he had made. He felt that he had learned an unforgettable lesson in the hard school of experience and that he would not make these same mistakes again.

He had already decided that he would go back into the jewelry business because he knew that business better than any other, and he had also decided that he would open his store

when the time came in exactly the same location.

During the month which followed the closing out of his previous business this young merchant spent a large part of his time in analyzing the selling territory from which he expected to draw his future volume of trade. In doing this he first compiled a mailing list of about 1500 names, including only those

people about whom he was able to obtain more or less accurate information. Among other things this information included the occupation of each person and their income. If he was not able to ascertain the exact income he estimated it according to the occupation, and as it ultimately worked out this proved to be just as satisfactory as going to the trouble of obtaining the precise figure.

He next divided these names into groups according to the income, and analyzed the buying power of each group. This, as

(Continued on page 657)



*The Bank That Serves
Every Sixth Person in the State*



WHEN a bank becomes as large and as strong as ours, there is a temptation to work of that size and strength as a measure of its success.



But there is in our case a better yard-stick by which to judge the extent to which we have become the bank of the people of the State.

Every sixth person in Rhode Island is a customer of the Industrial Trust Company. One out of six is depositing business funds, financing the purchase of his home, safeguarding his valuables, investing property, saving money with us or being given the protection of our Trust service.

The service that pleases so many, is certain to please you.

INDUSTRIAL TRUST COMPANY
Reserve More Than \$90,000,000
Member of Federal Reserve System

PROVIDENCE FAIRFACET NEWPORT WOODBRIDGE BRANT WESTERLY FAIRHAVEN WARREN WICKFORD E. PROVIDENCE

This Rhode Island Bank uses the number of people it serves in the State as a yard-stick with which to measure

Banking Publicity

RICHARD F. DURHAM, Editor
Monthly Publicity Section

THE BANKERS MAGAZINE
71-73 Murray St., New York

OCTOBER 1922

AN exasperated publicity manager writes regarding what he chooses to term the "patronizing aloofness" of some banks. He wonders why some of these banks don't come down to earth.

Certainly this is no time for a condescending attitude toward getting business of any kind—if business is *really* wanted.

On the other hand we have some shining examples of the bank advertiser who has cast dignity and restraint to the four winds—whose advertising, in the words of one writer, "reeks with love, friendliness, and allegorical kisses".

After all, the dear public, into whose midst is poured such unceasing torrents of advertising matter of all kinds and descriptions, is pretty much human—and likes to be talked to as such. It likes to be talked to on a plane of mental equality, and is very snifish of anything too superior or pretentious in tone. On the other hand anything too suddenly and violently friendly is at once open to suspicion on the part of the average reader.

There is, of course, a middle ground. A ground on which copy can be handled in such a manner that it is restrained without being

aloof and impersonal, and human without being mushy.

This middle ground is not over-populated. On it there are, and promise to be for some time to come, a number of large open spaces on which there is plenty of room for settlement.

ONE OF the chief criticisms that many advertising managers still have to contend with is the old bromide about advertising "not showing results"—meaning usually that results aren't directly traceable in a good many cases.

It all depends on what the advertising was written for—what it was originally intended to do—assuming, of course, that it was written with some special purpose in mind.

There are many advertisements the paths of whose influence are, because of the nature or theme of the copy, so devious and indirect that the tracing out of concrete results is a very difficult matter. And yet, provided that there was a plan and purpose back of the writing of them, these advertisements cannot be said to have fallen flat simply because their results are not down in black and white.

As a matter of fact actual figures on the results obtained by certain advertisements are apt as often as not to prove fallacious or misleading.

The advertisement that is most apt to fail is the ad-

vertisement that is written and sent out into the cold, cold world without any real and definite purpose back of its creation.

The first step in the making of any good advertisement—a step which precedes even its elementary plan and outline—is that of deciding exactly what you want the advertisement to do. Right here is half the battle.

It does not seem unreasonable to suspect that, if more attention were always directed toward this matter of deciding just what an advertisement is intended to do before it is planned or written, there might be less criticism about lack of results.

THE ILLUSTRATION of an advertisement should be a reflection of the copy. The illustration may be good, and the copy may be good, but if the connection between the two is vague or obscure, or, as is often the case, entirely lacking, the whole effect is lost.

We all like pictures. Properly used a picture will lend strength to almost any advertisement. Improperly used it may discount a very fine piece of copy, may take away much of the strength it would have if it stood alone.

The illustration should fit the copy in such a way that the relationship between the two is clear at the first glance—that fragmentary instant that makes or breaks an advertisement.

What Every Banker Should Know About Buying Power

(Continued from page 655)

will be later explained, is not as difficult a task as it may sound for it is only necessary to use the law of averages in compiling this information.

After he had reopened his store the jeweler concentrated his sales effort upon these various groups using direct mail advertising almost entirely. He has since added gradually to this mailing list so that it now includes more than 8000 names, all of which are divided into groups according to income, and while the store is really a comparatively small one the volume of business it enjoys is astounding. In less than two years' time, in fact, this young man had paid in full every creditor of the former business and had an excellent bank balance besides.

Now the question is, of what value to the average banker is the experience of this jeweler? Well, let's see.

A man *must* buy clothing and food for himself and his family; he *must* pay rent, or he *must* pay taxes, insurance and upkeep if he happens to own his own home; he *must* pay for light and heat. These are among the essential requirements. But he certainly does not have to buy jewelry, which for that reason we class as non-essential.

A certain percentage of each man's income necessarily goes to take care of essentials. What is left is either saved or used for the purchase of non-essentials and luxuries. Obviously this jeweler had to depend upon the latter for his volume. And by the same process of reasoning the bank also has to depend upon this part of the income so far, at least, as its savings account department may be concerned.

Therefore, it can be readily seen why analysis of buying

Who's Who in Bank Advertising



JOHN BALL

Advertising manager Colorado National Bank, Denver

MR. BALL has been advertising manager of the Colorado National Bank of Denver for the last four years. During that period the bank has increased its time deposits from less than \$5,000,000 to more than \$14,000,000 in a city of less than 300,000 population, without offering a premium of any kind, forming any sort of club, or putting on any kind of drive.

This growth of \$9,000,000 in four years has occurred since the Colorado opened a regular savings department, July 1, 1918. Harold Kountze, chairman of its board, was chairman of the Liberty Loan Drives in Denver for which Mr. Ball wrote all the advertising copy. When the bank opened this department Mr. Ball was invited to undertake the work of advertising it and this arrangement has continued uninterrupted during the four years.

It is Mr. Ball's first experience with a bank. He was a newspaper man until 1904 when he was made assistant advertising agent of the Burlington Route at its Chicago headquarters. Two years later he organized an advertising department for the Mexican Government's railways in Mexico City which was continued until the fall of the Diaz régime. Later he was in New York with the Standard Varnish Works at 29 Broadway and then went West and established the Ball & Davidson service agency in which he is still interested.

Mr. Ball's expenditure for the Colorado National has not exceeded \$15,000 in any year and has averaged materially less than that. It is his theory that all advertising should be informative, helpful and cordial and he has tried to make every piece of Colorado National copy useful to the reader. The budgeting forms, which he devised for the Colorado and which were described in THE BANKERS' MAGAZINE for May, have been adopted by nearly 3500 Western families.



The Family Bible,
A Sewing Machine
and A Cow

—Also Twelve Sheep and the Wool Shorn from Them

STRANGE as this sounds it is actually part of the law of the State of Ohio, which sets forth what your wife can have of your estate, should you die without leaving a will.

If you own real estate—and leave a widow and minor children—every bit of this real estate will be tied up until all of your children become of age so that it cannot be sold except through complicated court action, and possibly not then—unless you leave a will. If the real estate is in your wife's name and she should die first, without leaving a will, you will be in the same quandary so far as being able to sell.

The complications which arise out of failure to make a will, cause more worry, trouble and disappointment than anything else in the business of family affairs.

We have written a very short, clear explanation of some of the interesting points of Ohio law bearing on wills which every man and woman in Cleveland should read. May we mail you a copy?

You'll Find
The
UNION TRUST
OF
814 EUCLID AVENUE
847 BROADWAY
BROADWAY BANK
OFFICE
Broadway & E. 154 St.
WOODLAND BANK
OFFICE
Woodland Ave. &
E. 104 St.
BUCKETT ROAD
& E. 204 St.
EUCLID AVENUE &
104 STREET
W. 104 STREET &
DENSON AVE.

The UNION TRUST Co.
CITIZENS BUILDING : 814 EUCLID AVENUE
Capital and Surplus \$33,375,000

This trust copy of a Cleveland bank quotes part of the law of the State of Ohio in an attention-getting caption

power is really of the greatest importance to the average bank, and especially in connection with direct mail advertising. Of considerably more importance, in fact, than it is to the jeweler, for where he has to appeal to his prospective customer's vanity, the bank makes its appeal to the thrifty side of his nature. Obviously, therefore, the bank has a much firmer foundation to work upon.

The essential requirements of the average family can be divided into the five following classes:

(1) Food, (2) Clothing, (3) Rent, (4) Fuel and Light, (5) Furniture and House Furnishings.

Taking the nation as a whole

it is estimated that these five items will require about seventy-eight per cent. of the average family budget; that about twenty-one per cent. will be left for miscellaneous expenditures, mainly what we would term non-essentials and luxuries; and that only one per cent. will be saved.

According to the law of averages this one per cent. of the family budget is going to be deposited on a savings account at some bank. But why should not the bank also go after part of the twenty-one per cent.? The jeweler previously mentioned did so and he accomplished some most remarkable results. And hasn't the bank got a hundred talking points to

that jeweler's one? Wouldn't it be much easier for the bank to educate this man to the practice of thrift, than it would be for the jeweler to get a part of that twenty-one per cent. by appealing to his vanity? Certainly it would. If our jeweler friend was able to get eight or ten per cent. of this amount the bank ought to experience little or no trouble getting twenty or twenty-five per cent. of it.

However, to more clearly illustrate this point, let us consider the case of a workingman whose salary, we will say, is \$20 per week. It is no difficult matter at all to analyze an individual case of this nature and to thus ascertain of what importance this man is to the bank, so far as his buying power may be concerned.

According to the law of averages again, and at the same time giving due consideration to the present-day costs of living, the \$20 per week man will spend about twenty per cent. of his income for rent; forty-two per cent. for food; fourteen per cent. for clothing; six per cent. for fuel and light; and four per cent. for furniture and house furnishings. This will leave fourteen per cent. for miscellaneous expenditures or saving, which in money volume amounts to less than \$3 per week. Furthermore, the average number of persons in this man's family will be 4.5, and he will have a number of places in which he can spend this \$3. It is quite obvious then that this man is not a very good prospect to work upon. So far as the bank is concerned his buying power is almost negligible.

But to emphasize the real importance of buying power analysis let us carry this matter a bit further. Suppose that our man has an income of \$50 per week instead of \$20. Roughly he will spend about

**A clipping that reveals
a nation-wide condition**

At industry with an annual output estimated at \$1,000,000,000—constantly more estimated in other parts of the industry, 1918.

An industry with a yearly production of over \$1,000,000,000—constantly more estimated in other parts of the industry, 1918.

These are the surprising conclusions of the House Committee of the Federal American Engineering Institute in its report on trade in industry.

In almost every business organization the demand for the hour is for reduced costs and larger profits. The same capital must be made in the same work. Waste and delay—in manufacturing, in selling, in shipping, in collection—these must be eliminated to speed up the turnover of capital.

The bank's special services designed to make its customer's dollar more profitable.

Practically universal for over seventy years, the Irving National Bank has built up many highly qualified departments—of designed to get more power out of the dollar for its customer by spending up commercial transactions.

Office in Manhattan
 60 Pine Street
 100 Pine Street
 100 Pine Street
 100 Pine Street
 100 Pine Street

Branches in Manhattan
 100 Pine Street
 100 Pine Street
 100 Pine Street
 100 Pine Street
 100 Pine Street

IRVING NATIONAL BANK
NEW YORK

A newspaper clipping often serves as a good basis for an advertisement. This bank shows how one of its special departments is equipped to help the business man combat the condition set forth in the clipping

such as clothing, shoes, groceries, etc., analysis of buying power is not of as great importance as it is to a store dealing in non-essentials. The reason for this is quite apparent, for regardless of what the income may be part of it necessarily has to go for clothing, and shoes, and groceries. A family of five people depending upon an income of \$100 per week will not spend much more for food or clothing than will a family of the same size depending upon an income of \$50 per week. But the first family will, of course, have a great deal more left for miscellaneous expenditures than the latter. And inasmuch as the bank has to depend upon that part of the income that is left after the essential requirements are taken

care of, you can readily see why a knowledge of buying power is important. In a direct mail campaign there isn't a doubt but that far better results can be obtained by the savings department if the names on the list are grouped according to buying power, and this knowledge is correctly used in making the appeal.

It really is not as difficult as it may sound to analyze the buying power of a community. But even if it is difficult and costs money results will undoubtedly be gratifying enough to make the effort worth while.

As previously explained the names on the mailing list are to be grouped according to buying power and the size of the income. While general statistics are more or less valuable the

figures must needs be qualified to comply with local conditions in analyzing any given community. However, these general averages can be used as a foundation to work upon and it will probably be found that they will not vary to any appreciable degree in different localities.

Careful consideration must always be given to fluctuations in the cost of living, or otherwise the figures obtained will not be accurate and the effort involved is likely to prove worse than useless. To illustrate the importance of this point consider the case of the average workingman some few years ago. In his family there was an average of 4.9 persons, he spent 38.3 per cent. of his income for food, 16.6 per cent. for clothing, 18.7 per cent. for rent, fuel and light, 5.1 per cent. for furniture and house furnishings, and had 21.3 per cent. left for miscellaneous expenditures or for saving as he so desired. But since that time there have been material fluctuations in food, clothing and shoe prices, rent, etc., and these are facts that have to be considered. Where the income was \$20 to \$25 weekly just a few years ago rent would represent about fourteen per cent. of the average budget, while today with the same income it would represent about twenty per cent.

The following table of figures are general, based upon present-day living costs, and analyze the buying power only so far as it interests the average bank.

If the income is between \$20 and \$25 weekly, about fourteen to fifteen per cent. will go for miscellaneous expenditures or for savings; buying power, \$2.75 to \$3.75 weekly.

If the income is between \$25 and \$30 weekly, about sixteen to seventeen per cent. will go for miscellaneous expenditures or for saving; buying power, \$4 to \$5 weekly.

If the income is between \$30 and \$40 weekly, about eighteen to nineteen per cent. will go for miscellaneous expenditures or for saving; buying power, \$5.50 to \$7.50 weekly.

If the income is between \$40 and \$50 weekly, about twenty to twenty-one per cent. will go for miscellaneous expenditures or for saving; buying power, \$8 to \$10.50 weekly.

There are of course many other points that have to be considered in analyzing the buying power of any given community, but as conditions will vary in different localities these are problems that will have to be met and solved in their own way.

People who own their homes, for example, or who are buying them, naturally are more economical as a rule than those who pay rent. Then much depends upon the source of the income. If it is secure and certain that person is less likely to practice economy, and vice versa. These are but a few of the characteristics you will

A suggestion that helped a corporation to reduce its office expenses

A corporation that saves considerable the balance of its working day

Equitable Trust Company offers you a plan that will save you money on your office expenses. This plan is so simple that it can be put into effect at once.

The Equitable Trust Company of New York

THE EQUITABLE TRUST COMPANY
OF NEW YORK
1 WALL STREET

"How can your foreign offices help me?"

You can have the best of both worlds. You can have the advantages of a foreign bank, such as the ability to handle all your foreign business in one place, and you can have the security and stability of a home bank.

The Equitable Trust Company of New York

THE EQUITABLE TRUST COMPANY
OF NEW YORK
1 WALL STREET

Expediting Business Abroad

A

The Equitable Trust Company of New York

THE EQUITABLE TRUST COMPANY
OF NEW YORK
1 WALL STREET

Citing specific instances where certain services rendered by this bank have been of proven value to the business man

meet with and that, as you analyze according to your own discover them, you will have to judgment.

How Banks Are Advertising

AN APPROPRIATION of \$25,000 for a statewide coöperative advertising drive to educate the public concerning the true nature of the savings bank as a mutual institution was voted at the annual meeting of the Sav-

ings Banks Association of Massachusetts.

The plan of the publicity committee, of which William C. Radcliffe is chairman, is to conduct a campaign through twenty-six weeks in newspaper space. At the same time, each local bank will be encouraged to continue its own local advertising and to tie up with the State copy. Each member bank of the association will be assessed a small fraction of its total deposits.

FOR AN advertisement of its letters of credit, one bank has on the wall of its main banking room a big frame in which is mounted an actual letter of credit in the center, surrounded by cancelled postage stamps of about every country in the world.

A CALENDAR for 1922-1923 styled the "Raised Bank Note Detective Calendar" has been issued by the Manufacturers Trust Company of Brooklyn, New York and Queens. The calendar gives a chart containing the names of, and reproducing all the portraits appear-

VIEWED FROM ANY ANGLE IT'S A SQUARE DEAL

INTEREST ON DAILY BALANCE

CAPITAL & RESERVES \$ 65,000,000 GOLD

RENEWABLE ON DEFERENTIAL TIMES

INTEREST CAPITALIZED QUARTERLY

ABSOLUTE SECURITY

FROM \$1 UPWARD RECEIVED UP TO \$ 20,000

ACCOUNTS OPENED IN TWO NAMES

CAPITAL CANNOT DEPRECIATE

4%

THE ANGLO-SOUTH AMERICAN BANK LTD
PAYS 4% ON SAVINGS ACCOUNTS
RECONQUISTA 78 AGENCY-FLORIDA 799

How it is done in South America. A sample of savings copy by a Buenos Aires bank



Investment in the Middle Ages

During the Middle Ages capital in any large measure did not exist. Practically all was invested in land.

Worth was represented in lands and personal possessions were little valued in money, and trade was carried on largely by barter.

Of those who had money beyond their immediate needs, many hoarded it away in silver deposited in the goldsmiths who were known for their honesty and experience in weighing and handling gold.

Through goldsmiths began private banking, giving their depositors bills and receipts to represent the gold in their hands. These bills were made payable to the government at 90, payable to bearer and payable to order.

It is significant to note that in this age of this government, small units of capital and skill and many resources were necessary. Business was cramped and life was difficult.

MORRIS F. FOX & CO.
INVESTMENT SECURITIES
EAST BRANCH OF CHICAGO, ILLINOIS




The Bonds of the Merry Monarch

Charles II of England, the Merry Monarch, is best known for his love of the chase. He spent much of his time hunting and was a great sportsman. He was a great lover of the chase and was a great sportsman. He was a great lover of the chase and was a great sportsman.

The bonds of the Merry Monarch were issued in 1660 and were the first of the kind. They were issued in 1660 and were the first of the kind. They were issued in 1660 and were the first of the kind.

MORRIS F. FOX & CO.
INVESTMENT SECURITIES
EAST BRANCH OF CHICAGO, ILLINOIS




Repaying Franklin's Millions

At the close of the Revolutionary War the British evacuated the city of Philadelphia and returned to New York City. The British evacuated the city of Philadelphia and returned to New York City. The British evacuated the city of Philadelphia and returned to New York City.

It is significant to note that in this age of this government, small units of capital and skill and many resources were necessary. Business was cramped and life was difficult.

MORRIS F. FOX & CO.
INVESTMENT SECURITIES
EAST BRANCH OF CHICAGO, ILLINOIS



The Birth of the Stock Exchange

The birth of the stock exchange is a story of the growth of the American economy. It is a story of the growth of the American economy. It is a story of the growth of the American economy.

The birth of the stock exchange is a story of the growth of the American economy. It is a story of the growth of the American economy. It is a story of the growth of the American economy.

MORRIS F. FOX & CO.
INVESTMENT SECURITIES
EAST BRANCH OF CHICAGO, ILLINOIS

Interesting historical investment copy by a Milwaukee securities firm

ing on all Federal Reserve notes of all denominations.

Attention is called to the fact that bill raisers seldom attempt to change portraits; that every bank note has its individual identity in its own portrait and characteristic designs, and that these may be verified by referring to the chart. Over ninety per cent. of the currency in circulation is Federal Reserve notes and Federal Reserve bank notes, and over ninety-nine per cent. of the raised notes in circulation are likewise Federal Reserve issues.

FOLLOWING UP the issuance of a practical bulletin on "Budgeting" which has been greeted with pronounced favor, and which has created a wide demand, the Colorado National Bank of Denver puts out a monthly "Budgeting Bulletin". Successive issues of this bulletin discuss in a thorough and interesting fashion important phases of household finance management.

"CHECK RAISING and Forged Signatures" is the title of a pamphlet distributed by the Citizens Trust Company, Terre Haute, Ind. The pamphlet calls attention to the annual loss through forgery or check raising of \$52,000,000. Many helpful suggestions are offered as to proper safeguards and

precautions in making out checks, thus protecting them in so far as possible against the check raiser.

"WHY THIS Bank Recommends Life Insurance", By Emory W. Clark, president, is the title of a pamphlet issued by the First National Bank, Detroit, Mich. The booklet takes up the various advantages which attach to the holding of a life insurance policy, such as the provision of ready cash during the trying period following the decease of the head of a family—at a time when affairs are apt to be tangled, and ready cash is usually short; the protection of heirs, and the assurance that an estate will be passed on intact; the incentive to thrift and economy which the holding of insurance gives; the cash surrender value of an insurance policy as an asset in the holder's financial statement, etc. President Clark says in the closing paragraphs:

For quarterly or semi-annual insurance payments, the companies add from two to four per cent. to the premium. Instead of paying it that way, many big men arrange to pay annually.

These men then divide the amount of their premiums by twelve, open a savings account, and deposit the smaller amount each month.

It is but a short time until the depositing of the smaller sum becomes a habit. It is not missed from the monthly income.

Then as time flies on and the premium comes due you have the

money that has been drawing interest ready to make the payment.

These are the facts that compelled this bank to recommend life insurance to the young business man who inquired.

And we recommend it to you.

"FINANCIAL INDEPENDENCE", a booklet issued by the compound interest department of the National City Bank, New York, contains some very good thrift copy. Two paragraphs from this booklet, on the subject of interest, follow:

We all pay interest in one way or another, but some also receive it. Modern society is so organized that it is impossible to avoid paying interest. If you pay rent, part of what you pay probably goes to pay interest on a mortgage. When you ride on a street car or train, part of your fare goes to pay interest. But if you conserve your income and resources, you can be of those who also receive interest, as well as one of the large number that merely pay it. Interest is the wage of self-denial; whatever you pay in interest goes to someone who had the backbone to regularly put away a part of his income and place it at work drawing interest.

The ability to accumulate money means two things. It is first of all a test of character. It also furnishes the barometer by which each individual can determine for himself whether or not he will eventually possess those things his heart desires. You can apply these two things to yourself. Have you the strength to resolutely bank a part of your income? Will you be able to realize your desire to become independent, own your own home, educate your children, or do any other of the countless things that money makes possible? The choice lies open; only you can choose.

Bank Advertising Exchange

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

Watch for New Names and Other Changes.

- Albany, N. Y., Albany City Svgs. Institution, F. H. Williams, treas.
Asbury Park, N. J., Asbury Park Tr. Co., W. C. Rogers, secy.-treas.
Asheville, N. C., Hackney & Moale Co., P. E. Murrow.
Atlantic, Iowa, Iowa State Bank, H. M. Butzloff, asst. cash.
Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.
Battle Creek, Mich., Old National Bank, E. R. Obern, asst. cash.
Boston, Mass., Internat'l Tr. Co., T. F. Megan, asst. secy.
Boston, Mass., Nat'l Shawmut Bank, A. L. Winship, V. P.
Boston, Mass., Old Colony Tr. Co., E. H. Kirtredge, pub. mgr.
Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to Pres.
Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
Brooklyn, N. Y., Williamsburgh Svgs. Bank, V. A. Lerner, comp.
Bruxelles, Belgium, Moniteur des Interests Materiais, 27 Place de Louvain.
Buffalo, N. Y., Citizens Tr. Co., H. G. Hoffman, treas.
Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
Buffalo, N. Y., Marine Tr. Co., J. A. Edwards, adv. mgr.
Buffalo, N. Y., Peoples Bank, P. E. Illman, V. P.
Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Auracher, adv. mgr.
Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman.
Charleston, W. Va., Charleston Nat'l Bank, C. F. Snyder, Jr., adv. mgr.
Chattanooga, Tenn., American Tr. & Bkg. Co., E. L. Smith, asst. cash.
Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, adv. mgr.
Chattanooga, Tenn., 1st Tr. & Svgs. Bank, J. H. McDowell.
Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
Chicago, Ill., American Press League, 11 S. La Salle St., T. J. Sullivan, pres.
Chicago, Ill., R. E. Bauder, 738 S. Michigan Ave.
Chicago, Ill., Critchfield and Co., L. E. Delson, finan. adv. mgr.
Chicago, Ill., Englewood State Bank, 63rd St. & Yale Ave., E. N. Baty, mgr. new bus. dept.
Chicago, Ill., Liberty Tr. & Svgs. Bank, A. L. Rosenthal, asst. cash.
Chicago, Ill., Merchants Loan & Tr. Co., C. A. Gode, adv. mgr.
Chicago, Ill., Nat'l City Bank.
Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
Chicago, Ill., Union Tr. Co., P. L. Hardesty, adv. dir.
Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
Cleveland, Ohio, Central Nat'l Bank Svgs. & Tr. Co., R. J. Izant, adv. mgr.
Cleveland, Ohio, Cleveland Trust Co., C. K. Matson, pub. mgr.
Cleveland, Ohio, Garfield Svgs. Bank, E. V. Newton, mgr. new bus. dept.
Cleveland, Ohio, Reliance Tr. Co., E. J. MacNab, asst. secy.
Cleveland, Ohio, Union Tr. Co., C. H. Handerson, pub. mgr.
Clinton, Iowa, City Nat'l Bank, A. C. Smith, pres.
Corona, Cal., 1st Nat'l Bank, P. L. Hudson, asst. cash.
Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
Denver, Colo., Denver Nat'l Bank, G. T. Wells, asst. cash.
Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, asst. cash.
Elmira, N. Y., 2nd Nat'l Bank, H. E. Mallory, adv. mgr.
Emporium, Pa., 1st Nat'l Bank, C. R. Zimmer.
Evansville, Ind., City Nat'l Bank, J. C. MacCorkle, pub. mgr.
Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
Flint, Mich., Citizens Commercial & Svgs. Bank, H. E. Potter, asst. cash.
Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
Gardner, Mass., Gardner Tr. Co., R. E. Merrill.
Greenville, Pa., Farmers & Merchants Tr. Co., M. M. Simons, asst. treas.
Greenville, S. C., American Bk. & Tr. Co., R. Anderson, cash.
Greenville, S. C., Woodside Nat'l Bank, J. L. Williams, V. P.
Haverhill, Mass., 1st Nat'l Bank, C. K. Wormwood, adv. mgr.
Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
Jacksonville, Fla., Atlantic Nat'l Bank, J. M. Quincey, asst. cash.
Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell.
Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy.
Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
Kansas City, Mo., Commerce Banks, F. M. Staker, mgr. pub. dept.
Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
Lansing, Mich., Capital Nat'l Bank, H. D. Bennett, asst. cash.
Lima, Peru, S. A., Banco Mercantil Americano del Peru.
Los Angeles, Cal., 1st Nat'l Bank & Tr. & Svgs. Bank, R. M. MacNennon, adv. mgr.
Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
Madrid, Spain, Banco Hispano Sulzo, Para Empresa Electrica, Plaza Canalejas 3, E. C. Hirt.
Madison, S. D., Lake Co. Nat'l Bank, T. A. Wadden, V. P.
Manila, P. I., Banco de Las Islas Filipinas, W. T. Nolting, pres.
Meridian, Miss., Merchants & Farmers Bank, M. Keeton, mgr. svgs. dept.
Milwaukee, Wis., Second Ward Securities Co., R. P. Hammond, bus. serv. dept.
Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace.
Minneapolis, Minn., Midland Nat'l Bank, L. L. D. Stark, mgr. pub.
Minneapolis, Minn., Minnesota Loan & Tr. Co., W. E. Brockman, pub. mgr.
Minneapolis, Minn., Northwestern Nat'l Bank, F. Merrill, adv. mgr.
Missoula, Mont., Western Montana Nat'l Bank, J. Bennett.
Monterey, N. L., Mex., A. Zambrano, Jr., care of A. Zambrano y hijos, Apartado No. 6.
Montreal, Que., Bank of Hochelaga, 112 St. James St., H. G. Gonthier, dir. pub.
Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, adv. dept.
New Orleans, La., Elbernia Bk. & Tr. Co., F. W. Ellsworth, V. P. W. E. Brown, adv. mgr.
Newport News, Va., 1st Nat'l Bank, D. L. Downing, asst. cash.
N. Y. C., Ambrose R. Clark & Co., 71 Broadway.
N. Y. C., American Express Co., S. D. Malcolm, gen. mgr. adv. dept.

- N. Y. C., American Union Bank, R. Stein, asst. cash.
- N. Y. C., Banco di Roma, 1 Wall St., Rodolfo Bolla, American representative.
- N. Y. C., The Bankers Magazine.
- N. Y. C., Bank of America, 44 Wall St., W. Woolford.
- N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.
- N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
- N. Y. C., Henry L. Doherty & Co., 60 Wall St., T. B. Pratt.
- N. Y. C., Farmers Loan & Tr. Co., C. M. Rittenhouse.
- N. Y. C., Hoggson Bros., 485 5th Ave., E. L. Wight, pub. mgr.
- N. Y. C., Internat'l Bkg. Corp., R. F. Crary, asst. cash.
- N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, mgr. adv. dept.
- N. Y. C., Metropolitan Tr. Co., E. S. Van Leer.
- N. Y. C., Morris Plan Bank, 261 E'way, W. D. McLean, V. P.
- N. Y. C., New York Tr. Co., E. Langstroth.
- N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
- N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
- N. Y. C., S. W. Strauss & Co., 5th Ave. at 46th St., H. B. Mathews, adv. mgr.
- N. Y. C., Union Bank of Canada, 49 Wall St., A. G. Sclater.
- Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, adv. mgr.
- Norfolk, Va., Tidewater Bank & Tr. Co., G. W. C. Brown, asst. secy.
- Norfolk, Va., Virginia Nat'l Bank, R. J. Alfriend, Jr., asst. cash.
- Northampton, Mass., Hampshire County Trust Co., G. L. Willis, pres.
- Oak Park, Ill., Oak Park Tr. and Svgs. Bank, L. A. Clarahan, mgr. new bus. dept.
- Paterson, N. J., 2nd Nat'l Bank, W. Van Blarcom, asst. cash.
- Pendleton, Ore., American Nat'l Bank, J. De Wilde, pub. mgr.
- Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hosbach.
- Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
- Phila., Pa., R. H. Thompson, 1524 Chestnut St.
- Phila., Pa., Tradesmen's Nat'l Bank, H. E. Dely.
- Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett.
- Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter.
- Pittsburgh, Pa., Mellon Nat'l Bank, J. M. Williams, pub. mgr.
- Pittsburgh, Pa., W. H. Siviter, 122 Dithridge St.
- Pittsburgh, Pa., South Side Tr. Co., pub. mgr.
- Prague, Czechoslovakia, Bohemian Industrial Bank, head office.
- Raleigh, N. C., Citizens Nat'l Bank, R. A. Brown, asst. secy.
- Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbreth.
- Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., adv. mgr.
- Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
- Ridgewood, N. J., 1st Nat'l Bank, L. F. Spencer, V. P.
- Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
- Rochester, N. Y., East Side Svgs. Bank, C. C. Davy, atty.
- Rochester, N. Y., Union Tr. Co., A. J. Meyer, pub. dept.
- Rome, Italy, Banco di Roma, head office.
- San Antonio, Tex., Central Tr. Co., D. Ansley.
- San Francisco, Cal., 1002 Monadnock Bldg., L. G. Peede.
- San Francisco, Cal., Security Bk. & Tr. Co., W. F. Morrish, V. P.
- San Francisco, Cal., Union Tr. Co., M. Newman, asst. cash.
- Scranton, Pa., Anthracite Tr. Co., L. A. Haggerty, asst. treas.
- Scranton, Pa., 3rd Nat'l Bank, T. A. Hopps.
- Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
- Shelbyville, Ill., J. C. Eberspacher, asst. cash.
- Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
- Smithtown, N. Y., Nat'l Bank of Smithtown, J. A. Overton, cash.
- South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
- Spokane, Wash., Old Nat'l Bank, A. F. Brunkow, pub. mgr.
- Spokane, Wash., Union Tr. Co., W. J. Kommers, pres.
- St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, adv. mgr.
- St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
- St. Louis, Mo., Mercantile Tr. Co., S. P. Judd, pub. mgr.
- St. Louis, Mo., Nat'l Bank of Commerce, W. B. Weisenburger, adv. dir.
- Stockholm, Sweden, Aktiebolaget Svenska Handelsbanken, P. G. Norberg.
- Stroudsburg, Pa., C. B. Keller, Jr., cash.
- Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
- Tampa, Fla., Citizens Bank & Tr. Co., L. A. Bize, pres.
- Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, new bus. dept.
- Toronto, Canada, Canadian Bank of Commerce, F. C. Biggar, head office.
- Toronto, Canada, H. J. Coon, 68 Farnham Ave.
- Toronto, Canada, Home Bank Monthly, Home Bank of Canada.
- Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off.
- Tuscaloosa, Ala., City Nat'l Bank, S. F. Claubaugh, cash.
- Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
- Valdosta, Ga., Merchants Bank of Valdosta, A. F. Winn, Jr., pres.
- Warren, Pa., Warren Nat'l Bk., E. W. Johnson.
- Washington, D. C., Federal Nat'l Bank, John Poole, pres.
- Washington, D. C., Union Tr. Co. of D. C., 15th & H Sts., W. S. Lyons.
- Washington, D. C., Washington Loan & Tr. Co., E. H. Thomson, pub. mgr.
- Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
- Wausau, Wis., Marathon Co. Bank, H. C. Berger, cash.
- Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
- Wellsboro, Pa., 1st Nat'l Bank, L. M. Matson, adv. dept.
- Westchester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall.
- Wilkes Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
- Wilkes Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. new bus. dept.
- Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Raylor, Jr., pres.
- Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
- Winston-Salem, N. C., Buck & Glenn, Inc., C. L. Glenn, secy.
- Winston-Salem, N. C., Wachovia Bank & Tr. Co., P. Garner, pub. mgr.
- Youngstown, Ohio, 1st Nat'l Bank, J. N. Higley, pub. mgr.
- Yuma, Ariz., Security Tr. & Svgs. Bank, J. O. Blethen, cash.
- Zurich, Switzerland, J. Muller, 49 Sonneggstrasse.
- Zurich, Switzerland, Union de Banques Suisses, H. de Muralt, sub-mgr.

©

New Names

- Norwich, Conn., Chelsea Svgs. Bank, J. D. Coit, asst. treas.
- Orizaba, Ver., Mex., J. C. Gutierrez, Apartado 146.

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Growth of National Banks

THE national banks of the country have grown steadily in the fifteen months preceding June 30, 1922, according to the returns as of that date, when their resources amounted to \$20,706,010,000 or \$529,362,000 more than on May 5, 1922, the date of the preceding call, and \$188,148,000 in excess of the amount reported June 30, 1921.

Between May 5 and June 30, 1922, resources of national banks in each Federal Reserve District were increased with the exception of banks in the Sixth District which showed a reduction of \$3,489,000, the amount of increase ranging from \$828,000 in the Eleventh District to \$273,162,000 in the Second District.

Loans and discounts, including rediscounts, June 30, 1922, amounted to \$11,248,214,000, an increase since May 5, 1922, of \$64,098,000 but a reduction since June 30, 1921, of \$756,301,000.

United States Government securities were increased during the year \$265,962,000 and amounted June 30, 1922, to \$2,285,459,000. The increase since May 5, 1922, amounted to \$160,768,000. Other bonds, stocks and securities were held June 30, 1922, to the amount of \$2,277,866,000, an increase over May 5, 1922 of \$115,279,000, and an increase over June 30, 1921 of \$272,282,000.

Balances due from banks and bankers, including lawful reserve and items in process of collection with Federal Reserve banks, aggregated \$4,256,567,000, an increase since June 30, 1921, of \$403,636,000, and an increase since May 5, 1922, of \$73,881,000. A tendency to carry less cash in vaults, which amounted to \$326,181,000 on June 30, 1922, is indicated by decreases since May 5, 1922 of \$8,323,000 and since June 30, 1921, of \$48,168,000.

The capital stock of these banks, June 30, 1922, was \$1,307,216,000 or \$10,996,000 more than on May 5, and \$33,336,000 greater than a year ago. Surplus and undivided profits showed a reduction since May 5, 1922 of \$21,667,000, due to the declaration and payment of dividends at the close of the six months period, but the amount, June 30, 1922, \$1,541,240,000 was \$18,829,000 greater than on June 30, 1921.

The amount of national bank circulation outstanding, \$725,748,000, June 30, 1922, is the greatest of record, the returns at the date of each call during the fifteen months period ended June 30, 1922, showing a steady increase on account of this liability. The increase since May 5, 1922, amounted to

\$4,764,000, and since June 30, 1921, \$21,601,000. In this connection it is interesting to note that of the aggregate of United States bonds outstanding May 31, 1922, eligible as security for national bank circulation amounting to \$798,116,000, over ninety-two per cent. were deposited with the Treasurer of the United States by national banks on this account.

The liability to other banks and bankers on account of balances, including certified checks and cashiers checks outstanding, June 30, 1922, was \$2,952,824,000, a reduction since May 5, 1922, of \$46,837,000 but an increase of \$465,163,000 since June 30, 1921. Demand deposits including United States deposits of \$103,374,000 amounted to \$9,255,789,000, June 30, 1922, and were greater than the amount reported May 5, 1922, by \$406,744,000 and \$296,925,000 in excess of the amount reported June 30, 1921. Time deposits including Postal Savings, June 30, 1922, were \$4,111,951,000, an increase over May 5, 1922, of \$193,669,000 and an increase over June 30, 1921 of \$416,145,000. The increase in the total deposits of national banks since May 5, 1922, was \$553,576,000, and since June 30, 1921, the increase was \$1,178,233,000.

The decided reduction in the liability of national banks for bills payable, representing all obligations for borrowed money, which took place in the fifteen months preceding June 30, 1922, together with similar reduction on account of rediscounted paper is evidence of the fact that our national banks are "standing on their own stilts", so to speak; are in a strengthened position, and abundantly able, and in fact are in a better position, to care for the requirements of commerce and industry made upon them, than they have been at any time since the signing of the Armistice. The amount of bills payable, June 30, 1922, was only \$228,481,000 while rediscounts amounted to only \$280,271,000. The combined reduction in bills payable and rediscounts since May 5, 1922, was \$25,869,000 and the combined reduction since June 30, 1921, was \$963,227,000.

The lawful reserve of national banks with Federal Reserve banks in each of the twelve Federal Reserve Districts, June 30, 1922, was in excess of the required amount with the exception of small deficiencies reported by banks in the Second and Eighth Districts, and amounted to \$1,151,605,000 or \$28,261,000 more than required.

The percentage of loans and discounts to total deposits, June 30, 1922, was 68.92, compared with 70.93, May 5, 1922 and 73.47, June 30, 1921. The number of reporting banks, 8249, June 30, 1922, was ninety-five more than a year ago.



Facade and entrance of Liberty Trust Company, Newark, N. J.

THE new building of the Liberty Trust Company of Newark, N. J., which has just been completed is carried out in that refined type of Colonial architecture which is so often found a little off the beaten track throughout the State of New Jersey.

The interior arrangement is such as to provide complete facilities to the bank's customers with a maximum of efficiency. There is a special sound-proof room in the rear for the bookkeepers, so that in the private space for the officers and the ladies' room, there is not the noise usually found in banks of this size. The Directors Room is on the mezzanine. A modern vault equipped with safe deposit boxes is also provided.

The engineering and architectural work throughout was in charge of

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

Correspondence Invited



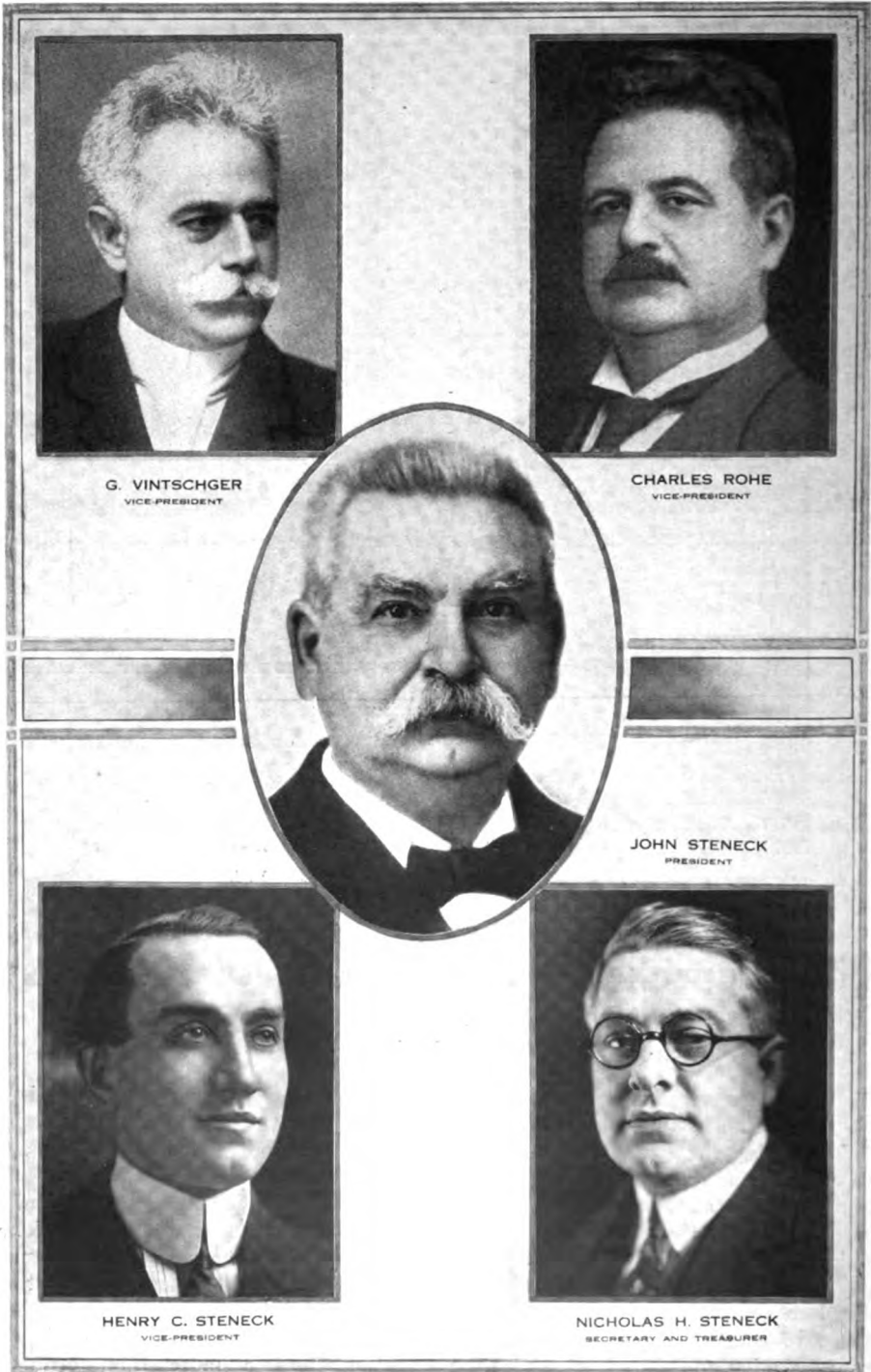
Steneck Trust Company Building, Hoboken, N. J.

The Steneck Trust Company of Hoboken, New Jersey

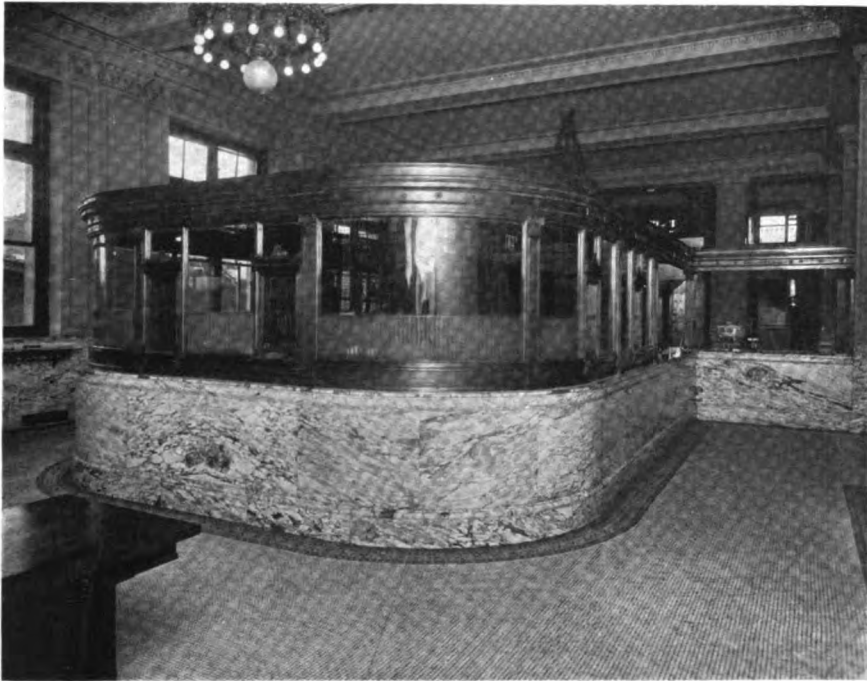
THE Steneck Trust Company of Hoboken, N. J., had its real beginning fifty-six years ago when the private banking firm of Meyer and Steneck was established on the Hoboken water front. At that time Hoboken had ranked as a city for just eleven years, but the far seeing John Steneck looked ahead to the time when it would be a center of country wide importance for transportation and shipping. From the start this private bank specialized, as

the Steneck Trust Company still does, in foreign exchange, and though that field is even today a comparatively new one for most American banks, the Steneck Trust Company has behind it fifty-six years of thorough experience in the field, and has built up an annual foreign exchange business of more than \$6,000,000.

Courtesy in service, efficiency in operation, and a more than ordinary familiarity with foreign exchange pro-



OFFICERS OF THE STENECK TRUST COMPANY



Foreign exchange department

cedure has won this branch of the private bank's business recognition throughout neighboring communities and, as the city's location brought it a more and more cosmopolitan population, the foreign exchange department, instead of living upon the other departments of the bank has become its best source of new business, and a feeder for every other activity. Today a large proportion of its checking and savings deposits are directly traceable to this source.

Of course the years have identified the institution closely with Hoboken's other interests, industrial and commercial. The Steneck Trust Company, incorporated under the New Jersey laws in 1914, is a complete bank. It does a general commercial banking business, handles individual and household checking accounts, pays four per cent. on special accounts (savings), issues time certificates, supplies safe deposit and investment service and serves in every fiduciary capacity, business or personal.

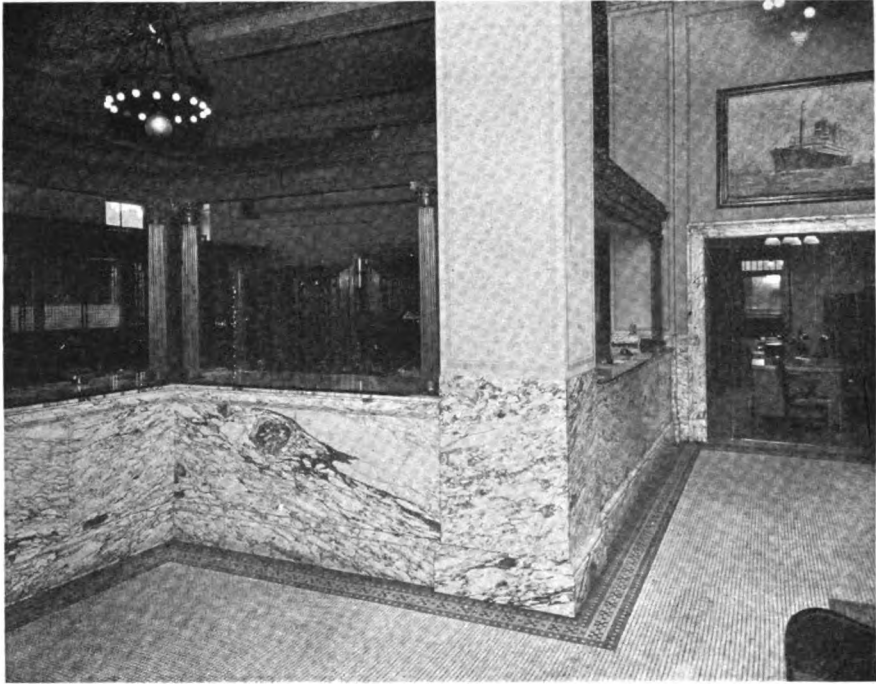
but the foreign exchange end of the business has never been neglected.

As a result of the volume of overseas business, the Steneck Trust Company has come to maintain direct connections with the larger banks of every European trade center on a scale that compares favorably with that of the larger New York institutions and, as a result, it draws much of its business not only from the Jersey shore but also from Manhattan and even from banks in distant states which find its equipment and service planned to afford the quickest action. And the fact that some one employee can always speak the language in which the customer prefers to transact business keeps the volume of local transactions on a steadily ascending curve.

The Steneck Trust Company's home is an attractive six-story building at 95 River street, altogether convenient to the docks and railway terminals from which it draws so large a volume of its business.



This entire Steneck Building was used by the Government during the war



Steamship department

The office equipment of the company is of the most modern and attractive type, but the management takes the stand that the institution's prosperous development is more a matter of safety and service than of surroundings. "We are large enough to protect you and small enough to know you" is the slogan of the bank, and it is lived up to by every department, whether the service required concerns itself with ordinary banking, with foreign exchange or safe deposit service, with the selection and furnishing of suitable investment securities, or with intricate trust operations of a personal or business nature.

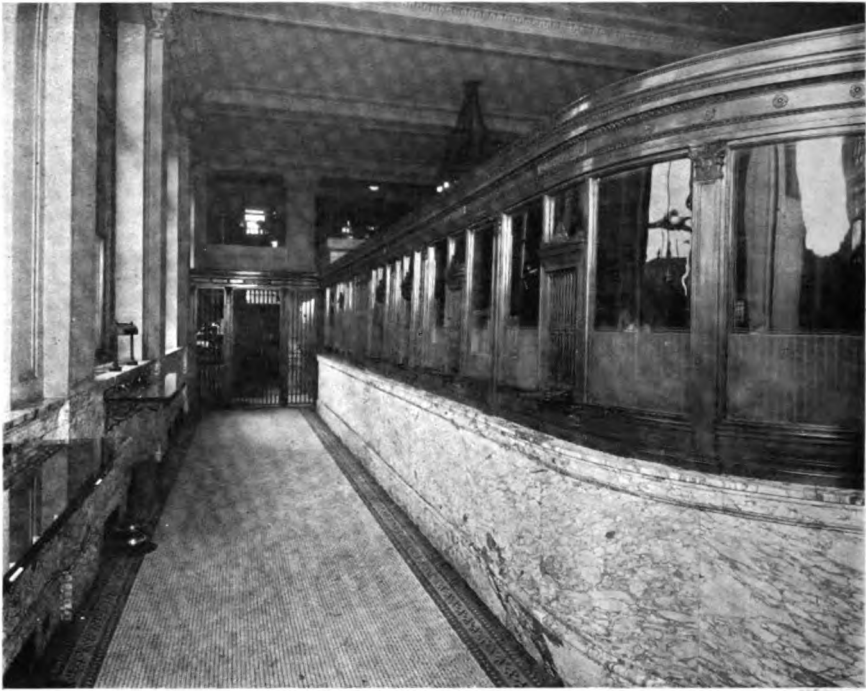
The bank is a depository for the state, county, and city. It has direct correspondents in all parts of Europe. The bank is open from 9 a. m. to 5 p. m. daily with the exception of Monday when the bank remains open until 8 p. m. and Saturday when the hours are from 9 a. m. to 12 noon.

At the beginning of the year 1918 the United States army made applica-

tion for offices, and the Steneck building was occupied by them, so a number of tenants were requested to vacate their offices, a request which they cheerfully complied with. A few months later the Vice Admiral of the Crew and Transport Ports of the United States Navy informed the bank that they had decided to take the entire Steneck Building. The bank leased a building on the corner of Newark and River streets in Hoboken, and had this building renovated at a cost of \$30,000, moving the entire bank organization, including the safe deposit vaults, within sixty days. The United States had a lease on the Steneck Building for three years. However the bank again took possession of the building on July 1, 1920.

Now the bank is growing rapidly and steadily, and deposits are more than five times as large as at the outbreak of the war.

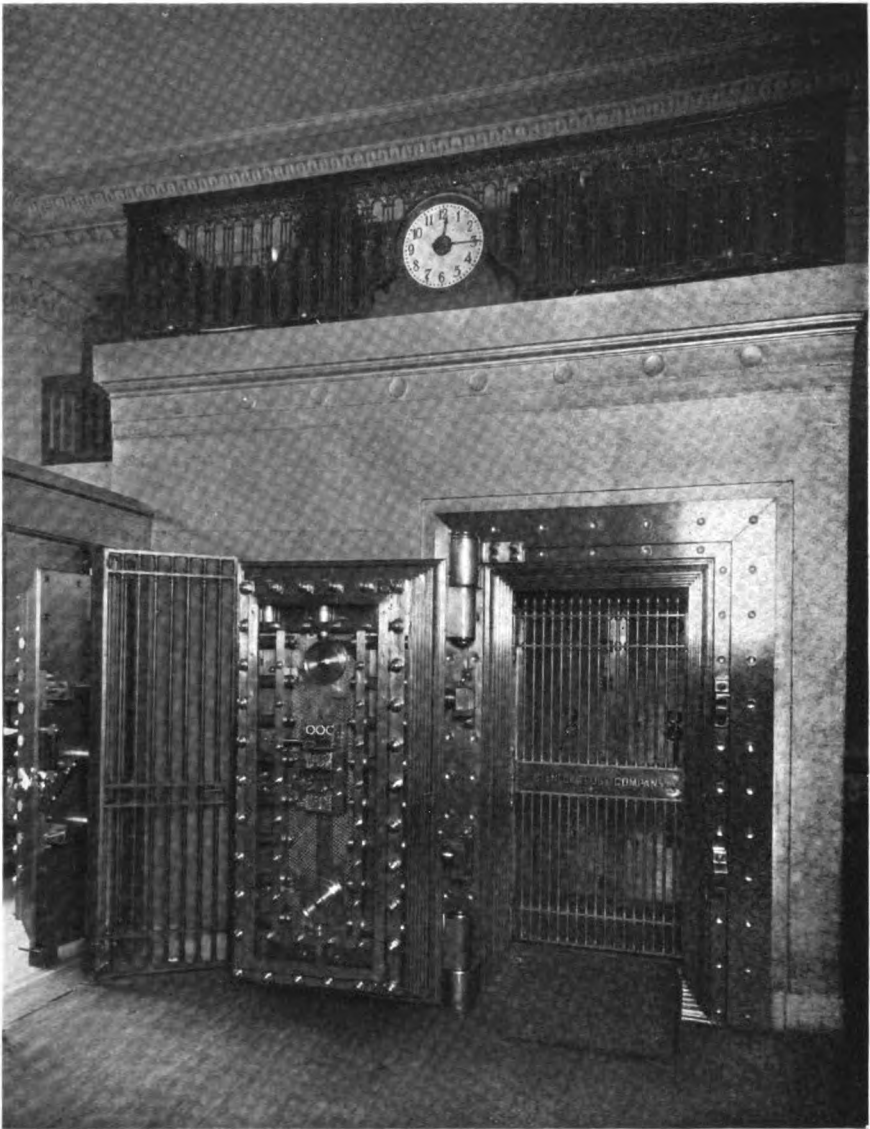
On April 1, 1915 the assets of the company were \$1,250,000; on August



Bank corridor with entrance to vault in rear



Working quarters of the main office



Entrance to the safe deposit vault

1, 1917 they were \$2,300,000; and on June 30, 1922 they were \$7,186,024.

The officers of the bank are: John Steneck, president; G. Vintschger, vice-president; Charles Rohe, vice-president; Henry C. Steneck, vice-president; Nicholas H. Steneck, secretary and treasurer; Henry Wessling, assistant secretary.

The directors include John Steneck,

George W. Steneck, G. Vintschger, vice-president, chairman Markt, Hammacher & Co., importers and exporters, New York, director Irving National Bank, N. Y.; Charles Rohe, vice-president, president Rohe & Bros., N. Y., Packers, president North River Savings Bank, N. Y.; Dr. Walter F. Bopp, physician; Henry C. Steneck; Nicholas H. Steneck.

A New Departure in American Banking

A BANKING activity, new in American banking but carried on in London some years with increasing popularity, has been inaugurated in New York by Romaine A. Philpot, who as secretary-treasurer of the Foreign Credit Corporation has just

their activities and, if desired, in relieving them of many necessary clerical details.

Through its foreign trade department, this new firm will devote itself to the promotion of American foreign trade by bringing banking institutions, both American and foreign and prospective merchant clients, through prearrangement of details, upon a practical working basis by facilitating the financing and the regulation of all relative details incidental to a successful culmination of transactions involving the exportation and importation in the various



LE GRAND B. CANNON
Recently with Gray & Wilmerding, New York

wound up the latter Corporation's affairs, and by Le Grand B. Cannon of Tuxedo Park, N. Y., who until recently was associated with Messrs. Gray & Wilmerding, New York. They have formed a copartnership as bankers agents under the firm name of Philpot & Cannon, Inc., with offices at 25 Broad street, New York.

The aim of this new firm will be directed toward cooperating with American as well as with foreign banking institutions in facilitating their business arrangements in connection with any of



ROMAINE A. PHILPOT
Formerly secretary-treasurer Foreign Credit Corporation, New York

stages, of commodities to and from any foreign country, or commodities stored in warehouses and by allocating, whenever advisable, portions of credits to several banks, in case the amounts in-

volved exceed the limitation set by any one bank.

In addition to its foreign trade department, the new firm will maintain a credit department, whose services will be available to banks and foreign trade merchants without charge; a loan department specializing in time, notice and demand loans, secured by stock exchange collateral, although it will also entertain propositions involving special financing and loans against special collateral; a discount department whose efforts will be applied toward serving banking institutions, business houses and private investors interested in buying and selling bankers' acceptances and

commercial paper; an investment department whose operations will be limited to American and foreign issues meriting unreserved recommendation, and an overseas department to promote the interests in the United States of foreign financial institutions.

Mr. Philpot is an international banker of broad experience in foreign trade, and is well known in American finance. He organized the Bankers Forum, New York, comprising more than 1500 bank officers, and was its chairman for many years. He is a pioneer as a supporter of bankers' acceptances and his addresses on the subject have been widely published.



Two Wills in Contrast*

THE possibilities of well calculated action in bequeathing property are illustrated in the plans of two wills that have come recently to the attention of Chicago Trust Company:

Pattern of Mr. A's Will. The bulk of the estate is kept intact and efficient administration is assured through naming a trust company as co-executor and co-trustee with the wife. All property is put in two trust funds for the support of the wife and one child, a daughter, with the exception of specific bequests made to five charities, and one-third of the remaining estate that is given outright to the wife. The daughter acquires ownership of her portion at thirty years of age, and of her mother's portion when the latter dies. The language is simple and intention unmistakable. Various contingencies are provided for, such as decease of daughter before reaching thirty years of age. It is the will of an experienced and capable business man.

Pattern of Dr. B's Will. Numerous special gifts are made, constituting a large proportion of the estate, with evidences of sentiment—as, for example, “two hundred dollars and first choice of fifty books from my library.” Residuary estate left to wife, and no arrangement made for trust fund for either her or her daughter, who is given a specific bequest. No gifts to charity. The property was of such a nature that a long period was required for liquidation in order to avoid losses. Bequeathing property was,

to this man, a sentimental ceremony, little thought being given to conservation of an estate in the interest of his beneficiaries.

The desires of these two individuals may have been fundamentally the same. Although the situations of their prospective heirs were somewhat dissimilar, it is evident that those in the first example were treated more advantageously. The second man bequeathed his estate in such condition that his executor had difficulty in managing it and finally asked a trust company to take over the work as his agent. Liquidation required an unusually long period and, as a consequence, some of the beneficiaries got little satisfaction from his beneficence. Advice about effective methods of passing-on property, by will, might have led the second man to put his affairs in shape for the purpose, perhaps through a trust established during his lifetime, and to arrange his bequests more effectively. It is noteworthy that the second man, although he was the more religiously trained, had no place in his plans of bequests for public charity.

*Extract from an article in “THE NATION'S HEALTH” by William T. Cross, of the Chicago Trust Company.



Broadway stage-coach in the 1880's

In 1883 stage-coaches still rattled up and down Broadway

IN 1883, the year the Seaboard came into existence, stage-coaches provided the only "rapid" transit on Broadway. A year later when a Broadway horse car line was proposed, a historian tells us "—it awoke a horror in many minds that Broadway should be broken up and hampered with cars running on rails which could not dodge with the marvelous skill that the stage drivers had acquired, but must keep rigidly

to an undeviating course."

Few of us appreciate to what extent expansion has been the order for the past 50 years; expansion of rapid transit, expansion of the city itself, expansion of business and banking.

The Seaboard has been trying, we hope successfully, to keep a few jumps ahead, and to meet the expanding needs of expanding business with services as flexible as they are sound.



The Seaboard National Bank

OF THE CITY OF NEW YORK
with which is combined

The Mercantile Trust Company

Mercantile Branch
115 BROADWAY
At Cedar Street

Main Office
BROAD AND BEAVER STREETS

Uptown Branch
20 EAST 45TH STREET
Near Madison Ave.

Union Trust Opens Radio Station

Timely Service of Cleveland's Largest Bank Fills a Real Need in Community

THE Union Trust Company of Cleveland has installed a radio broadcasting station which was put in operation in August.

The new station is a 500-watt outfit of the very latest design which, under favorable conditions, has an effective radius of 500 miles.

From 9.00 until 9.45 and from 10.00 to 10.45, in the morning, and from 2.00 to 2.45 and from 3.00 until 3.45 in the afternoon the new Union Trust Radio Broadcasting Station sends out full and authoritative information on the major movements in the stock and bond market, together with latest prices on farm and dairy products. Intervals between quotations are filled with the important financial news accumulating over the private wires of the Union Trust Company.

The new station brings not only to

the city dweller who owns a receiving set, but to the farmer as well, up-to-the-minute information on the major movements of the financial world, together with the vital news of all the markets. It enables the farmer who does not himself own a receiving outfit to call up his local bank, which has a receiving set, and obtain the very latest quotations on his farm and dairy products, insuring proper buying and selling upon the farmer's part. It enables the city dweller within a radius of 500 miles from Cleveland to obtain the very latest news from the financial world.

In effect, the station supplies practically the entire Fourth Federal Reserve District with an up-to-the-minute four-times-a-day newspaper of the events of importance in the commercial and financial world.

Once a week, in the evening, from



Newly installed radio station of the Union Trust Company of Cleveland

7.00 to 8.00, the very best entertainment program available in Cleveland is broadcasted.

The new station renders a financial service literally broadcast over a radius of hundreds of miles and gives the banker in the smaller towns, his customers and all others using radio receiving sets the very concrete advantages incident to the private wires and other unusual machinery peculiar to a large bank like The Union Trust.

Lobby and window bulletins are supplied banks with receiving sets through-out the Fourth Federal Reserve. These bulletins are changed twice daily and contain quotations on the more active stocks and bonds, with the latest movements in the money market, in addition to such financial and commercial news as may be of interest to the general public.

It enables the bank customer in the hundreds of cities surrounding Cleveland to be in four-times-a-day contact with the elaborate wire and information

service at the command of The Union Trust Company and it makes Cleveland the pivot for the latest thing in banking service.

No effort has been spared by The Union Trust Company in making their sending station one of the most complete in the country. It is the equal of any commercial sending station at the present time and every endeavor will be made to keep it up to date in the minutest particular, for the service which a bank can render its patrons is used comparatively little, but through the radio The Union Trust renders this service to thousands upon thousands of people throughout the entire Fourth Federal Reserve District, thus multiplying the service of The Union Trust Company many hundreds times over, while at the same time attracting the ears of the central West toward Cleveland and the progressive spirit of service for which Cleveland has always stood.



Book Reviews

MODERN BUSINESS WRITING. By Charles Harvey Richmond. New York: The Century Company.

In the first three chapters of this book the fundamental principles underlying the selling appeal are discussed and analyzed step by step. Successive chapters take up with definite detail the various aspects of the selling appeal and the mechanics of successful business letters. Probably no work of a similar nature makes such a careful study of the psychology of business writing.

Not only are advertisements and direct sales letters fully treated, but considerable attention is given to every-day routine letters of business, adjustment letters, collection letters, etc. In each case the idea is retained that the letter, although it may be a collection letter, is after all a sales letter. The application

of the principles of the selling appeal to such letters is therefore shown.



THE FUNDAMENTALS OF SOUND INVESTING. By William J. Keary. Charles Wesley and Co.: New York.

This pamphlet has been prepared with the idea of giving the investor some facts upon which the science of investing is founded. It is intended to teach the uninitiated some of the fundamental principles that govern the investment of money, such as distinction between investment, speculation and gambling, the difference between bonds and stocks, the characteristics and types of bonds and stocks, the functions of the banker and other points. It shows that the distinguishing features of an investment are stability in business, se-

curity of the principal and regular uninterrupted returns. The various factors that combine to determine the rate

of return from investment, and how the yield is influenced by changing economic conditions are explained.



Investment Bankers Association Convention

THE eleventh annual convention of the Investment Bankers Association is to be held at Del Monte, Cal., October 9-12. The California group have made extensive preparations for the entertainment of those who will attend. The convention delegates will be taken on a trip which will include many of the important points of interest in California. The tentative business program is given here:

Monday, October 9

9.30 a. m. Call to order.

Address of welcome.

President's address, Howard F. Beebe, Harris, Forbes & Co., New York.

Secretary's report, Frederick R. Fenton, Fenton, Davis & Boyle, Chicago.

Treasurer's report, McPherson Browning, Detroit Trust Co., Detroit.

Report of Finance Committee, Joseph A. Rushton, Chairman, Babcock, Rushton & Co., Chicago.

Report of Membership Committee, John G. Brogden, Chairman, Strother, Brogden & Co., Baltimore.

Report of Railroad Securities Committee, Pierpont V. Davis, National City Co., New York.

Report of Education Committee, Lawrence Chamberlain, Chairman, Lawrence Chamberlain & Co., Inc., New York.

Report of Marine Securities Committee, E. G. Tillotson, Chairman, Tillotson & Wolcott Co., Cleveland.

Report of Municipal Securities Committee, Lyman E. Wakefield, Chairman, Wells-Dickey Co., Minneapolis.

1 p. m. Recess.

Tuesday, October 10

9.30 a. m. Convene.

Municipal discussion.

Report of Public Service Securities Committee, John A. Prescott, Chairman, Prescott & Snider, Kansas City.

Report of Real Estate Securities Committee, Morris F. Fox, Chairman, Morris F. Fox & Co., Milwaukee.

Report of Fraudulent Advertising Committee, James C. Fenhagen, Chairman, Robert Garrett & Sons, Baltimore.

Report of Publicity Committee, John W. MacGregor, Chairman, Glover & MacGregor, Pittsburgh.

Report of Irrigation Securities Committee, J. W. Harrison, Anglo London Paris Co., San Francisco.

Report of Foreign Securities Committee, Albert E. Wiggin, Chairman, Chase Securities Corporation, New York.

Report of Government Bond Committee, J. R. Edwards, Chairman, Fifth-Third National Bank, Cincinnati.

1 p. m. Recess.

Wednesday, October 11

9.30 a. m. Convene.

Report of Business Practice Committee, Wm. G. Baker, Jr., Chairman, Baker, Watts & Co., Baltimore.

Report of Industrial Securities Committee, Howard F. Hansell, Jr., Chairman, Redmond & Co., Philadelphia.

California Water and Power Act.

Report of Taxation Committee, Eugene E. Thompson, Chairman, Crane, Parris & Co., Washington, D. C.

1 p. m. Recess.

Thursday, October 12

9.30 a. m. Convene.

Groups. Election.
Constitutional amendments. President elect.

1923 Convention invitations.

1 p. m. Adjournment of convention.

Friday, October 13

As far as formal entertainment for the day in San Francisco is concerned, nothing has been planned by the California Committee. Automobiles will be available for seeing San Francisco. Golf clubs will be open to those desiring cards. There will be a dinner and "Jinx" for men in the evening at the Bohemian Club.

On Sunday, October 8, there will be committee meetings and a meeting of the Board of Governors.

Broadcasting Service

The First National Bank in St. Louis, the largest National Bank west of the Mississippi, enjoys the distinction of serving, with the highest degree of efficiency, correspondents and clients in every state in the Union.

The thoroughly organized and completely equipped departments of this dominant institution, cover the entire field of bank service, and enable the First National to render an unusually dependable service to banks and bankers who are looking for and are entitled to such service.

It is a pleasure to answer letters of inquiry



BROADWAY—LOCUST—OLIVE

RESOURCES EXCEED \$135,000,000.00

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

THE outstanding feature of the month," says the bulletin of the Federal Reserve Board, "has been the inherent soundness which the general business situation has manifested in the face of the difficulties which have been encountered. This has been shown by the continuance of activity at a relatively high level despite labor disturbances, in particular those in the coal and transportation industries, and despite the fact that some recession of activity is normally to be expected at this season of the year." The bulletin continues:

Prices of important commodities continued their upward tendency during July, the index number of the Federal Reserve Board for that month being 165, or four points greater than the June figure. During August, however, conflicting tendencies in price movements were apparent. The excellent agricultural prospects provide an encouraging outlook for the fall trade. Furthermore, increase of demand for certain commodities to compensate for restricted output or delay in placing orders owing to uncertainty, is also in prospect. Even so, business must necessarily proceed under handicaps for some time to come, as a result of fuel shortage and transportation difficulties.

STRENGTH OF UNDERLYING CONDITIONS

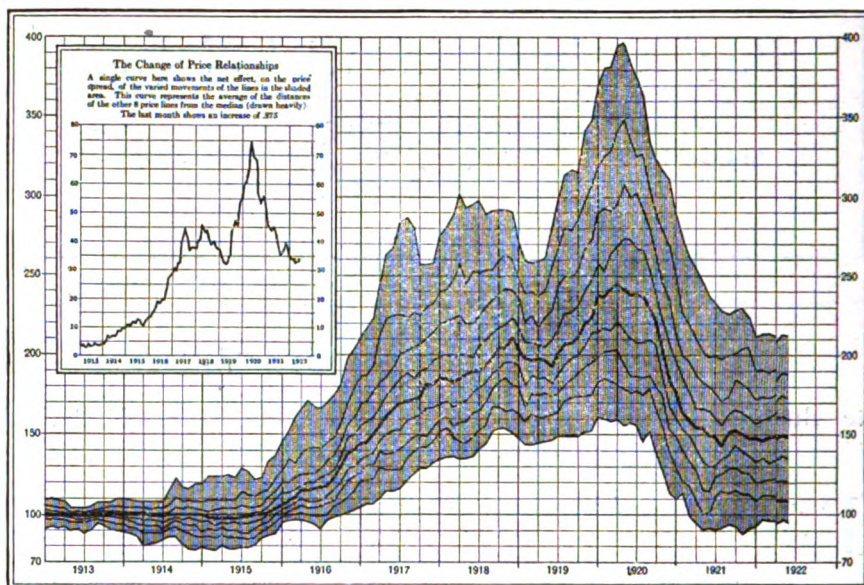
"There has never," says the current letter of the National City Bank, Chicago, "been a 'strike year' when the country has given so remarkable an exhibition of basic strength as the present

situation discloses. This has been notably the case with the railroads entering Chicago. In the third week of August the Chicago, Milwaukee and St. Paul showed an increase in the movement of all freight over the year before of seventeen per cent., the Illinois Central fifteen per cent., and the Atchison, Topeka and Santa Fe thirteen per cent." The letter goes on to say:

These gains were largely in merchandise and miscellaneous freight and emphasized the extraordinary showing made by the principal railroads in July, when a twenty-five per cent. increase in car loadings was reported over the same month of last year, reaching a volume very near the high record touched in August, 1920. It is remarkable that the roads were able to handle such a volume of business in view of the disturbance caused by the strike of shopmen, the tie-up of all anthracite mines and the serious disorganization of the bituminous coal industry. Under the circumstances it is apparent that railroad equipment will be subjected to an extraordinary strain this autumn, as a consequence of the immense offerings of freight held up by the strikes and the largely increased buying power of the country usual in a year of great agricultural prosperity.

THE CROP OUTLOOK

"The brightest spot on the horizon," says the Liberty Central Trust Company of St. Louis, in a recent letter, "is the crop outlook. Barring some catastrophe, 1922 is destined to rank high in agricultural production. Of nineteen leading crops, the Government estimate



An Indicator of the trend of business

The above chart and the explanation which is here given are taken from **SYSTEM**, the magazine of business. The convergence of prices toward their old relationships—which is recorded when the lines in the shaded area tend to meet—signifies the returning of "par values" in the exchange of commodities. This development is essential to the highest degree of business activity.

The price spread simply pictures graphically the "exchange levels" or price relationships at which the markets are receiving various typical lines of goods. When these "levels" are widely separated, the situation is basically out of adjustment and therefore abnormal—the price spread is wide. When these "levels" draw closer together, prices reflect a more equitable and a more normal basis for the exchange of goods, which is the basic fundamental for active business—the price spread is narrow. It is obvious that it makes little difference at what comparative level of prices the normal spread reappears; the only requirement is an equitable adjustment between prices. The shaded portion of the chart shows the spread as recorded by the changing price relationships or "exchange levels". The small chart summarizes this shaded portion.

Since it records "spreads," the lines in the chart do not trace the prices of specific commodities. The chart is therefore not to be confused with commodity index numbers, which involve averages of various prices or their percentage relations to a certain base. It is important to have a measure of the range of prices on both sides of an index number. Such a measure is given by this chart.

The chart is an index to the spread of prices for 350 representative commodities. Percentages of 1913 average prices are arranged numerically and every thirtieth one plotted, omitting the lowest and the highest. The chart is based on wholesale prices compiled by the U. S. Bureau of Labor Statistics.

of August 1 suggests larger yields than last year in the case of fourteen. Twelve are expected to show better totals than the five year average, 1916-1920, and for twelve the prospects have improved since July 1. So far, August weather conditions have been fairly good, and while some crops have suffered over limited areas, the general outlook has probably deteriorated little if at all". The letter continues:

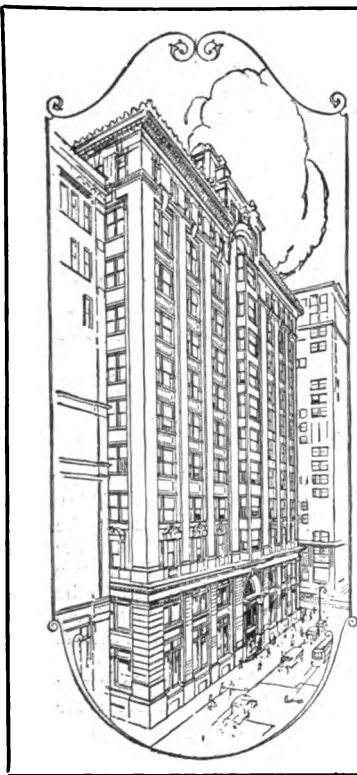
The wheat crop is not unusually large, but is satisfactory. In the northwest it will be better than for several years. Another bumper yield of corn is very likely; the critical growing period is about over, and one more general rain will probably suffice to assure the outcome. Cotton prospects are

better than hoped for; dry weather has done some damage but has helped hold the boll weevil in check; the crop is now expected to exceed 11,000,000 bales. Enormous yields of apples and peaches are practically certain, the outlook in the St. Louis district being especially good. Tobacco, potatoes and hay will be unusually large crops, while oats are making only a fair showing.

In Missouri the agricultural outlook is very good; almost all crops promise well.

ANNUAL COTTON REPORT

"While it is not possible," says the Interstate Trust and Banking Company, New Orleans, in an annual cotton report, "to estimate with anything like certainty the actual size of the cotton crop as early as September 1, owing to



Where Business Concentrates

St. Louis, the gateway and clearing house of a great fertile empire that is particularly her own, is entering into a new era of better business.

Out-of-town banks will need now more than ever accurate and rapid banking service in such a trade center. Proper collection facilities and credit information from St. Louis will be valuable in your trade-building efforts.

The National Bank of Commerce in St. Louis, with 65 years' experience; and capital, surplus and profits of over \$15,-000,000, can best serve your needs for a St. Louis banking connection.

THE NATIONAL BANK OF COMMERCE
IN SAINT LOUIS

JOHN G. LONSDALE, President

the fact that weather conditions during the harvesting period may materially add to, or take away from, the indicated yield on the date named, enough is generally known at this period of the season as to the prospects of the crop to permit a very fair guess as to the final outcome. Last season, for instance, nearly a million bales were added to the indicated crop of September 1 because of the open season, coupled with the fact that the United States Department of Agriculture had considerably underestimated the acreage under cultivation when it issued its official estimate on July 1". The report says further:

Despite the fact that the crop turned out somewhat better than was expected on September 1 last season, it was nevertheless the smallest yield for many years: only 7,963,000 bales. As the consumption of American cotton during the season totaled 12,804,000 bales, the whole of the crop, plus a very large portion of the surplus carried over at the beginning of the season, was consumed, leaving a comparatively small carry

over at the close of the cotton year a month ago.

EVERY INCENTIVE TO INCREASE ACREAGE

As the excess of consumption over production became apparent early in the season, prices for cotton advanced steadily, so that by the time it became necessary to plant the crop for 1922, there was every incentive to increase the acreage and, according to the Government's estimate, there was more or less increase in all the states, although the principal gains were in the middle and western states and the smallest in the eastern or Atlantic coast states.

Had the growing season been favorable, there would have been good reason to expect a much larger crop than the previous season developed, and for a time it looked as if the states of Texas, Oklahoma and Arkansas would produce large enough yields to offset the poor progress of the crop in the middle and eastern states, due to excessive rainfall and the early activity of the boll weevils.

While according to all the authorities the infestation by the boll weevil has been greater this year than ever before, its destructiveness so far has been mainly in the area east of the Mississippi river, its ac-

ON SEPTEMBER 21, 1922

THE BANK OF NEW YORK

[ESTABLISHED 1784]

WAS MERGED WITH

NEW YORK LIFE INSURANCE & TRUST CO.

[ESTABLISHED 1830]

UNDER THE NAME OF

Bank of New York & Trust Co.

Capital, Surplus and Undivided Profits \$15,500,000

Aggregate Deposits Over \$75,000,000

UNTIL suitable arrangements can be made for accommodating in one building all departments of the Bank of New York and Trust Co., the banking business heretofore transacted by The Bank of New York will continue to be carried on at No. 48 Wall Street, to be known as the "Banking Office" and the trust and banking business heretofore transacted by the New York Life Insurance & Trust Company will continue to be carried on at No. 52 Wall Street, to be known as the "Trust Office". From September 21, 1922, however, new business of any kind may be taken up at either office of the Bank of New York & Trust Co.

The entire personnel of both Institutions will be retained and the Company will be fully equipped to handle financial business of any kind on conservative and safe lines.

OFFICERS

Herbert L. Griggs, Chairman Board of Trustees

Edwin G. Merrill, President

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J. Louis van Zelm, Vice-President
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Algernon J. Purdy, Assistant Secretary
William B. Austin, Assistant Secretary
Charles Eldredge, Assistant Secretary

HONORARY TRUSTEES

Frederick W. Stevens, Elected 1872

C. D. Leverich, Elected 1876

Stuyvesant Fish, Elected 1883

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Walter Wood Parsons
John J. Riker
W. Emlen Roosevelt
Henry C. Swords
Moses Taylor
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Howard Townsend
Paul Tuckerman

EARLY in October, 1922, the Company contemplates opening a branch office at the corner of Madison Avenue and 63rd Street in a unique building recently erected for the purpose, under the management of

Ernest H. Cook, Vice-President and Manager

Ralph M. Johnson, Assistant Manager

Owen H. Smith, Assistant Secretary

tivity in the western states having been kept down by dry and hot weather.

AUGUST A BAD MONTH IN WEST

During the month of August the crop has deteriorated all over the belt, the prospects in the previously favored western states having been materially cut down by drought and excessive heat, while the middle and eastern states have suffered materially from weevil ravages. While the Government published a condition average for July 25 of 70.8 per cent. of normal, indicating a crop of about eleven and a quarter million bales, it is confidently expected that its report due September 1 will show a condition of not over 58 with prospects of a crop a full million bales less than a month ago.

The estimated yield in running bales by states based on returns from our private correspondents, and computed independently of the Government figures (exclusive of linters), is as follows:

	Bales
Arkansas	980,000
Alabama	845,000
Florida	25,000
Georgia	980,000
Oklahoma	850,000
Louisiana	400,000
Mississippi	960,000
North Carolina	760,000
South Carolina	690,000
Tennessee	325,000
Texas	3,227,000
Other States	2,500,000
Total	10,280,000

SAVINGS ACCOUNTS IN THE UNITED STATES

An average of more than one savings account for every family in the United States is indicated in partial data for the country compiled by the Savings Bank Division of the American Bankers Association, revealing over 26,600,000 savings depositors in the sources of data covered. In addition, there are at least 10,000,000 other owners of savings accounts of varied forms whose numbers cannot be reduced to definite figures. A statement from the association says:

Complete data is practically impossible to obtain under present statistical conditions in regards to savings. But even with all figures lacking for the thousands of State-chartered banks which accept savings in Illinois, Missouri and twenty-three other states and the District of Columbia, and with only the mutual savings banks out of all the state banks and trust companies in Indiana, Ohio and New Jersey included, the number of savings accounts reported by the Federal and State supervisors of banks reached a total of 26,637,831 on June 30,

For Every Bank's

New Business Manager

“More Business for Your Bank” is a pocket-size Manual of Bank Development reflecting the study, experience, and up-to date information of this entire organization.

It offers and explains our services, but nearly every paragraph is in itself a service to the new business executive of any bank or trust company.

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The Transfer of Securities Made Easy

The transfer of securities by or for fiduciaries has become an intricate matter, requiring a knowledge of the statutes and decisions of every state.

THE STOCK TRANSFER GUIDE AND SERVICE

Authorized by the New York Stock
Transfer Association

Prepared and Maintained by The Corporation
Trust Company

gives you all the essential facts about each state—whether or not court orders or inheritance tax waivers are required, what forms must be executed and where to apply for them, what inheritance and stamp taxes must be paid, the uniform rules of practice of the New York Stock Transfer Association, etc. The matter under the various state headings has been revised by local attorneys, whose names are given, so that it has the aspect of local practice and experience.

The New York Stock Transfer Association, under whose authority the Stock Transfer Guide and Service is issued, is composed of the banks, trust companies and corporations doing the largest amount of transfer work in the United States, and the rulings and other data contained in the Service represent the experience of its members as to the best transfer procedure.

Every financial institution maintaining a trust or transfer department and every attorney dealing with estate matters or passing upon the validity of stock transfers, is in need of the complete, always-up-to-date authoritative information given in the Stock Transfer Guide and Service.

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THIS institution specializes in remedial measures to preserve for financial interests their equities in industrial or mercantile ventures.

It is equipped to investigate and temporarily manage businesses requiring aid, and to effect mergers or other economic adjustments.

BANKERS EQUITY, INC.

52 VANDERBILT AVENUE
NEW YORK

1921, which is the only date for which the statistics are available. The figures are as follows:

SAVINGS ACCOUNTS IN AMERICAN BANKS, JUNE 30, 1921

Mutual savings banks (17 states).....	9,854,589
Other state banks (13 states)	6,150,237
Trust companies (8 states)	2,712,808
Private banks (New York only)	73,961
National banks (all states)	8,015,796
Total reported	26,537,831

In addition there are millions of savings depositors in the non-reporting states above mentioned, which include not only the South with the exception of the Virginias, but also the great states between the Mississippi and the Rockies except Minnesota. Furthermore, there are perhaps three million owners of time certificates of deposit which are used in place of savings accounts in rural sections, also the half-million patrons of the postal savings system, five million members of building and loan associations, and other millions who invest the proceeds of their thrift with life insurance, real estate mortgage and standard industrial and other corporations.

The total of savings deposits was recently reported by the Savings Bank Division of the American Bankers Association as amounting on June 30, 1921, to \$16,618,595,000.

FORGERY LOSSES RUN TO MILLIONS

The following article, taken from the *New York Times*, deals with the question of organized forgery in the United States, viewed from both sides of the fence. The *Times* brings out some very interesting side lights on this matter in an interview with Burgess Smith, former chief of the Bureau of Engraving. The article reads:

The scores of signature protecting devices registered every year in the Patent Office in Washington and in the intensive study of the subject by scientific and secret service agencies of the Government and of banking institutions have failed to stop the depredations of the clever forger, according to Burgess Smith, for many years Chief of the Research Department of the United States Bureau of Engraving. Among Mr. Smith's achievements while in office was the devising of the "washing machine" in which our currency was cleaned before the war. Since the war, Mr. Smith explains, the machine is impracticable because of the poor quality of the paper in the paper bills now in circulation.

1781

The Oldest Bank in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of **\$2,000,000**, Surplus of **\$3,000,000**, and Undivided Profits of **\$482,664.26**, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

President

E. PUSEY PASSMORE

Vice-President

RICHARD S. MCKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

THE BANK OF NORTH AMERICA

(NATIONAL BANK)

PHILADELPHIA

1922

CHECK RAISERS BOLDER THAN EVER

Check raisers, forgers and check thieves are today operating with a boldness never surpassed, and their depredations are costing the public approximately \$30,000,000 to \$40,000,000 annually. Credit men's associations, banks and associations of banks are cooperating with the local, state and national Government authorities to halt the rapidly increasing crimes both by detection of organized bands and by the education of the public in the necessity for regarding checks, both blank and filled in, as actual currency, worth potentially to the skilled check manipulator the entire credit or possible fortune of the signer.

AVERAGE CHECK USER INVITES LOSS

Check papers are today made to prevent mutilation, and check writing machines that shred the amount of the check in the very fibre of the paper are additional certain protection, but the average check user is so careless both in handling and in filling in his checks that he invites the costly results that are increasing by millions of dollars annually.

Document paper of any kind is valuable and should be treated as such. In the Government Bureau of Engraving, and in the laboratory of the paper manufacturing company with which I am now connected, all special paper, made from costly patterns, is printed under lock and key and all employees are searched going and coming. We realize that a blank check with a signature that passes a storekeeper or the paying teller is money, and that a check carelessly written that permits a check manipulator to write additional letters or words to the amount line, offers an opportunity that is not liable to be resisted.

FORGERS OPERATE IN TRAINED BANDS

Check manipulating today is conducted by trained bands, who have first the penman, who is an expert; next the backer who furnishes bail when one of the band is arrested; third, the thieves, who steal checks when necessary from mail boxes and last, but not unimportant, the passers, who pass the check after it has been doctored. Check manipulation is an old game that has always attracted the aristocracy of crime.

The making of currency and document paper to defeat these criminals is the result of generations of painstaking labor, using every aid of science. For instance, there is a paper that turns white and flashes out the word "void" if an attempt is made to alter it. That paper cannot be tampered with. But if the man who writes an amount, say "ten," on that kind of paper, leaves sufficient margin before or after it, it can become "ten hundred" or "fifteen" or any other amount a clever penman can write in.

On September 16, 1922

The Los Angeles Trust & Savings Bank

BECAME

PACIFIC-SOUTHWEST TRUST & SAVINGS BANK

This change of name is made in order that the title under which this bank operates, together with its Branches in twenty-four California cities, may be properly descriptive of the territory served.

The "Pacific-Southwest" is a term which is generally recognized as representing a unified geographical area composed of that part of California from Fresno south, as well as those western states which are becoming more and more closely affiliated as an economic entity.

The activities of this empire tend to center in and around Los Angeles and the harbor district—its financial capital, its industrial center and its most important shipping point. The First National Bank of Los Angeles, the Pacific-Southwest Trust & Savings Bank and the First Securities Company, under one ownership and one management, serve this entire territory.

HENRY M. ROBINSON, President.

BRANCHES IN OTHER CALIFORNIA CITIES

Alhambra,	Huntington Beach,	Pasadena,
Alhambra Branch	Huntington Beach Branch	Union of Pasadena
Carpinteria,	Huntington Park,	Branch
Carpinteria Branch	Huntington Park	Oak Knoll Branch
Catalina Island (Avalon)	Branch	Redlands,
Catalina Island Branch	Lindsay,	Redlands Branch
Fresno,	Lindsay Branch	San Pedro,
Fidelity of Fresno	Lompoc,	Marine Branch
Branch	Lompoc Branch	Santa Barbara,
Glendale,	Long Beach,	Commercial of Santa
Glendale Ave. Branch	Long Beach Branch	Barbara Branch
Brand Blvd. Branch	Los Alamos,	Santa Maria,
Guadalupe,	Los Alamos Branch	Santa Maria Branch
Guadalupe Branch	Orcutt,	Tulare,
Hanford,	Orcutt Branch	Tulare Branch
Hanford Branch	Oxnard,	Visalia,
	First of Oxnard Branch	First of Visalia Branch

TWENTY-FIVE LOS ANGELES BRANCHES

PRECAUTIONS FOR THE CHECK USER

Check-users—particularly the merchant, the professional man and the woman who carry their checks about, or leave them lying carelessly in drawers should remember to guard them as they would money. When a check is drawn, write so closely to the margin that no other word can be inserted, and after the written amount draw a heavy line that defies erasure. Never typewrite a check and whenever possible stamp the amount in the very fibre of check with one of the devices that shred the paper. Perforations can be filled up.

THREE STATES RECEIVE FOURTH OF U. S. INCOME

Three states, New York, New Jersey, and Pennsylvania, receive one-fourth of all income in the United States.

Twelve Southern states, comprising more than twenty-one per cent. of the population, receive less than fifteen per cent. of the total income.

On a per capita basis, the people of the Pacific states receive a higher average income than those in any other regional group.

These figures are taken from advance sheets of a report entitled "Distribution of Income by States", soon to be issued by the National Bureau of Economic Research, Inc., from its headquarters in New York.

This report will form the third volume of a series giving the finding of an exhaustive investigation of "Income in the United States", upon which the staff, composed of Wesley C. Mitchell, Willford I. King, Frederick R. Macaulay and Oswald W. Knauth, has been engaged for more than two years. Figures show that:

New York leads the states of the Union in both aggregate income and per capita income. The aggregate income received in New York in 1919 was \$9,047,859,000, or more than one-eighth of the entire income in the United States. At the other end of the scale is Nevada with a total income of \$65,791,000.

Pennsylvania ranks second in aggregate income with almost six billion dollars and is followed by Illinois, Ohio, Massachusetts, California, Michigan and Texas, the last

with approximately two and one-half billion dollars.

NATION WIDE PER CAPITA INCOME IN 1919

While per capita income in the United States as a whole in 1919 was \$627, in the region embracing the Pacific states the average was \$796 and in the Middle Atlantic states it was \$783. These high figures are in striking contrast to per capita income of \$463 in the South Central states and \$364 in the East South Central states.

The East North Central states, Ohio, Indiana, Illinois, Michigan, and Wisconsin, had an income of nearly fifteen billion dollars, which was twenty-two per cent. of the income of the country, while their population was just one-fifth of the nation's. As a group, therefore, their average income of \$684 was above that for the whole country.

NEW YORK LEADS IN PER CAPITA INCOME LIST

New York, which leads the list of per capita incomes with \$874, is closely followed by Nevada, California, Delaware, Wyoming and Massachusetts, all with per capita income around \$800.

The average income of the gainfully employed shows variations from the per capita income due to the wide differences in the character of the employment of the population of the various states. South Dakota and New York head the list with just over \$2000, while at the other hand Alabama and Mississippi are both under \$900. In the East North Central States the average incomes of the gainfully employed ranged as follows: Ohio, \$1725; Indiana, \$1524; Illinois, \$1889; Michigan, \$1752; Wisconsin, \$1473.

WIDE VARIATIONS IN FARMER'S INCOME

The wide variations in the incomes of farmers are well known, but how wide these differences are may be a surprise. Farmers in the Pacific states in 1919 had an average income of over \$2800; in the West North Central states their average was \$2300. These figures may be contrasted with the average of \$1160 for the farmers in New England, \$1340 in the South Atlantic states and less than a thousand in the East Central states.

The highest average income of farmers is found in California with \$3485, and the lowest in certain Southern and New England states, where it was less than \$1000.

INCOME IN SOUTH LARGELY DERIVED FROM FARMING

The total income of the South is largely derived from farming. The South Atlantic states draw about one-fourth of their income from this source; and the South Cen-

tral states about one-third. The only other group of states that is equally dependent on farming is the West North Central states, which drew about one-third of their income from this source. In contrast with these states New England and the Middle states draw less than four per cent. of their income from agriculture.

These facts are shown in detail in the report on "Distribution of Income by States", which is especially designed to meet the needs of many investigators who are concerned with the comparative capacity of the various states to bear increased taxes, to buy goods of various sorts, to absorb securities, etc. It also undertakes to analyze the relative importance of agriculture in the different sections of the country.

Income as defined in this report is the money value of all the goods and services produced during the year. The sources on which the estimates are based are the Income Tax Reports, Census Reports, wages data, reports of the Department of Agriculture and statements of corporations.

THE DEMAND FOR AUTOMOBILES

"One of the phenomenal developments in the revival of business which has been proceeding during the present year," says the *Bache Review*, of J. S. Bache & Co., New York, is the long leap ahead of output in the automobile industry. Recently, reduction in some motor prices has stimulated sales, but has not greatly reduced earnings, by reason of the larger production. The cut was intended to speed up sales. Not all manufacturers joined in the price reduction, and those who did not, report practically no falling off in their sales. The Review says further:

July is usually a month of seasonal decline in output, but production this year exceeded that of July, 1921, by thirty-nine per cent., and that of July, 1920, by twenty per cent. This July output constituted the record figure in automobile production for the month of July, but, further than that, only two other months (May and June of this present year) have, in the history of the industry, shown a greater output.

This, it seems, is the very antithesis of what might be expected to happen if times were hard. To date, the railroad and coal

strikes have had little or no effect upon the automobile business. A long continuation, which is doubtful, would, however, affect production—but not the demand.

IS THERE A SATURATION POINT?

In the earlier years when automobile buying was pounding along at a great rate, there were quite a number of wise people who pointed out warning that at the rate at which automobiles were being bought, there would some time, perhaps soon, come about a situation when the world would be so full of automobiles that no more could be sold. This was confidently predicted. The term "saturation point" was adopted in automobile literature and has been used for years. It is, however, misleading. Most people take it to mean that period when, having reached the peak of production, cars are being built only to replace those already in use. This, in itself, is also misleading, as we can never reach such a truly balanced condition. There will always be new buyers—that is, buyers who have never before owned a motor car.

RAISING THE STANDARD OF LIVING

"In demanding a wage adequate for a 'comfortable' standard of living," says the current letter of the American Exchange National Bank, New York, "labor is setting capital a bad example and is displaying suicidal ignorance of the workings of the system under which we live. In the conventional economic classifications there are three factors which contribute to production: land, labor and capital. As the distinction between land and capital is more political than economic, we are justified in saying that there are two factors in production—capital and labor—capital being divided into fixed and fluid, and labor consisting of every man, woman and child who contributes a thought or a backstrain toward production". The letter continues:

Under free conditions, that is, under the operations of the law of supply and demand, the respective shares of labor and capital in their joint product are increased or decreased, in a general sense, as the supply of either decreases or increases. In other words, as applied to "fixed capital"—land, machines, tools—an increase in the supply of labor beyond the demand results in a decrease in labor's share in the product. In the same way, on the other hand, as applied to the existing supply of labor, an increase



ESTABLISHED 1889

Resources
Over \$20,000,000.00

Among the most valuable assets of this Bank are the confidence and the esteem of those who know it best.

THE
PEOPLES BANK
OF BUFFALO

Main Office
Corner Seneca and Main

Branch
Corner Niagara and Virginia



Our experience of over seventy-two years as a correspondent for other banks and our large resources, as well as the services of 20 offices, enable us to afford a connection that is at once profitable, prompt and constructive.

We invite your account

MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus, \$17,000,000.00

in the supply of capital, either fluid or fixed, results in a decrease in capital's share in the product. The changes occur simply as a result of more than the market wants, of one or the other factor, appearing and offering their services. If the applicant for work, be he either capital or labor, must have employment, he must take what the market offers—that is, what other applicants belonging to his own group are willing to take.

WHAT HAPPENS WHEN LABOR AND CAPITAL REFUSE TO WORK

If either all labor or all capital combines and refuses to work until paid a comfortable wage, or a living wage, the need of labor for capital or of capital for labor may force the acceptance of the terms demanded by the monopolists, in which case the operation of the law of supply and demand is suspended and a new method for determining the share of each factor in the product of industry is introduced. On the face of the statement it appears that in practical life no such situation could arise, mainly for the reason that neither factor in production could afford to have production totally suspended, and therefore the monopolists would not be in a position to put their demands into effect. That is, of course, sound reasoning, but we do not always act on

sound reasoning, and we know that as a matter of fact the "general strike" has frequently been proposed and even put into limited operation.

SOME LABOR GROUPS CAN USE MONOPOLISTIC METHODS

However, owing to the fact that all labor is not alike, that there are degrees of skill and special kinds of labor, the members of a given group of specially trained labor have it in their power to use the monopolistic method of bargaining and to force concessions from the capital employed in the same field as long as that capital is either disposed to or finds it profitable to make them. In this case, of course, the capital directly concerned loses nothing, since it merely takes out of the consumer of its product the extra share it gives its labor. In its fluid form, the form in which it is most effective in increasing or decreasing its share of the joint product of industry, capital is all alike, except, of course, that some capital is more inclined to take risks than other capital. As a general proposition, however, a dollar in one place is like a dollar in another, and, what is more, a dollar can move from one place to another as fast as lightning—that is, as fast as it can be sent by telegraph or cable.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

WILLIAM A. NASH

William Alexander Nash, dean of New York bankers, died suddenly at his home, 410 Park avenue, on August 30, from apoplexy. Although he was eighty-two years old, Mr. Nash up to the time of his death had been active in banking affairs and particularly in those of the Corn Exchange Bank, New York, of which he was chairman of the board of directors. He had returned from Saranac Lake after a fortnight's vacation and seemed to be in the best of health.

Mr. Nash was for more than half a century one of the big figures in the banking world. He was only fifteen years old when he became a junior clerk in the Corn Exchange Bank in 1855, then in a small brick building at William and Beaver streets. The history of his career is very largely the history of banking in New York since Civil War days.

He was born at Hudson, N. Y., on January 18, 1840. His brief school days were in the public schools in Brooklyn. For five years he was a clerk and messenger in the Corn Exchange Bank, then he left to go to the Oriental Bank, returning after three years to the Corn Exchange Bank as receiving teller. In 1864 he became paying teller, in 1872 cashier and in 1888 president of the Corn Exchange.

As a banker Mr. Nash was perhaps best known as the father of the branch bank plan. The Corn Exchange was the first institution to establish branches after a new law was passed to permit them. In 1894 the new Corn Exchange Building at Beaver and William streets was completed. The Astor Place and the Hudson River Banks were merged with the Corn Exchange and opened as branches. The Corn Exchange Bank now has forty-three branches in the city.

Mr. Nash was also conspicuous in connection with the Clearing House Association. He first became prominent in the association as a member of the Loan Committee in the panic of 1893.

Since 1891 Mr. Nash was one of the con-

trolling spirits of the Clearing House. He was its president in 1895-96. With J. Edward Simmons and Frederick D. Tappan he bought the land and directed the building of the new Clearing House.

In the 1907 financial flurry Mr. Nash again became prominent as chairman of the Clearing House Committee, which had almost absolute power not only in the management of the Clearing House but in passing upon the qualifications of member banks and their suspension. He was referred to by associates in 1907 as "the balance wheel of the banking situation".

In 1910 he retired from the presidency of the Corn Exchange Bank and became chairman of the board. He continued his activities in its affairs throughout his life, going to business every day.

Mr. Nash was president of the Clearing House Building Company and the Corn Exchange Safe Deposit Company, and second vice-president and a trustee of the Bowery Savings Bank. He was also a director in the following institutions: Pittsburgh Steel Company, Home Life Insurance Company, Lloyd's Plate Glass Company, the International Elevating Company, and the Queen Insurance Company of America. He was a trustee of the American Surety Company, the New York Produce Exchange Safe Deposit and Storage Company and the Title Guarantee and Trust Company. He was also a director of several clubs and trustee of Wells College, Aurora, N. Y.

His clubs included the Union League, the Metropolitan, the New York Athletic, Hamilton and Republican.

NEW AMSTERDAM TRUST COMPANY GETS CHARTER

A \$2,000,000 trust company is being organized by George C. Van Tuyl, Jr., formerly Superintendent of Banking of the State of New York and now a director in several prominent banking corporations. It will be known as the New Amsterdam Trust Company and will have offices at 26 Broad street, a space formerly occupied by the New York

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$515,000

OFFICERS

JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*

JULIAN D. FAIRCHILD, *President*

HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

Trust Company. The new banking institution will probably be in operation before January 1, 1923.

The bank will have a capital of \$1,000,-



OSCAR E. DOOLY

Vice-president Mechanics and Metals National Bank, New York

Mr. Dooley began his banking career twenty-seven years ago, when he entered the employ of the Farmers and Merchants Bank at Lawrenceville, Georgia. His entire early life was spent in the banking development of his home state. In 1900 he went to Macon and became cashier of the Home Savings Bank, shortly afterward joining the American National Bank. He served as vice-president of the Continental Trust Company, Macon, until 1911. He was vice-president of the Fourth National Bank of Jacksonville, Florida, for a short time, after which he became associated with the Mechanics and Metals National Bank.

and a surplus of \$1,000,000, and its stock has been practically all taken up by prominent financial interests at \$210 per share. Among the capitalists who probably will be represented on the board of directors of the new institution, either directly or indirectly, will be William H. Childs, C. E. Danforth, Amos L. Beatie, Charles H. Englis, Jules M. Fleischman, Frank A. Dudley, J. Francis Day, William D. Loucks, L. H. Gothoefer, F. C. Furlow, Robert Law, Jr., Americus J. Leonard, Marcus Loew, F. W. La France, David H. Luke, Mason B. Starring, Thomas S. Watson, S. O. Vander Poel, Arthur Ronald, Jasper A. Campbell, W. H. Mahony and De Loer W. Cooke.

Mr. Van Tuyl will be president and will have general charge of the company's activities. Mr. Van Tuyl is a director of the Metropolitan Trust Company of New York. He also is vice-president and a director of the Albany Trust Company, a director of the Bank of the United States and of the Utica Trust and Deposit Company of Utica, N. Y. He is a director and interested in the following corporations and institutions: Alabama, Tennessee & Northern Railway Company, American and British Manufacturing Company, American and British Securities Company, American Purchasing Company, Atlantic Mutual Insurance Company, Cartier, Inc., Central Savings Bank of New York, Continental Guaranty Company, Kincaid & Co., Mutual Fire Insurance Company, United Hotels Company of America and the U. S. Indemnity Company.

The institution will conduct a general banking business, and according to members of the proposed directorate will not specialize in any particular line. Those engaged in its formation have ambitious plans for the company and expect to develop it along



WILLIAM E. LAKE

Vice-president Mechanics and Metals National Bank, New York

Mr. Lake has been associated with the bank for a number of years, having gone to the institution at the time of its merger with the National Copper Bank in 1910. He was for a number of years credit manager, and is a recognized credit authority of unusual ability. Mr. Lake is among the youngest vice-presidents of the New York banking fraternity.

conservative lines into one of the leading institutions of the financial district.

APPOINTED TRUST OFFICER
CHEMICAL NATIONAL BANK

The Chemical National Bank of New York announces the appointment of Ernest J. Waterman as trust officer succeeding Edwin Gibbs, who resigned to become associated with the banking firm of Lehman Bros., New York. Stephen L. Jenkinson was named assistant trust officer.

Mr. Waterman was formerly assistant trust officer of the Chemical Bank and served as trust officer of the Citizens National Bank before that bank was consolidated with the Chemical. Prior to that time he was trust officer of the Brattleboro Trust Co., Brattleboro, Vermont. He graduated from Middle-



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President

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Vice-president

G. S. ANDREWS, Jr.
Vice-president

R. F. BROWN
Secretary

H. C. OTTIWELL
Assistant secretary

B. F. YATES
Assistant treasurer

NEWLY ELECTED OFFICERS OF THE UNITED STATES MORTGAGE AND TRUST COMPANY, N. Y.

bury College and shortly after was admitted to the bar in Vermont.

The trust department of the Chemical was created in September, 1919, since which time it has expanded very rapidly.

UNITED STATES MORTGAGE AND TRUST COMPANY

At a meeting of the board of directors of the United States Mortgage and Trust Company, New York, held August 25, John A. Hopper was elected vice-president in charge of the new Madison avenue branch; Charles S. Andrews, Jr., was elected vice-president in charge of the Seventy-third street branch; Robert F. Brown was elected secretary to succeed Mr. Hopper; H. C. Ottiwell was elected an assistant secretary, and Blinn F. Yates was elected an assistant treasurer.

PERCY H. JOHNSTON

Percy H. Johnston, president of the Chemical National Bank of New York, has been elected a director of the New York Life Insurance Company.

JOHN J. LEWIS IN BUSINESS FOR HIMSELF

John J. Lewis, vice-president of the Guaranty Trust Company of New York, who has been prominent in the affairs of that institution, particularly in its dealings abroad, has resigned. The resignation has been accepted by the directors and now is effective. Mr. Lewis plans to engage in business on his own account.

He had been a vice-president of the Guar-

anty Trust Company since 1916, working his way up through various offices in the institution, first as receiving teller, then as assistant chief clerk, chief clerk, assistant secretary, from which place he was promoted, on December 11, 1916, to the vice-presidency. He was then but thirty-five years old and one of the youngest vice-presidents in charge of large affairs in Wall Street. Mr. Lewis started his banking career when but fifteen years old, as an office boy with the old State Trust Company.

JOHN A. STEWART CELEBRATES HUNDREDDTH ANNIVERSARY

A resolution extending congratulations to John A. Stewart on the one hundredth anniversary of his birth was adopted by the Governing Committee of the New York Stock Exchange on August 28. Mr. Stewart, who is chairman of the board of the United States Trust Company of New York, celebrated his hundredth birthday on August 26. Mr. Stewart is the only survivor of the original board of trustees of the trust company, which included among its members Peter Cooper, John Jacob Astor, Joseph Lawrence, John J. Phelps, John J. Cisco, William E. Dodge, Royal Phelps and William H. Macy. Mr. Stewart became secretary of the company with its organization in 1858 and in 1865 succeeded Joseph Lawrence as president, retaining that office until 1902, when Lyman J. Gage became president and Mr. Stewart was chosen chairman of the board. Three years later Mr. Gage was succeeded by Edward W. Sheldon, present head of the company.

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WARREN B. NASH

Warren B. Nash, a son of the late William A. Nash, formerly chairman of the board of directors of the Corn Exchange National Bank, New York, has been elected a member of the board of directors of that institution.

FREDERICK C. SIGGELKOW

Frederick C. Siggelkow, formerly with the Equitable Trust Company of New York, has joined the bond department of Foster & Co.

CHELSEA EXCHANGE BANK

Control of the Chelsea Exchange Bank of New York has been acquired by a syndicate headed by Herbert DuPuy, Edward S. Rothchild and Lamar Hardy, it was announced recently. At a meeting of the directors of the bank Mr. Rothchild, who for many years was president of the Public National Bank and now is chairman of its board, was elected president of the Chelsea Exchange Bank. Mr. Rothchild is retiring from the chairmanship of the board of the Public National Bank, to devote his entire attention to the new work.

Herbert DuPuy, formerly chairman of the Crucible Steel Company, was chosen chairman of the directors of the Chelsea Exchange Bank, and Lamar Hardy, former corporation counsel, was named a director and counsel for the bank.

The Chelsea has its main office at 266 West Thirty-fourth street and branches at Forty-eighth street and Broadway and One Hundred Thirty-fifth street and Seventh avenue. The new officials of the bank authorized the statement that the establishment of new branches is under contemplation.

NATIONAL BANK OF COMMERCE ANNOUNCES APPOINTMENT

Clarence B. Tailby has been appointed manager of the foreign department of the National Bank of Commerce in New York. He came to the bank in 1920 from the Federal Reserve Bank of New York.

ROY M. MULFORD

The Guaranty Trust Company of New York announces the appointment of Roy M. Mulford to be assistant vice-president of the Company.

The Corporation Manual

Twenty-third Edition
Revised to January 1, 1923

A systematic arrangement of the statutes affecting both foreign and domestic business corporations in all states.

The Uniform Stock Transfer Act.
 The Blue Sky Laws.
 The Anti-Trust Laws.
 Forms and Precedents.

United States Corporation Company

65 Cedar Street, New York

MERGED BANK DECLARES DIVIDEND

The Bank of New York and Trust Company has declared an initial quarterly dividend of five per cent., under the new consolidation, payable October 16, to stock of record October 10.

The Bank of New York has been paying regular dividends amounting to twenty per cent. and extra dividends at the rate of six per cent. on \$2,000,000 of capital stock, while the New York Life Insurance and Trust Company last year paid \$30 a share on \$1,000,000 capital stock.

S. G. BAYNE

S. G. Bayne, chairman of the board of the Seaboard National Bank, New York, has been elected president of the New York Produce Exchange Safe Deposit and Storage Company, to succeed the late William A. Nash. Mr. Bayne has been an active official of this company for over a quarter of a century.

GEORGE W. HILL

George W. Hill, vice-president of the American Tobacco Co., has been elected a director of the Seaboard National Bank, New York.

FRANK K. HOUSTON ON TRIP TO EUROPE

Frank K. Houston, vice-president of the Chemical National Bank of New York, was in Europe for a five weeks' trip combining business and pleasure. He expected to return September 28 in time for the convention of the American Bankers Association.

NELSON J. H. EDGE RETIRES

The resignation of Nelson J. H. Edge, eighty-three years old, as president of the Hudson County National Bank, Jersey City, was announced recently. Mr. Edge has been president of the bank for seven years and was for fifteen years its cashier. Prior to this he was for sixteen years cashier of the Bank of New Amsterdam in Manhattan.

He is a charter member of the Jersey City Lincoln Association and voted for Lincoln in Lincoln's first campaign for President. He is retiring from active business.

BANK TO SPECIALIZE IN LATIN AMERICA

The Bank of Central and South America, Inc., of 44 Pine street, New York, announces that it has acquired from the Mercantile Bank of Americas, Inc., its entire interest in the National Bank of Nicaragua,



R. F. LOREE

President Bank of Central and South America, Inc.

Inc., Banco Mercantil de Costa Rica, Banco Mercantil Americano del Peru, Banco Mercantil Americano de Caracas and Banco Mercantil Americano de Colombia.

The Bank of Central and South America, Inc., recently organized with a paid in capital of \$5,000,000 and a surplus of \$2,500,000 is fully equipped to handle all kinds of banking transactions and will devote its re-

sources and energies to developing more extensive commercial and banking relations between the United States and the countries in which it is represented.

Officers of the bank are: R. F. Loree, president; F. C. Harding, vice-president; R. Hansl, vice-president and secretary; P. Tillinghast, assistant manager and assistant secretary; J. Bloom, treasurer; Colin S.



F. C. HARDING

Vice-president Bank of Central and South America, Inc.

Macdonald, assistant treasurer; William Todd, assistant secretary.

The directors are: M. Anderson of J. P. Morgan & Co.; James Brown, Brown Brothers & Co.; W. Palen Conway, Guaranty Trust Company; Walter E. Frew, Corn Exchange Bank; R. F. Loree; Henry F. McCreery, Hard & Rand, Inc.; Gates W. McGarrah, Mechanics and Metals National Bank; John McHugh, Mechanics and Metals National Bank; Maurice A. Oudin, International General Electric Company; William C. Potter, Guaranty Trust Company; J. Louis Schaefer, W. R. Grace & Co.; Siegfried Stern, Columbia Trust Company; E. R. Stettinius of J. P. Morgan & Co., and Albert Strauss of J. and W. Seligman & Co.



Bank of Central and South America, Inc.,
44 Pine Street, New York

The following comment was made by the bank's announcement, about its chief executives:

"Mr. Loree was first employed by the



Modern new home of the First National Bank of Jersey City, N. J.

1864 — SERVICE — 1922

FOR fifty-eight years the First National Bank of Jersey City has striven continuously for the attainment of the highest ideals in banking **SERVICE**.

Public appreciation constantly increased the demands made on this institution until it became necessary to greatly increase facilities.

This new building, the last word in bank construction, provides these additional facilities so that a still broader and more efficient banking service will be rendered.

The First National Bank of Jersey City

Jersey City, N. J.

Farmers Loan and Trust Company, New York, and in 1914 became connected with the Guaranty Trust Company. In 1918 he became Financial Adviser to Oscar T. Crosby, chairman of the Inter-Allied Council for War Purchases and Finance, and assistant Secretary of the Treasury. Returning to the Guaranty Trust Company's New York office in 1919, he became assistant secretary and then manager of their foreign department. In the spring of 1921 he was made vice-president of the Mercantile Bank of the Americas, Inc.

Mr. Harding, an Englishman by birth, was for many years associated with the Anglo-South American Bank, having managed several of its branches in South America and having been connected with its New York office for fourteen years.

Mr. Hansl was formerly associated with the law office of White & Case. During 1915 and 1916 he was engaged on behalf of that firm upon legal work for the export department of J. P. Morgan & Co. In 1916 he became directly connected with the export department, and since that has represented J. P. Morgan & Co., in various financial matters both here and abroad.

The statement of the bank as of September 9, 1922, is as follows:

ASSETS

Cash and U. S. Treasury certificates	\$3,419,498.91
Due from foreign banks	412,057.87
Accrued interest and accounts receivable	270,753.90
Stock of affiliated banks	1,936,485.48
Due from branches and affiliated banks	2,380,776.20
Real estate	10,000.00
Furniture and fixtures	1.00
	<hr/>
	\$8,429,573.36

LIABILITIES

Due to customers	\$ 359,101.67
Due to foreign banks	2,462.28
Accrued interest payable	3,216.50
Due to agencies and affiliated banks	120,301.48
Miscellaneous liabilities	432,666.48
Letters of credit	9,185.00
Capital	5,000,000.00
Surplus	2,500,000.00
Undivided profits	2,649.35
	<hr/>
	\$8,429,573.36

ALFRED C. BOSSOM IN EUROPE

Alfred C. Bossom, New York architect, left recently for Scotland where he will be for a short time the guest of the Forty-Second Highlanders at their headquarters in Perth. He will present the regiment with a record of the work of restoration at Fort Ticonderoga where the Royal Highlanders, or Black Watch, covered themselves with glory in 1758, for which work Mr. Bossom was the architect.

While abroad, Mr. Bossom is going to invite, on behalf of the Architectural League of New York, the Royal Institute of British Architects to send an exhibition of drawings here for the League's annual exhibition,



ALFRED C. BOSSOM

New York architect who left recently for Scotland

which takes place early in 1923. Mr. Howard Greenley, president of the League, has just returned from France where he gave a similar invitation to the French architects.

Also while in London, Mr. Bossom has been invited to judge the drawings submitted in a competition for a large commercial building there for which a gold medal is to be awarded.

NEW YORK BANKS FORMALLY CONSOLIDATED

Formal consolidation of two of the oldest banking institutions in the United States was consummated when the Bank of New York, founded by Alexander Hamilton, and the New York Life Insurance and Trust Company were merged under the name of "Bank of New York and Trust Company".

The consolidated company begins business with a capital of \$4,000,000, surplus and un-

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1865



1922

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divided profits in excess of \$11,500,000 and aggregate deposits in excess of \$75,000,000, making it an institution that immediately takes a position well up in the ranks of the banks of the greater city, with its working capital unusually large in proportion to its deposits.

Edwin G. Merrill, president of the New York Life Insurance and Trust Company, is president of the consolidated institution, while Herbert L. Griggs, president of the Bank of New York, has been made chairman of the board of trustees.

The board of trustees, made up largely of members of the boards of the two institutions which have consolidated, consists of men of high standing in the financial and business community. The personnel of the board follows:

Edmund J. Baylies, Nicholas Biddle, Joseph H. Choate, Jr., Henry D. Cooper, Lincoln Cromwell, William M. Cruikshank, Thomas Denny, Cleveland H. Dodge, Philip T. Dodge, Edward J. Hancy, Robert C. Hill, Eustis I. Hopkins, Samuel T. Hubbard, Columbus O'D. Iselin, James B. Mabon, Alfred E. Marling, William J. Matheson, Edwin G. Merrill, Lewis Spencer Morris, Frank C. Munson, Stephen P. Nash, Walter Wood Parsons, John J. Riker, W. Emlen Roosevelt, Henry C. Swords, Moses Taylor, Edward M. Townsend, Howard Townsend, and Paul Tuckerman.

Frederic W. Stevens, Charles D. Leverich, and Stuyvesant Fish, the oldest trustees of the two institutions in point of service, have been made honorary trustees.

The executive committee consists of Messrs. Cooper, Cromwell, Dodge, Hancy, Hill, Hopkins, Hubbard, Iselin, Mabon, Parsons, Tuckerman and Howard Townsend.

In addition to the executive committee, a special committee on trusts has been appointed, consisting of Messrs. Iselin, Tuckerman, Cromwell, Hancy and Howard Townsend, who have acted in this capacity for many years for the New York Life Insurance and Trust Company.

Until suitable arrangements can be made for accommodating in one office the business of the two institutions, the banking business heretofore transacted by the Bank of New York is to continue to be carried on at 48 Wall street, which will be known as the "Banking Office", and the trust and banking business heretofore transacted by the New York Life Insurance and Trust Company is to continue to be carried on at

52 Wall street, to be known as the "Trust Office". The entire personnel of both companies has been retained in the consolidation of the two banks. Early next month a branch office of the new Bank of New York and Trust Company is to be opened at the corner of Madison avenue and Sixty-third street, under the management of Ernest H. Cook, vice-president and manager, Ralph M. Johnson, assistant manager, and Owen H. Smith, assistant secretary.

With the advent of the Bank of New York and Trust Company, two of the country's oldest banking institutions merge their separate corporate identity. The Bank of New York, the oldest bank in the city, 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 and Trust Company is to preserve this position of distinction. After the Civil War, the bank gave up its ancient 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 the present merger, the Bank of New York drops its national charter and returns 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 is now caring for the property of several families whose first trusts were placed with it not long after the company was established ninety-two years ago.

The Bank of New York and Trust Company will continue the various lines of business conducted by both of its constituent institutions and the continuance of trustees,

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directors and officers of both institutions is sufficient indication that the company's policy will be based upon the conservative policies of the past made adaptable to the needs of the future.

BANK DIVIDENDS

The regular quarterly four per cent. dividend has been declared by the National City Bank of New York. The National City Company also declared its regular quarterly dividend of two per cent. with an extra dividend of two per cent. Both of these dividends are payable on October 2 to shareholders of record as of September 16.

A quarterly dividend of twelve and one-half per cent. on the capital stock of the United States Trust Company of New York has been declared payable October 2, to stockholders of record at close of business September 20, 1922.

The board of directors of the Chase National Bank of New York has declared a quarterly dividend of four per cent. on the capital stock of the bank, payable October 2, 1922, to stockholders of record at the close of business September 18, 1922. Transfer books will not close.

The board of directors of the Chase Securities Corporation has declared a dividend of one dollar per share on the capital stock of the corporation, payable October 2, 1922, to stockholders of record at the close of business September 18, 1922. Transfer books will not close.

The Greenwich Bank, New York, declared the regular three per cent. quarterly dividend, payable October 2 to stock of record September 20.

The First National Bank of New York has declared a regular ten per cent. quarterly dividend, payable October 2 to stock of record September 30. Of this five per

cent. is applicable to stock of First Securities Corporation.

The Hudson Trust Company, New York, has declared a regular quarterly dividend of two and one-half per cent., payable September 30, 1922, to stockholders of record as of September 20, 1922.

The Coal and Iron National Bank, New York, declared regular three per cent. quarterly dividend, payable to stock of record September 18.

LIBERTY TRUST COMPANY OF NEWARK, N. J. OPENS NEW HOME

The new building for the Liberty Trust Company of Newark, N. J., just completed, is located at the junction of Central avenue and Warren street. It occupies approximately one hundred by forty feet of space with free ground on both sides. The building is very unusual in that it faces three ways in the one front, and is constructed of tan colored tapestry brick with a very interesting rough texture in several shades, combined with trimmings of terra cotta. The terra cotta has what is known as an antique finish, the same finish that buildings acquire after they have been erected for many years, which was worked out specially for this operation. The facade of the building is of a Colonial character with brick pilasters and over the doorway are applied two replicas of old Roman coins, specially obtained from the Numismatic Society for this purpose.

No matter from what direction this building is approached, a front is visible. It is absolutely fireproof throughout and is equipped to provide the very best accommodations for its customers. Immediately on entering this high room with mezzanine containing the directors' room, is visible at the rear

their very handsome vault in which are located the safe deposit boxes, and in which the bank has given the same protection to its safe deposit boxholders, that it has given to its own securities and money.

The general trim of the bank is American walnut. The floor is Tennessee marble. The vestibule is of Tavernelle marble and is so contrived as to disguise the fact that the center of the banking room is not at right angles to the main front of the building; a condition which would have been impossible, due to the unusual intersection of the two streets and the unique shape of the lot. Simple dignity has been the keynote of the decorations throughout. A special sound-proof room is provided at the rear for the bookkeepers, so that in the private space for the officers and the ladies' room; there will not be the noise that is found in banks of this size. Provision is being made for enlarging the bank's quarters in the future and no provision has been spared in endeavoring to make the employees comfortable in the new home of this enterprising bank.

The engineering and architectural work of this building was in charge of Alfred C. Bossom, New York, bank architect and equipment engineer.

WILLIAM E. WALTER

William E. Walter, vice-president of the United States Trust Company of Paterson, New Jersey, First National Bank of Clifton and Peoples Park Bank of Paterson has been appointed on the Legislature Committee from New Jersey of the National Association of Credit Men. Mr. Walter was a former Federal and State Bank Examiner.

NEW BUILDING FOR PITTSBURGH BANK

The Exchange National Bank of Pittsburgh has removed temporarily to the offices at 409 Wood street. Quarters will be maintained there pending the erection of a modern six-story home on the present site of the Exchange National Bank at 240 Fifth avenue. The building which will be razed has been occupied by the bank since 1873 and at the time of this erection was considered one of the show places of Pittsburgh. The new building will be modern in every detail. A fire and burglar proof vault of the most modern type is included in the plans.

The Exchange National Bank is one of Pittsburgh's historic institutions. It was

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New building for the Exchange National Bank of Pittsburgh, which is being erected

organized in 1836 with a capital of \$1,000,000. It began business in a small building on the North Side of Second street, now Second avenue, between Market and Ferry streets. Shortly after, it moved to its present location. William Robinson, Jr. the first president served until 1851 and was succeeded by Thomas M. Howe, who retired in 1860. On April 8, 1865 it was chartered under the United States laws and its title changed from the Exchange Bank to the Exchange National Bank of Pittsburgh. The institution enjoys the distinction of being the oldest bank of issue in Pittsburgh, not merged nor consolidated.

The period of inflation following the Civil War, which shook the financial foundations of the country did not effect the Exchange National. It came through with

flying colors, the most eloquent tribute to the soundness of its management. In commenting upon the new building, P. D. Beatty, the cashier said, "The move is in keeping with our program of expansion. We have been handicapped for space for a considerable period. We could not conscientiously build during the War, and felt that the building situation following the War was abnormal. Now that building is coming back to a normal and healthy basis, our directors have decided to proceed with the erection of our new home, which will in every way be in keeping with our growing requirements."

J. M. DREISBACH

James Monroe Dreisbach, president of the Mauch Chunk Trust Company, Mauch Chunk, Pa., died at his home on August 15, of apoplexy.

Mr. Dreisbach was born at Lockport, Northampton County January 4, 1847. He began his business life as a clerk in the service of the Hazleton Coal Company at Penn Haven in 1863.

In 1867 he entered the Second National Bank of Mauch Chunk as a bookkeeper and a short time later was advanced to the position of teller, then to cashier in 1880, and from 1897 until 1901 he was vice-president of that institution and finally president. He was active in the organization of the Mauch Chunk Trust Company which began business January 1, 1903. He was chosen its president and remained so until his death.

FIDELITY TRUST COMPANY OPENS THIRD BRANCH

The Fidelity Trust Company of Buffalo has opened its third branch. It is a complete bank in itself and is known as the Kensington branch.

Housed in a temporary shelter, this branch will serve the banking requirements of the Kensington section until a larger building now under construction is completed.

George D. Thomson, who has managed the Cold Spring branch since its opening eighteen months ago, has been appointed manager of the Kensington branch. Associated with him is Jacob Kercher, for several years teller at the main office. Both were chosen on account of their well rounded experience covering several years in the various departments of the main office.

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**Comprising Maine, New Hampshire, Vermont, Massachusetts, Connecticut
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The First National Bank of Boston

**The leading financial institution of
New England**

**Foreign and domestic commercial
banking of every nature**

Correspondence solicited



THE new home of the Seacoast Trust Company, at Asbury Park, New Jersey, is built of imported English bath-stone. The golden, buff coloring of this material gives a very pleasing effect. The building is surmounted on a base of polished granite.

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ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

NEW ENGLAND business has made rapid progress during the past month. Fear of an industrial shut-down through shortage of fuel has been removed, and while this fear had never actually been put into words by executives of the leading business interests, it nevertheless had cast a damper on all operations that extended very far into the future. Now, with that fear removed, the New England mills and factories are turning their attention to the problem of production, to meet the great accumulation of orders already on the books. Labor is in demand—especially skilled labor—and during the past few weeks there has been a widespread movement to raise wages in many lines. This has been done primarily to offset the drift of skilled labor into other and better paid lines. The important textile industry has been foremost in this movement to raise wages, and the result has been to eliminate the dull spots in retail trade.

For many months now general retail trade in New England has been growing and improving, except in the big textile centers, where strikes were in progress. Now, with the strikes ended and labor fully employed at good wages, retail trade in these centers has fallen into line with other parts of this section, and the outlook is most encouraging. The ending of the great railroad strike has naturally had a beneficial effect on business sentiment in New England, but the New England roads were already in a pretty strong position as far as handling traffic was concerned, and were not forced into a compromise settlement with the strikers.

Banking conditions are satisfactory, with a moderate demand for funds and a plentiful supply. Building and general construction work is absorbing a great deal of money at fair rates and it now looks as though the present rush of building work would run on well into cold weather. Real estate is very active, especially in residential sections. Speculative building is assuming larger proportions, for in spite of a tendency toward lower rents the stabilization of prices for building materials and labor has put the business on a basis where the lower rentals still offer an attractive investment proposition.

One of the most interesting features of present conditions is the almost universal report from businesses affected by seasonal



When your shipment goes overseas

VALUABLE goods are sent overseas to a distant foreign customer you may never meet; to one whose business integrity is known to you only by good report. Hazardous? Not as commerce is organized to-day for safety, accuracy and speed.

Before the sale, you may have enlisted the help of this bank in locating desirable markets. After opening negotiations abroad, you request a report upon the reliability of prospective customers. Cables click; our direct representative investigates and submits credit data.

Boston offers your shipment the advantages of a shorter sea trip, favorable rates, and excellent port facilities for handling. Three important railroads have terminals at the docks. Upon arrival of goods here, The National Shawmut Bank supervises handling, insurance and forwarding.

In the numerous details of establishing new foreign contacts, transmitting documents, collecting and remitting promptly, there is ample opportunity to demonstrate that a bank widely experienced in export and import commerce is a decidedly helpful ally.

Correspondence is invited

**THE NATIONAL SHAWMUT
BANK of BOSTON**

Capital and Surplus, \$20,000,000

changes, that the "summer dullness" has been much shorter and much less marked this year than usual. Collections in retail lines have improved materially and the general credit situation is very much clearer than it was a few months ago.

New England investors are buying freely the better grade investment securities, but just at present are inclined to forego speculative activity, especially in industrials, as the feeling prevails that there is danger of the market running too far ahead of the improvement in general conditions.

Prices for commodities have shown a slight upward tendency, but as buying at once ceases when prices are forced up unreasonably, there is little danger of any great change from present general price levels. Crop conditions have been fairly good, with a slightly lower yield of potatoes than had been hoped for, but a bumper crop of apples and small fruits.

Business failures are on the decrease and reflect no special strain in any particular lines or localities.



RECORD OF TEN CONSECUTIVE CONVENTIONS

Attendance at the A. B. A. Convention in New York next month, by George H. S. Soule, assistant cashier of the National Shawmut Bank of Boston, will establish a record of ten consecutive conventions which Mr. Soule has attended as a delegate.

FOURTH ATLANTIC NATIONAL ABSORBS BANK

On August 31 the Fourth Atlantic National Bank of Boston acquired the assets and good will of the People's National Bank, which is in the Roxbury district of Boston. The People's National will be continued as a branch office of the Fourth Atlantic.

President Forster of the People's Bank will relinquish official responsibility, although he will continue to be connected with the institution. Vice-president Corey and others connected with the People's Bank, however, will have official positions with the Fourth Atlantic.

The stockholders of the People's Bank are to receive \$225 per share for their stock under the terms of the transaction. This is the first instance in this city where one

national bank absorbed another and made it into a branch bank.

The statements of the two banks as of June 30 shows combined total resources of over \$44,000,000. The capital, surplus and undivided profits of the Fourth Atlantic National Bank exceed \$5,000,000. Deposits of the two institutions on June 30 last totalled \$33,332,489, including \$24,388,530 for the Fourth Atlantic and \$8,890,241 for the People's National.

Capital of the larger is \$2,000,000 and its surplus and undivided profits \$3,155,364. The People's National has \$300,000 capital and surplus and undivided profits of \$318,793, which with reserves gives a book value of \$225 a share.

The stockholders will meet October 2 to ratify the consolidation formally. The Fourth Atlantic has just commenced the construction of a new eleven-story building in Post Office Square.

It is expected that the bank will be at its new location early in 1924. This change will bring the Fourth Atlantic National into one of the most prominent locations of the new financial center, with up-to-date equipment in every respect.

IN NEW BANK HOME

The Hartford-Connecticut Trust Company, of Hartford, Conn., of which Frank C. Sumner is president and H. P. Redfield, treasurer, is comfortably and conveniently located in its handsome new home on Main street and Central Row.

BANKS TO MERGE IN HARTFORD

The United States Bank, the Security Trust Company and the Fidelity Trust Company have named a committee of three directors from each organization to value the stock of each pending negotiations for a merger of all three. It may be necessary to have special legislation passed to incorporate a new banking concern with adequate capital. Under the present charters none of the institutions involved is permitted to increase its capital to such an extent that the capital would be large enough for the proposed institution.

The capital of the United States Bank is \$100,000, with surplus and undivided profits of \$428,720; that of the Security Trust is \$300,000, with earned surplus and profits of \$480,240, while that of the Fidelity Trust Company is \$200,000, with surplus and profits at \$228,720.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

THE most important development in the South this summer and one of the most important of the year, has been the growth of a sentiment demanding more adequate protection against floods on the lower section of the Mississippi—that is, from the Red River to the gulf.

Last spring's record-breaking floods inundated thousands of square miles of farmland and destroyed millions of dollars of crops and material development, when the "Father of Waters" burst through the earthen dikes at six places. The Mississippi furthermore seriously imperiled New Orleans, and for the first time, Orleanians were willing to let the outside world know something of the truth of the situation. The situation, as summarized by bankers in brutal financial words, is that unless something is done, to give more adequate protection, the banks cannot be expected to lend much money to the country districts; furthermore, that every investment in New Orleans is affected, directly or indirectly, by the fear of floods. The city has lost certain industries that would have established here, if it were not for the fear that at some time, the river would burst through and cover the metropolis of the South with six or seven feet of water.

This is not a local matter, as the Safe River Committee, organized with a membership of the leading engineers, business men and professional men of Louisiana, has been seeking to show the country. It is a matter that touches the entire South, the Mississippi Valley, the nation, because this is the second greatest port of the United States, with an ever increasing commerce between it and that part of the country tributary to the Mississippi river and those which flow into it, being handled by government and private barge lines. If anything happens to this port, it will directly affect the business of the interior. The interior can not feel that its agricultural and manu-

factured production is safe if it is not certain that New Orleans itself is given the fullest protection against a stream that rises twenty feet during high water.

At the close of August, General Lansing H. Beach, chief of engineers, U. S. A., and four members of the Mississippi River Commission, headed by Colonel Charles L. Potter, its president, went to New Orleans to study the situation. They spent a greater length of time here than the commission has ever done.

The Safe River Committee advised by its corps of engineers, has come to the conclusion that a spillway or artificial outlet, through which a part of the current at flood stage would be diverted, is necessary to give New Orleans and the lower river sec-



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Our First President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,848,000

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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.

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42 Broadway, New York

tion adequate protection. Levees have been built higher and higher every year, and in many sections, it is impossible to build them higher, because the soil foundation is not strong enough to sustain the weight. The flood-heights, however, are continuing to rise, and neither the Mississippi River Commission nor anybody else is able to say when the extreme flood stage will be reached. Therefore, the spillway is seen as the most feasible solution to a problem every year becoming more difficult.

Heretofore, the Mississippi River Commission has been opposed to spillways, fearing that they would cause a shoaling in the current. Original research by the New Orleans engineers, however, seems to upset this theory. The presentation of the data to General Beach and the Mississippi River Commission seems to have caused some weakening in their attitude, and General Beach has said that he does not think there would result any permanent impairment to the channel if spillways, which would be used for short periods of time at long intervals, were put in.

With this encouragement, the Safe River Committee is redoubling its efforts to have the spillways system adopted, to supplement the levee system, and it is receiving the co-operation of powerful influences throughout the country. For instance, more than 1500 Northern manufacturers have written to their congressional representatives that their business very largely depends upon the safeguarding of the lower river in general, and the port facilities of New Orleans in particular.

Turning to general business conditions, we find that the usual midsummer dullness has been increased by the strike situation. Here and there, are individual department stores which report increases in business, after extraordinary advertising effort; but the general story is that things are slack, in the large cities. However, there is considerable improvement in the country districts, as proved by the recent fall buyers' convention held in New Orleans. The attendance was twice as heavy as last fall and three times as heavy as last spring, and the buying showed an ever greater ratio of business, according to the reports of the wholesalers. A significant thing about the purchases was that they were for a long time in advance—to beyond the Christmas holidays. During the past year, purchases have been made only for immediate needs. The South seems to have got off the hand-to-mouth buying basis.

Crops are good, prices are excellent, unemployment is dropping. The strikes are the only thing that is holding back development.

Chattanooga and Birmingham report the best retail business during July, according to figures compiled by the Sixth Federal Reserve bank. They show, respectively, a 8.7 and a 4.9 per cent. increase in sales compared with July a year ago. Atlanta, Nashville, Jackson, and other cities show declines, New Orleans being at the foot of the class with a drop in business of 14.5 per cent.

The wholesale business, however, seems to have held up pretty well. All lines report increases compared with July of last year. Groceries, hardware, furniture, shoes and drugs show decreases compared with June of last year. The greatest increase compared with June is shown in groceries, 25.2 per cent., with stationery a close second, 24.1 per cent., and farm implements a poor third, 7.4 per cent.

Financial institutions are extremely op-

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 30,000,000

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C. R. BURNETT. Vice-President
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S. P. BYLAND. Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V. Pres. & Tr. Officer
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ALWAYS a leader in the development of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

timistic. Only a small number of the larger city banks are now borrowing from the Federal Reserve, and borrowing by country banks is very much smaller than it was a year ago. Some of the banks report surplus funds, and deposits show a satisfactory increase. Most of last year's debts have been liquidated by farmers.

Production of coal in the Alabama district is estimated at 1,530,000 tons in July, compared with 1,500,000 tons in June, and 782,000 tons in July of last year.

The production of pig iron in the Alabama district showed an increase over the month before, but did not quite equal the May output. The July production was 194,300 tons. The number of furnaces active in the Alabama district at the end of July was twenty-two, an increase of two over the number in blast at the end of June. Shortage of cars is reported to be interfering with shipments.

There has come a lull in the naval stores market, with prices somewhat down. However, the market is strong, and the demand and the prices are expected to pick up.

AMERICAN EXCHANGE NATIONAL TAKES OVER BANK

The American Exchange National Bank, Greensboro, N. C., has taken over the stock of the Farmers and Mechanics Bank and Trust Company, of that city, and will operate that institution as the South Greensboro branch of the American Exchange National.

W. P. Hutton, formerly cashier of the South Greensboro branch of the American Exchange National Bank, but more recently connected with the Greensboro National branch of the American Exchange is cashier of the new branch. There are no other changes, the institution being operated with the former staff of the Farmers and Mechanics Bank and Trust Company.

The Farmers and Mechanics Bank and Trust Company has capital stock of \$100,000, deposits of more than \$235,000 and resources in excess of \$340,000. It is a strong bank, albeit the youngest bank in the city, having been organized early last year. During this time it has grown to a great extent and has built up a large business.

The American Exchange National Bank

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital..... 1,000,000
 Surplus and Profits.... 1,000,000
 Resources..... 15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoate, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange
 remitted without charge.

now has resources of nearly \$11,000,000 and is one of the largest and strongest banks in the state.

FOURTH NATIONAL BANK IN LARGER QUARTERS

The Fourth National Bank of Montgomery, Ala., is to have a new home equipped throughout with every known banking comfort and convenience. The new building when completed will be one of the most ornamental and modern banking institutions in the South. There will be a vault of the most massive type and one of the strongest in Montgomery, containing 1500 safe deposit boxes with reserve space for 3500 more to be added as needed. Reserve room will also be provided for additional storage for patrons and every provision will be made for the comfort and convenience of the depositors and the employees of the bank.

The inside finishing will be of marble and the furniture the most approved type of mahogany. Committee rooms, rest rooms and adequate space for the transaction of the bank's growing business are provided for.

W. W. BERRY

W. W. Berry, chairman of the board of the American National Bank, Nashville, Tenn., died on July 30 at his home in Nashville, at the age of seventy-three.

Mr. Berry became connected with the American National Bank in 1888 and was made its president following the panic of 1893, which position he held continuously until about three years ago, when he was elected chairman of the board of directors.

During all of these years, Mr. Berry has been actively identified with the American National Bank and was regarded as one of the leading bankers of the city. Mr. Berry had a pleasing manner and was very much beloved by all who knew him. He was held in the highest regard by both associates and competitors for his high ideals, integrity and moral standing in the community.

Besides his connection with the American



W. W. BERRY

Late chairman of the board American National Bank, Nashville, Tenn.

National Bank, he inherited from his father, W. W. Berry, his connection with Berry, Demoville & Company, pioneer wholesale druggists of the South and was prominently connected with many institutions of Nashville, having held a large number of positions of trust.

For a number of years, Mr. Berry was a member of the board of trustees of Peabody College. He was also a member of the board of trustees of the First Presbyterian Church and a member of the board of directors of the N. C. & St. L. Railway, Cumberland Telephone & Telegraph Company and the Nashville Trust Company.

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

THE manner in which business has maintained a strong tone for the last month in spite of the handicaps of strikes, hindrances to transportation, shortage of fuel and the industrial curtailment resulting from these evils, is a gratifying source of surprise. All the barometers continue to indicate expansion, but the rate of improvement is noticeably slower than it was a few weeks ago. More caution is evident in the making of commitments by both merchants and manufacturers and the retarding effect of uncertainty is seen in many lines of business activity. Nevertheless an increasing movement of freight, bank clearings substantially larger than at the corresponding time last year bear unmistakable testimony to the fact that commercial transactions are on a larger scale, that fundamentally conditions are much more sound than they were a few months ago and that only the removal of the obstacles presented by labor troubles is necessary to progress as rapidly as anyone would care to see.

Financially the situation is easier, due in part to the constant headway being made in liquidation by the agricultural communities with the marketing of the first of the year's important crops, and in part to a lessening of the borrowing demand because of the reasons already enumerated. Rates for loans are not notably changed. Commercial paper is being placed in fair volume at four and one-quarter to four and three-quarters per cent., with occasional transactions in names of the highest class at four per cent. Banks are providing their customers with funds at five to six per cent. There have been some cases of short time funds being offered at four and one-half, but these have been due to abnormal accumulations of deposits for special purposes, most of them subject to withdrawal around the first of October. Banks in the rural sections are paying up their loans, and this



Capital, Surplus, and
Profits Over
Eight Million Dollars



Saint Louis

means that their relations with home borrowers are becoming more comfortable. They will not be able to pay out entirely this year, but their advancement toward liquidation will be sufficient to allay most of the uneasiness on that score that has prevailed for the last year or two. The year's crops are bountiful and while the prices that are being obtained by the producers are low, the volume of their marketings is enabling them to meet many obligations of long standing. It is a significant fact that some of the metropolitan banks have realized a large part if not the whole of some large accounts in the West and Northwest that



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Sold to one bank only in any town or city.

They bring local, as well as tourist, business if erected at principal crossings, junctions and prominent points on high-ways entering your city. They also advertise the city in which you live.

They are furnished with any lettering desired. Can also be supplied for merchants or any other class of business.

LITTLE GIANT COMPANY

Established 1876

237 Rock St. Mankato, Minn., U. S. A.

had been written off as hopeless. This "come back" makes for more cheerfulness in the banking view of both the present and the future.

It is realized by the best financial observers that the principal element of danger in the situation is the depression in markets for farm products. It will be remembered that when the last important upturn in sentiment and in business came, the reason for it was to be found in the enhancement in value of soil products. That wave of better feeling was so strong that it swept from one end of the country to the other and brought a large measure of relief everywhere. What is more natural than to give full recognition to a reversal of these conditions as a possible basis for a reaction? Wheat hovers around \$1, while oats in some parts of the Northwest are selling around twenty cents, too little to make it profitable to market them, so they are being fed to hogs instead. Corn has been strengthened somewhat recently by reports of damage from excessively hot and dry weather in some of the most important producing states, but that grain too is very cheap and the crop is likely to be heavy even with allowances for the injury suffered in the sizzling first week of September. Not-

withstanding these adverse developments the country districts are not pessimistic. It is the union-harassed industrial centers that are most inclined to bewail the trend of the times and now that there is prospect of coal enough to keep them warm next winter even they are less beset than they were.

The boom in building operations, which has been one of the chief mainstays of the general business situation all through the spring and summer, continues, but even that silver lining to the clouds seems destined to lose some of its luster. The abnormal demand for men and materials has had the natural result of advancing prices and construction costs have mounted to such an extent that a warning has been given by the citizens committee to enforce the Landis awards advising prospective home builders to delay operations. The rise in building expenses is estimated at fifteen to twenty-five per cent. In one instance reported to the committee bids called for on a proposed apartment building recently were nearly 100 per cent. higher than those obtained in March. Common dimension lumber, according to a recent estimate, is at \$50 a thousand. The wartime peak was \$55. Glass is high and practically every item, except common brick, is on the upward trend. For labor \$1.50 to \$2 an hour is not uncommon among the trades in which there is shortage of help, notably bricklayers and plasterers. Building permits issued in Chicago in the first eight months of the year established a new record for the city. The remaining months of the year are expected to show some shrinkage.

Demand for finished steel continues strong, but the mills of the district are booked as far ahead as they care to be under present conditions and are accepting few orders. Production costs are rising. Wages of common labor have been advanced twenty per cent. Pig iron is strong at \$32 a ton, which compares with \$20 a few months ago. Fuel is much higher and is hard to obtain. The mills were reduced to operations at about fifty per cent. of capacity around the first of the month, as compared with seventy-five to eighty-five per cent. before the railroad and coal strikes interfered with their activities. The schedules have been increased somewhat since, but it will be some time before they get back to the figures of the early summer because of the shortage of labor and fuel. Some difficulty also is being encountered now in obtaining cars enough as the coal traffic is taking all the

rolling stock available for that purpose. Prices of finished steel have been advanced \$2 to \$5 a ton on nearly all lines and the indications are that they will go still higher. The railroads are buying freely of rails and track accessories, but car orders are not so numerous as they were last month. Nearly all the Western carriers show great improve in their earnings and they are just entering on the season of their greatest traffic and largest revenues. They are handicapped somewhat in equipment because of the shopmen's strike and this trouble also will make inroads on their earnings as they are having to pay strikebreakers the full union wages, with a bonus besides, and are housing, feeding and guarding them in many cases. Nevertheless the financial statements of the fall months are expected to make a good showing and in anticipation of this the roads are doing all they can to put their properties in shape to handle the heavier business which is expected to be offered.

Wholesale orders are running a little behind those at the corresponding time last year. Complaints of transportation delays, especially in shipments from the mills, are numerous, and the disposition of merchants is still to confine their buying as closely as possible to immediate needs. The turnover for the summer was very good and stocks are in wholesome position as a rule. Buying for fall has been in fair volume, especially of staple cottons, woolens, underwear, hosiery and shoes. Silks and ribbons are in good demand. Hardware has been more active of late than for many months and the tendency of prices is upward. Distribution of household furnishings has been unusually large, reflecting the activity in building.

Investment demand slowed up materially toward the close of the summer and there is a dearth of attractive new offerings. Corporations now find it more to their advantage to issue stocks than bonds and such flotations are now common, but few of them appeal to the more conservative class of investors. Bonds are strong, with an upward trend. The calling of many short term issues bearing high rates of interest is increasing the volume of available funds and indications are for a good market for offerings of merit during the fall.

●

**UNION TRUST BROADCASTING
STATION**

The call number of the Union Trust Company radio broadcasting station has been



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**

Are You Losing Money on Your Coal Properties?

Our specialty is making
money out of coal property.
Our records show that we
have done it for 39 years.
Give us the chance to make your
coal property make money for you.



PEABODY COAL COMPANY

Founded 1883

332 South Michigan Ave. - CHICAGO

Operating 44 Bituminous Mines in 12 Fields with Annual Capacity of 25,000,000 Tons

changed. The original call was WAJX. The new call is WJAX.

The privilege of using a new wave length of 485 meters has been granted to the Union Trust Company Broadcasting Station. This wave length is commonly known as the "farmer's wave length" and is used almost exclusively for official government weather reports, market bulletins and quotations.

The Union Trust Broadcasting Station has been using a wave length of 360 meters. This is the same wave length which is commonly used for musical programs, announcements and the like, and as a result there was some interference in this territory between the entertainment programs and the market quotations given out through the Union Trust Station. In order to avoid this interference the Union Trust Company has secured permission from the Department of Commerce in Washington, to use the wave length of 485 meters. As a result of this privilege, the Union Trust will be able to pick up, through its receiving apparatus, the market bulletins and quotations which are given out in code from the Arlington Station, Washington, D. C., every day, and in turn, broadcast the reports over its own radiophone.

LIBERTY CENTRAL PRESIDENT CATCHES BASS OVER FIVE POUNDS

While spending the early part of his vacation at his summer home, "Stonehouse" at

Cape Vincent, New York, J. L. Johnston, president of the Liberty Central Trust Company of St. Louis, easily captured the record for landing the largest black bass of the season on the St. Lawrence river, when he succeeded in landing one weighing five pounds, eight ounces.

Mr. Johnston and party left the village about 9 a. m. in "The Man O'War", a thirty-two foot, thirty mile boat operated by Ray C. Stanley, a competent and well known guide. After angling about the shoals with no success, Stanley ran up into Button Bay near Wolf Island and after fishing only a short time, Johnston struck the big fellow. The "Blackey" was game to the finish and nearly a half hour was taken up before the "prize bass" of the season was brought in over the gunwale. The idea that bass can be caught on live bait only was somewhat exploded that morning when the five pounder was landed by a dead minnow.

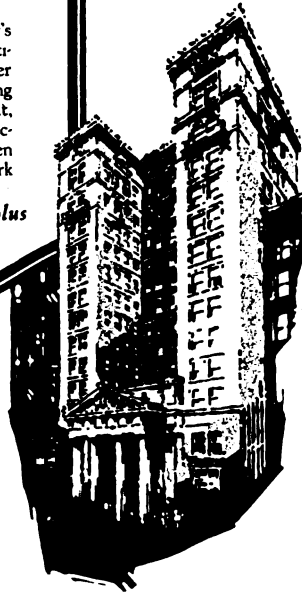
During the afternoon Senator Elon R. Brown joined his son-in-law, Mr. Johnston, and caught a few beauties but nothing to compare with the large one Mr. Johnston landed. Besides the big one the party landed fifteen others and according to Stanley, it must have been an exceptionally large bass because he said the two three-pounders looked like minnows beside it. This is the largest fish of this species which has been caught in several years.

Mr. Johnston before returning to St. Louis, will make a trip abroad, going to

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Cleveland

ONE of the country's mightiest banking institutions and the center of commercial banking activity in the great, wealthy industrial section midway between Chicago and New York

Capital and Surplus
\$33,375,000



London and Paris. He expects to return to St. Louis, some time during the early part of October.

NORTH-WESTERN BANKS INCREASE CAPITAL AND SURPLUS

The North-Western Banks of Chicago have both made very material increases in their invested capital, effective August 31, 1922, which add much to the strength of these institutions.

During 1917-20, these banks built up ample reserves to offset the depreciated market value of government bonds and other securities held by them. During the past year, the recovery of these securities and the attractive returns earned on other investments, added to the current departmental profits, make it possible for the directors to increase the surplus of the North-Western Trust & Savings Bank, situated at 1201 Milwaukee avenue, from \$250,000 to \$500,000, and leave a balance in undivided profits of over \$100,000. The total invested capital of this bank is now more than \$1,600,000, and the contingent reserve fund still remains at over \$125,000.

The capital of the Second North-Western State Bank, situated at Milwaukee and Central Park avenues, was increased at the same time from \$100,000 to \$200,000, and the surplus of this bank left as before, at \$25,000.


These changes add more than a quarter million dollars to the invested capital of these banks, bringing the total for both banks to \$1,850,000.

ST. LOUIS BANK OFFICERS ATTEND CONVENTION

President F. O. Watts of the First National Bank in St. Louis, and Mrs. Watts, who have been spending the summer at their cottage in Wequetonsing, Michigan, returned to St. Louis, September 6. Mr. and Mrs. Watts will attend the annual convention of the American Bankers Association, October 2-6.

Other officers of the First National Bank who will attend the convention are, Walker Hill, executive manager, and wife. After the convention, they will probably go to Atlantic City for the balance of the month.

Richard S. Hawes, vice-president, and M.



THE Liberty Central Trust Company prides itself on being equipped to render prompt and efficient service to out-of-town correspondents. Special attention given to collections.

LIBERTY CENTRAL TRUST COMPANY
 Member Federal Reserve System
 United States Government Supervision
 ORGANIZED 1853
SAINT LOUIS

eral years superintendent of the American Steel & Wire Co. He was graduated from the Case School of Applied Science with honors and is now a trustee of the school. For a number of years he was a member of the Cleveland Board of Education. He is vice-president of the Westwood Country Club and a member of the Union Club and other Cleveland organizations.

FRANCIS S. PEABODY

The Peabody Coal Company has announced the death of Francis Stuyvesant Peabody, chairman of the board of directors and founder of the company, on August 27.



F. S. PEABODY

Late chairman of board Peabody Coal Company

E. Holderness, vice-president, and wife, will also attend the convention.

FIFTIETH ANNIVERSARY

The Northwestern National Bank of Minneapolis, Minn., observed its fiftieth anniversary on September 12. An invitation to attend the observance was extended to the public by the officers, directors and staff of the bank. The bank's main office is at 411 Marquette avenue; the Lincoln office is at Hennepin avenue at Eighth street; and the South Side office at Cedar and Riverside avenue.

ELECTED DIRECTOR OF CLEVELAND BANK

B. D. Quarrie, vice-president and general manager of the Otis Steel Co. has been elected a director of the Guardian Savings and Trust Company of Cleveland, J. A. House, president, has announced.

Mr. Quarrie is well known in the Cleveland district. Before becoming an executive of the Otis Steel Co., he was for sev-

PLAN FOR ELIMINATION OF CITY TAXES

Oliver C. Fuller, president of the First Wisconsin National Bank, Milwaukee, has accepted an offer to head an organization in Milwaukee, plans for which involve forming a civic foundation and creating a trust fund, the income from which will be used to eliminate gradually the \$23,000,000 bonded indebtedness of the city. The mayor of

Special Service Bureau

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BANKS AND BANKERS DEPARTMENT

FRED A. CRANDALL, *Vice President* S. P. JOHNSON, *Asst. Cashier*
R. V. KELLEY, *Asst. Cashier*

the city has asked Mr. Fuller to be the head because of the study he has made of similar organizations.

MINNEAPOLIS BANK MERGER

The First National Bank of Minneapolis, Minn., has taken over the business of the St. Anthony Falls Bank, the Minnehaha State Bank and the North Side State Bank, the purchase bringing the total resources of the First National Bank to \$87,000,000. The amount of the capital of the First National is not changed. The officials of the three banks which have been purchased by the First National will retain their present connections. The last bank call showed deposits of \$5,582,548 for the St. Anthony Falls Bank. The capital was \$300,000 and surplus, \$100,000. The North Side State Bank had deposits of \$3,018,785 on June 30. The Minnehaha State Bank deposits as shown by the last call were \$635,437.

MIDLAND NATIONAL BANK

At the recent meeting of the board of directors of the Midland National Bank, Minneapolis, Minn., on September 5, L. L. D. Stark was appointed assistant trust officer.

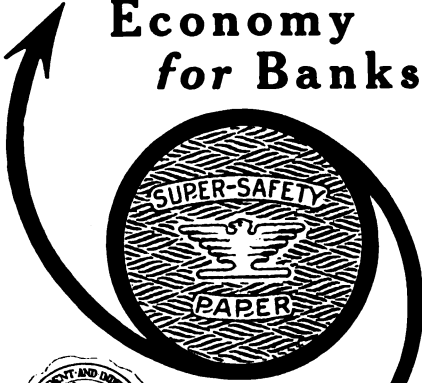
Mr. Stark at present is president of the Minneapolis chapter, American Institute of Banking and formerly served as chairman of the Bankers' Forum of Minneapolis, chairman of the Financial Advertisers' Forum of Minneapolis and director of the Minneapolis Advertising Club. He has been with the institution for five years and is a member of the Minnesota Bar.

PROMINENT ADVERTISING MAN JOINS WM. ELLIOTT GRAVES ORGANIZATION

E. E. McCleish, advertising expert of national reputation, has become a member of the executive staff of the Wm. Elliott Graves organization, a financial publicity agency highly regarded in banking circles throughout the country for its unusual achievements in bank deposit building.

Those who attended the annual convention of the Associated Advertising Clubs of the World, recently held in Milwaukee, will remember the talk which Mr. McCleish twice delivered before the convention as perhaps one of the most sincere and thrilling call to arms ever delivered before the Association.

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in the World*

New York Chicago Denver
Atlanta Des Moines San Francisco



E. E. McCLEISH

Recently become affiliated with William Elliott Graves financial publicity agency, Grand Rapids

Mr. McCleish comes into financial publicity with a thorough training and skill in all phases of advertising. For the last two and a half years he has been in charge of publicity and chief of copy for the Willys-Overland Company of Toledo—an account averaging close to \$2,000,000 a year for advertising. Previous to that he had been director of advertising, education and welfare for the Curtiss Aeroplane & Motor Corporation. His work there during the war attracted wide attention for its part in the development of shop morale among the 22,000 workers of the Curtiss plants.

More than ten years ago he began his creative copy work as advertising manager of the Paige-Detroit Motor Car Company of Detroit. Later, he built up and managed his own business as free lance copy man and advertising counsellor.

He was one of the notable group of newspaper men who received their early training on the famous Buffalo Express, among whom were Samuel G. Blythe, John and Frank M. O'Brien, David Lawrence, Frank Parker Stockbridge, Frank G. Carpenter and others

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN WESTERN STATES

BY SAMUEL SOSLAND

MIXXED feelings prevail in the West as regards trade on the eve of the close of the crop growing season. There is satisfaction over the harvests already garnered and those yet to mature but practically assured. On the other hand, there is dissatisfaction over prices of grain. At the same time, hopefulness prevails on account of the stimulating influence of cheap money. This, in brief, summarizes the major factors in the business of the Western states.

Agriculturally the Western states did not experience as favorable conditions in the month just closed as earlier in the growing season. There was a big loss in the outlook for corn in Kansas and Oklahoma. On the other hand, estimates on the yield of spring wheat in the northern tier of Western states were increased. There was slight deterioration in cotton in Oklahoma, and pastures also suffered some, but rains have since fallen and the West is thankful for the production of this season. The crops are above the pre-war averages by far, and there is no indication that any effort will be made to affect a reduction in harvests the coming year. Preparation of the soil for the 1922-23 winter wheat crop attests to the determination of farmers to avoid curtailment in the acreage under cultivation.

Even with the railroad strike interference of the past month, prosperity would have been the lot of the Western states on a scale cheering to the most optimistic had European and Canadian conditions been different. Europe was the major influence in retarding business, the railroad strikes ranking second in that respect. Europe hampered trade because of its failure to buy more wheat and more flour. As a result of the disappointing demand for wheat and flour, which grain exporters and millers attribute largely to the low purchasing power of the Old World, there was increased pressure on domestic markets and prices in consequence fell to new low levels—as low

as seventy cents a bushel for wheat on farms. In addition, huge production in Canada entered as a powerful bearish factor, the surplus of the Dominion being estimated as high as 300,000,000 bushels. Canada undersold the United States in European markets, but the Dominion farmers were as dissatisfied as those of the West.

Wheat is the principal crop of the Western states. Before the war there was enthusiasm in the West over the advance in wheat on terminal markets to a price of \$1 a bushel. Today, with wheat going into mills at terminals in the West averaging only around \$1 a bushel, out of which a heavier handling charge than in the pre-war days is deducted from the returns of the producer, there is keen disappointment over the market. Bankers are sympathizing with farmers over the low market for wheat. A year ago and two years the bankers of the West, strained to maintain legal reserves, were cold toward holding of wheat by farmers for better prices. The bankers were right then. Events since have proved the correctness of the vision of bankers who insisted on marketing of wheat instead of holding for higher prices. Today there is a friendlier feeling about holding among bankers partly because they have more funds to lend and are finding extremely low rates quoted them on outside commercial paper. Farmers' borrowings receive a warmer reception as a result, excepting the farmers, of whom there are not a few, who are already well loaned up. The lending to farmers to hold, or the extension of loans already out to permit them to hold, tells in the banking situation. Unless wheat prices advance or farmers sell more freely, money will not develop greater ease than at present in the Western states.

Whether or not the bankers are correct this time in their attitude toward wheat is a question. Before going into this point it is well to record the fact that the holding being encouraged by bankers is far from selfish. The bankers who are assisting in holding realize that current prices do not reward farmers amply. Many farmers say

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CINCINNATI OHIO

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current prices are below the cost of production. By holding it is hoped to bolster the market. Another point made by bankers is that the domestic trade in the United States can easily afford to pay better prices for wheat and flour, which are today the cheapest food products available. But the absence of healthy export buying is enlarging the pressure on domestic markets. While the United States is selling less wheat for export, Canada is increasing sales. Argentine and other countries of the Southern hemisphere will have wheat of a new crop in a few months. Will the holding by the United States continue until the importing requirements of Europe are met by other lands and continue bearishness in the American wheat trade? World wheat production is liberal this year. The action of wheat prices bear watching, for it is going to wield a great influence on Western business and Western banking.

Cereals other than wheat are relatively about as cheap as the bread grain. The harvests of these grains are good on the whole. But the prices are not bringing the purchasing power to growers that bankers and business men desire.

Turning from grain to live stock, one finds reason for cheerfulness over Western business. The live stock states are happy over the prices cattle, hogs and sheep are bringing. Horses and mules are showing slight improvement. The cheapness of the

coarse grains and other feedstuffs, together with the excellent profits from live stock feeding the past year, have brought a great demand for cattle, hogs and sheep for finishing purposes. This demand has been so strong and so broad that any lessening in consumption of meat has apparently been offset by the absorption of stock by feeders. Packers have found prospective feeders out-bidding them for lambs and cattle that were in condition to go to a feedlot for further finish or to go to immediate slaughter. The strikes of railroad and mine workers therefore did not weaken cattle and sheep markets. Probably the hog trade was affected, but prices of hogs are comparatively high. Perhaps cattle and sheep would have been higher without labor troubles, but there is satisfaction over the manner in which they have sold. The problem now is to insure a demand for meat the coming winter that will absorb the larger offerings of fat cattle and fat hogs that seem in prospect as a result of the active buying by feeders.

On the whole, the live stock industry is increasing the buying power of the West.

Industrially the West is stimulated by cheap money and low rates on capital and discouraged by low grain prices. Some bankers think cheap money and cheap capital along with the absolute needs of farmers will bring good business despite the situation in grain, but such business would not be as healthy as under a different grain market. The oil industry is holding steady. Mining areas, notably those producing coal, show much improvement with the ending of strikes. Home building is active. Lumber is steady, but car shortage affects the movement. Retail trade is of moderate proportions, with some disappointment in rural communities.

Much capital is going into the West. High prices for bonds are turning more investors to farm mortgages. The farm mortgage companies are active in making loans, soliciting borrowing from farmers, because there are good margins of profit for them with the capital market in the present condition. This means that more and more farmers are either refunding loans at banks or increasing the capital debts of the agricultural industry. These debts are probably the largest in history. They are likely to grow. By growing they will help business temporarily, but debts must be paid some time.

THE OMAHA NATIONAL BANK, entering upon its fifty-sixth year of successful banking experience, has developed and perfected facilities which are adequate for every banking requirement.

We invite you to make full use of our facilities and complete banking service

The Omaha National Bank

OMAHA, NEBRASKA

Capital and Surplus, \$2,000,000

UTAH BANKS CONSOLIDATE

One of the most notable of recent bank consolidations of Utah merges the Utah National, First National and Ogden Savings banks, with a combined capital of \$1,000,000 and resources of more than \$8,000,000. This gives the city of Ogden one of the largest banks of any city of its size in the country.

M. S. Brown, formerly president of the First National and Ogden Savings Banks and more recently president of the Utah National Bank will be chairman of the board. Mr. Browning was until recently, president of the Amalgamated Sugar Co.

Marriner S. Eccles, president of the First National and the Ogden Savings Bank will be president of the new bank. A complete set of officers and directors will be selected from the boards of the three banks.

A special meeting of stockholders of the Ogden Savings Bank, August 28, is to act on the proposed merger with the Utah National Bank and the First National Bank. The new name proposed for the combined banks is the First and Utah Savings Bank. A board of seventeen directors, a president and four vice-presidents, a cashier and an assistant cashier are to be chosen. It is

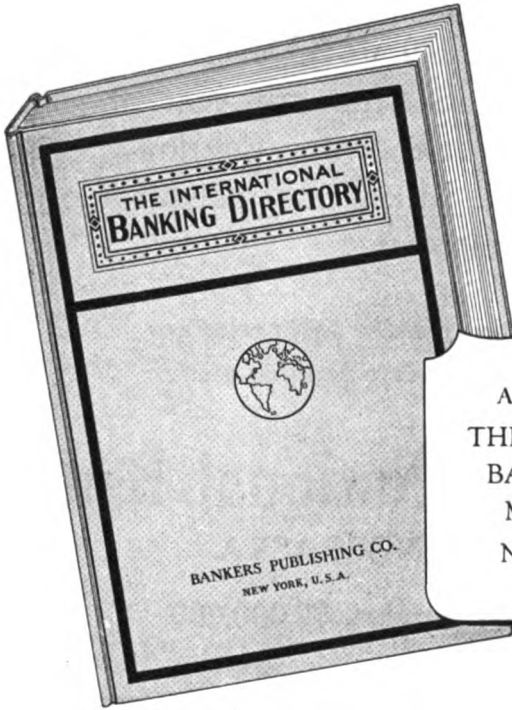
proposed that the capital stock of the merged banks shall be \$250,000 divided into 2500 shares, par value \$100 per share.

ELECTED VICE-PRESIDENT AND CASHIER SIOUX FALLS BANK

At a meeting of the board of directors of the Sioux Falls National Bank, Sioux Falls, N. D., Thomas A. Wadden, now president of the Lake County National Bank at Madison, S. D., and the State Bank of Junius, was elected a director of and vice-president and cashier of the Sioux Falls National Bank. He will assume his new duties on November 15.

Mr. Wadden is well known in the state. He is a brother of John W. Wadden, president of the Sioux Falls National Bank, and was born in Madison, March 4, 1892. He was graduated from the literary department of the University of Michigan in 1914 and then took a year at the Harvard law school.

He has been prominent in South Dakota Bankers Association circles, and is serving his second term on the executive council, is chairman of the taxation committee and member of the legislation committee of the association.



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Pacific States

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ECONOMIC CONDITIONS IN THE PACIFIC STATES

BY J. F. DONNELLAN

THERE has been a noteworthy improvement in sentiment during the past month, notwithstanding the disturbance caused by the strike of railroad shopmen. Three factors contributing to this better feeling are: Improved outlook for the farmers, as evidenced by the relatively favorable crop showing and the reduction of past due indebtedness, our financial status, as indicated by the exceptionally high reserve ratio shown in reports of the Federal Reserve Bank, and a material improvement in the unemployment situation as reflected in reports showing a decided decline in unemployment as compared with a few months ago. Orders for fall merchandise have been large, crop conditions being favorable. This has caused firmer prices in food-stuffs and in many commodities. Jobbers in staple lines see indications of continued prosperity for the fall and generally take an optimistic view of the termination of strike troubles. Retail trade is brisk. Money continues easy, prevailing rates being five and one-half and six per cent.

The investment market shows unusual vitality with prices in general holding at an average level well above that prevailing a year ago. Most of the investment buying has been discriminating and although various attempts have been made to bring about a resumption of speculative activity, the public is not evincing any desire to engage in reckless commitments.

Conditions during the last month were generally favorable for both field and fruit crops in California. High temperatures caused no material damage, and it is believed that there was an improvement through the hastening of ripening of some fruits. The preliminary estimate of the production of wheat throughout the state indicates the largest average yield per acre for over twenty years. The condition of fruit crops in the state shows a slight improvement over last month.

Arrangements have been made by the Washington and Idaho wheat growers for the use of \$7,000,000 in handling the wheat crops of these states this year. Of this sum \$2,000,000 was authorized by the Government and the remainder was negotiated through Spokane, Seattle and Portland banks.

Idaho is greatly in need of stock to eat its large yield of hay which it is unable to move. During the recent business depression cattlemen of that state were hard pressed financially and were forced to sell at the best prices obtainable. As a result, they gave little thought to replenishing their stock, the number of sheep in Idaho dwindling to 2,360,000 head from about 3,500,000 in normal times. Mining in the state seems to be reviving due to the use of scientific methods on heretofore dormant properties. Crops in the irrigated district never looked better, but dry farming in the American Falls district is spotty and will be about sixty per cent. of normal.

A big movement of apples from Seattle through the Panama Canal to Europe, by refrigerator ships, is predicted because of engagements made by the apple growers for storage of Washington fruit this fall and winter in the port of Seattle's cold storage warehouses. Present bookings amount to more than one million boxes, nearly three times the movement last year through Seattle terminals.

With all the forest fires extinguished by the recent rains, the logging industry in the Columbia River district is picking up gradually. A month ago production of logs was thirty per cent. of normal but the present production is about fifty per cent. of normal.

The sockeye salmon, which made the Puget Sound canneries famous for the world over, is rapidly disappearing from the coast. The peak of the anticipated run this season was long overdue, and traps and purse seiners whose nets bulged with teeming thousands of that valuable salmon in earlier years, are taking only a few hundred today. This fact is writing the obituary of an in-

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Prompt handling of collections through close connections on each of the Islands in the Territory.

dustry once ranking next to lumber in the Northwest. Based on record the sockeye salmon pack this summer will be only one-third of what it was two years ago, when it was the smallest on record. The death blow dealt the Puget Sound salmon fisheries was the adoption in 1912 of the Austrian purse seine. By this method every spawning fish was taken for years.

Sugar shipments from the Hawaiian Islands so far this year are almost 150,000 tons more than similar shipment this time last year. The increase is attributed to the shipment of sugar direct to the California refineries whereas last year 125,000 tons were shipped to the Atlantic coast. The total Hawaiian sugar crop for 1922 is now estimated at 532,000 tons. The canned pineapple pack from the Islands this year is estimated at practically the same as last year.

TAKES NAME OF PACIFIC-SOUTHWEST TRUST AND SAVINGS BANK

Effective at the close of business, September 16, the name of Los Angeles Trust & Savings Bank was changed to the Pacific-Southwest Trust & Savings Bank in order to provide a title more descriptive of the institution, following the merger on July 1 of twenty banks in twenty-four cities in that portion of the Pacific-Southwest located in California, with the Los Angeles Trust & Savings Bank.

This action is evidence of the policy of the bank to serve impartially all portions of that territory in which the bank is located, and

to use its huge resources for the benefit of the Pacific-Southwest, without discrimination for or against any community located in the territory in which the bank is operating.

"Pacific-Southwest" is descriptive of that economic area lying between Fresno and the Mexican line in California, the Imperial Valley in Mexico, the states of Arizona and New Mexico, and the southern portion of Nevada and Utah.

Its natural boundaries are those points where the economic rail haul lies to the port of Los Angeles as against San Francisco to the north.

Agricultural and industries are coming more nearly into balance. Its business centers are in Los Angeles and the Los Angeles harbor district—this because railroads and highways have been so constructed that the natural flow of commerce throughout this territory lies to this port.

The urge of these developments resulted in the necessity for the creation of a unified financial system working for the most orderly and rapid development of the entire district.

As a result, on July 1 there was a merger of banks in twenty-four cities from Fresno south, having total resources of approximately \$200,000,000, under the name of the Los Angeles Trust & Savings Bank pending legal formalities in the adoption of a more descriptive name for the new organization. The banks which were involved in this merger, which will hereafter operate under the name of the Pacific-Southwest Trust & Savings Bank, include:

Los Angeles Trust & Savings Bank and branches; Union National Bank, Pasadena; Union Trust and Savings Bank, Pasadena; City National Bank, Long Beach; Fidelity Trust & Savings Bank, Fresno; American Marine National Bank, San Pedro; Bank of Glendale; Hollywood Savings Bank; Commercial Trust & Savings Bank, Santa Barbara, with branches at Lompoc and Carpinteria; Bank of Santa Maria, with branches at Guadalupe, Los Alamos and Orcutt; Alhambra Savings and Commercial Bank; The First National Bank of Redlands; Savings Bank of Redlands; The Farmers and Merchants National Bank, Hanford; Hanford Savings Bank; First National Bank of Visalia; Producers' Savings Bank, Visalia; National Bank of Tulare; Savings Bank of Tulare; Lindsay National Bank; First National Bank, Oxnard; Oxnard Savings Bank.



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A service which visitors and newcomers to California appreciate has been provided by this bank through its Department of Research and Service.

Accurate and authentic information relative to any line of business in Southern California is furnished free upon request. Persons coming to California to engage in business find this invaluable.

If you direct the attention of your patrons who come West to this service, you are assured that they will receive our careful attention.

Your customers will appreciate the courtesy of a letter of introduction to us.

SECURITY TRUST & SAVINGS BANK

SAVINGS COMMERCIAL TRUST

Capital & Surplus . . . \$ 10,000,000
Resources Exceed . . . \$150,000,000

PACIFIC COAST JOINT STOCK LAND BANKS

The four Pacific Coast Joint Stock Land Banks which have been formed by nine leading banks in the Pacific Coast and Inter-Mountain regions have now practically completed their organization and will shortly be in a position to commence operations.

The importance of the organization of these banks lies, both in the fact that they will open important supplies of new capital to the agriculturists of the Pacific slope and also in the fact that they will provide a new type of investment security for the investors of this district.

There is coming to be an increasing demand for conservative investment securities based upon the western resources and these Joint Stock Land Banks will be in a position to provide important supplies of bonds of this type.

Both to supply this demand and to better serve the agriculturists of this district these nine leading banks with resources of more than \$500,000,000 have joined together in the organization of these Joint Stock Land Banks.

These banks are operated under the authority of the Federal Farm Loan Act and confine their operations to the loaning of money to farmers upon mortgages. The mortgages may run for thirty years and the loans may be granted up to fifty per cent. of the value of the land and twenty per cent. of the value of the insured improvements, pledged in the mortgage, and may bear six per cent. interest. These mortgages are deposited with the United States Government by the Joint Stock Land Banks and when approved by the Federal Farm Loan Board constitute securities for Joint Stock Land Bank bonds which are issued to the land banks by the Government and sold by them to investors.

As at present organized, these four Pacific Coast Joint Stock Land Banks have a loaning capacity of \$16,000,000, which will probably be sufficient to take care of their requirements for some time to come.

BANK OF ITALY CONVENTION

More than 200 officials of the Bank of Italy, San Francisco, including representatives of its fifty-seven branches throughout

the state, met in San Francisco, September 2, 3 and 4 to discuss plans for the future, and matters of general importance to the organization.

The convention, which is the first formal gathering of the bank's officer personnel, is to be an annual affair, the place of meeting to be changed each year to a different section of the state. The application of the convention idea to a bank is a new departure in the United States. Although certain of the larger industrial institutions of the nation, and financial houses of foreign countries have arranged meetings of similar character, this is the first time that the practice has been carried into the field of American banking.

An interesting program was arranged covering subjects of financial interest. Convention sessions were held daily, at each of which some special phase of banking was discussed. Entertainment features were introduced during the interval between sessions.

Invitations to attend the convention included members of the bank's board of directors, the chairmen of the branch advisory boards, branch managers, branch officers in charge of operation and head office executives.

Among those on the program were:

W. G. McAdoo, P. C. Hale, Jas. A. Bacigalupi, J. S. Chambers, H. C. Capwell, W. R. Williams, Judge W. H. Donahue, Judge C. E. McLaughlin, W. E. Benz, Dunning Rideout, C. A. Smith, Jos. T. Grace and W. E. Blauer.

PAN-PACIFIC UNION CONFERENCE

A remarkable gathering is scheduled to be held in the center of the Pacific Ocean this fall.

From October 25 to November 8 in Honolulu the "key men", in matters of commerce and finance, from the lands bordering the greatest of waters are to meet each other daily to formulate plans for future inter-racial coöperation in bringing about the development of those interests common to all the peoples of the Pacific area.

These men representing government departments or commercial bodies are being carefully selected from each country. They will be guests of the Pan-Pacific Union. These delegates will represent the two-thirds of the world's population which is tributary to the shores of the Pacific Ocean. They realize that the Pacific is to be the future theater of the world's commerce. They

know that the traditions of peace that have always prevailed in the Pacific can best be maintained by the leaders of men in all lines of thought and action in Pacific lands meeting together and establishing among themselves a foundation of mutual confidence on which will be built coöperative effort.

Following the precedent established at the other conferences of Pan-Pacific scientists, educators and press men, called by the Pan-Pacific Union, it is expected that President Harding will sound the key note of the Commercial Conference in his message, to be read by the Governor of Hawaii at the opening of its sessions. Secretary of Commerce Herbert Hoover has already penned his message and is sending unofficial delegates as are the departments of Agriculture, Navy and Interior in the United States, as well as the Department of Trade and Commerce in Canada and the proper governmental departments in the other countries of the Pacific. Besides these delegates from governmental departments the U. S. Chamber of Commerce has appointed five delegates. It is understood that the president and secretary of the National Foreign Trade Council will attend with a proper delegation from that body; the presidents of the Pacific Coast city chambers of Commerce propose attending with delegations composed of leading business men, while from Australia, New Zealand, China, Japan and other Pacific lands, financial organizations or boards of trade will send their leaders.

The presidents and premiers of Pacific lands are heads of the Pan-Pacific Union, which, although an unofficial body, is supported in part by appropriations from Pacific governments. The State Department has transmitted the invitation of the Union to the Pacific governments to send their delegates and it is expected at this conference in Honolulu that a firm foundation will be laid for future friendly commercial understanding in the Pacific area.

An interesting feature of the conference will be the presence and participation on the part of the deans of a number of commercial colleges connected with Pacific universities—this at the request of Japan. It is said that throughout Pacific lands, including the United States, a full million men have taken or are taking foreign trade study courses. These men will guide the future commerce of the Pacific area, and their coöperation is desired by the Commercial Conference. Viscount Shibuzawa is organizing

the Japanese delegation, and Hawking Yen, one of the delegates to the Washington Conference, with H. Y. Moh of the Shanghai Chamber of Commerce, the Chinese delegation. Manila and even far off Java on the edge of the Pacific expect to send their delegations, and Siberia has already appointed hers.

Alexander Hume Ford, director of the Pan-Pacific Union, has made a tour of the United States and Canada in the interests of the conference and is now meeting in their home cities those who will attend from the Orient. Percy Hunter, one of the Australian founders of the Union, has made a trip from London to Hawaii and back to Australia to interest that country in sending a representative delegation.

The delegates from the Pacific lands will be entertained in Hawaii for two weeks. Here they will be together all of the time and as all of the delegates will speak English, it is expected that many lasting international friendships will be brought about.

The American, Canadian and Latin delegates will sail from San Francisco on October 18.

The chief topics to be discussed at the conference are Communication and Transportation, Development and Conservation of Natural Resources, Finance and Investments, Inter-nation Relations in the Pan-Pacific area.

Four cabinet members and many men of highest standing in Pacific lands are preparing papers on these topics and it is expected that more than a hundred of the "key men" of the Pacific will attend the Conference to further trade and commerce between Pacific lands.

FIRST NATIONAL FINANCES COTTON DEAL

J. Dabney Day, vice-president of the First National Bank of Los Angeles, has announced the closing deal by which Claggett, Gooch and Northcross ship 5000 bales of Imperial Valley cotton from the Mexican side to Cia Industrial Companie de Orizaba, Orizaba, Mexico. The sale was made through J. de la Torre Y Hijo of the City of Mexico, which is the largest cotton selling agency in the Mexican capital.

This shipment, which will be made in December and January next, will be valued at

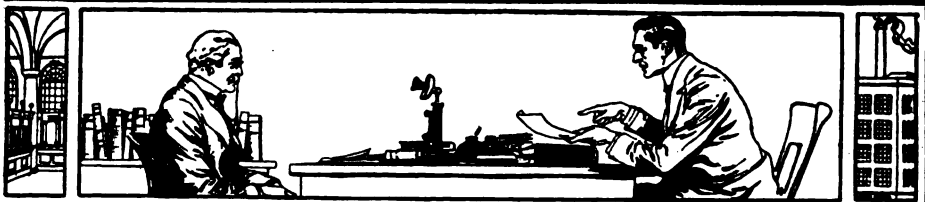
approximately \$625,000, is the first shipment of Pacific-Southwest cotton to Mexican mills and is the beginning of what probably will become very close business relations between the Imperial Valley growers and Mexican manufacturers.

By selling this cotton within Mexico, the growers below the Mexican line save export duty of approximately \$4.00 per bale. The shipment is to be made through Los Angeles harbor and the cotton comes from the largest cotton ranch in the world, the ranch controlled by the Chapdler interests and managed by H. H. Clark. This particular shipment was grown by A. N. Shenk of Calexico, who has 10,000 acres in cotton south of the line. Shipment by means of the Los Angeles harbor means a saving of approximately \$1.50 per bale, or a total of some \$7500 over rail deliveries.

"We have been financing cotton shipments to Liverpool and the Carolinas, to New England and to Japan, as well as to France, and other European countries," Mr. Day said. "This is the first shipment made to Mexico—the first of what will be in the future one of our best potential markets for cotton raised south of the Mexican line. Very few people really realize the fact that the boll weevil, the pest which makes cotton growing in the South hazardous, is practically non-existent in the Pacific-Southwest, because the boll weevil thrives best in hot, moist territory, while our cotton lands are hot and dry. The cotton areas in the Pacific-Southwest are greatly increasing their production and their markets are constantly extended.

"Claggett, Gooch and Northcross have been heavy shippers of our cotton to Liverpool. J. J. Boswell has been shipping to France, while the Southern Products Co., which is the American organization which supplies the Nitsui people in Japan, have sent a great deal of cotton through this point to the Orient. It is of particular interest at the present time to note that there is almost a world famine in cotton and in face of that fact our short staple cotton is running a full 1-1/16 inch or better in length.

"The fact that the First National was able to finance this shipment to Mexico probably will be but the forerunner of increased business between Los Angeles harbor and the eastern seaboard of Mexico via the Panama Canal."



The New Business Department

By T. D. MACGREGOR

THE "intensive" cultivation of present customers of a bank and the systematizing of efforts to secure new ones are the keynotes of this book by T. D. MacGregor, the well-known writer on thrift and financial advertising.

The author's long and successful experience in every phase of financial advertising has brought him into contact with many bankers and advertising men. He is familiar with the many problems of getting new business for financial institutions and has a first-hand knowledge of how to solve them.

Besides Mr. MacGregor's text, the book contains the prize paper on "New Business and Analysis of Accounts" by James B. Birmingham of the National City Bank.

This paper won the 1917 Cannon Prize given by New York Chapter, American Institute of Banking, for the best two-thousand-word paper on this subject.

"The New Business Department" is unique in its field. There is absolutely no other published work on this subject. If you want to have a concise yet complete idea of how to conduct a Publicity and New Business Department in your bank, large or small, you will need this book as an inspiration and guide. It is worth many times its price—\$1.25—to any bank or trust company that wants to make the most of its opportunities both in developing present customers and in getting new ones.

BANKERS PUBLISHING COMPANY, NEW YORK

I am enclosing \$1.25 for a copy of "The New Business Department." It is understood that if the book is not satisfactory I may return it and you will refund the money.

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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 favorable ripening and harvesting conditions in Western Canada, the estimates of the total grain yield continue to expand. A survey of the Prairie provinces by the Manitoba Free Press in its nineteenth annual crop estimate puts the total wheat yield at 371,900,000 bushels from a total acreage of 21,471,000. This is a materially higher estimate than previously made by the Dominion Bureau of Statistics, the Canadian Pacific Railway, or the Grain Trade News, and although the price has shown a tendency to ease off a debt paying crop should be the result and with good crops also in the Eastern provinces the business situation generally should be greatly relieved. The total western yield promises to be substantially above that of the bumper crop of 1915 but as there is an increase of about fifty per cent. in acreage the yield per acre and profit for acre is much lower. However, taken all around Canada is experiencing a very successful year agriculturally and the crop money should go far to loosen up the frozen credits.

It is estimated on the basis of the Manitoba Free Press figures that the crop will yield Western Canada a total in excess of \$500,000,000. At current prices the returns from wheat, oats, rye and flax would run nearly \$566,000,000. The cost of putting this year's crop in the ground was much lower than that of 1921. Labor was down, seed was cheaper and with freight rates reduced the handling charges should be on a smaller scale than for five years past.

Looking to the crop movement the banks have been steadily reducing their current and call loans, which in the last statement were at a lower level than for a considerable period. From the West there is a demand following the failure of the Wheat Board to materialize that the banks and loan companies cooperate with the farmers in financing their crops so that they will not be all market at the same time. The banks are

inclined to advise the farmers not to attempt to hold their products but are giving every reasonable assurance of financial co-operation to handle the crop to the best advantage. It is expected that under the lead of Manitoba the three prairie provinces will appoint conciliation officials as advisors to farmers in financial straits who may wish to appeal from creditors for time extensions. With the approval of bankers, retail merchants, mortgage and loan associations and other business units, in conference at Winnipeg, the Manitoba Government decided to initiate the proposal by an early appointment for that province. Alberta already has an official of this type in its Drought Act Commissioner whose authority now exists over dry areas of the southern part of the province and who will probably now be given larger power. Saskatchewan is expected to create a similar office.

While it is not anticipated that steps of this kind to relieve creditors will be carried so far as to enable farmers to avoid their obligations, something effective may be done to improve the relations between borrowers and the banks and loan companies. This has been the effect of the work of Commissioner Fream in Southern Alberta where the adjustment of accounts between farmers and creditors is said to be progressing so satisfactorily that foreclosure proceedings are down almost nil.

There has not been anything like a general indication that creditors were unduly pressing for their accounts but for some years the banks, mortgage companies and the merchants have been very patient and have been making further advances to carry the farmers through. Naturally they are now expecting the obligations to be met. Where the borrower shows a disposition to do his best there should be no difficulty, but where farmers who have been carried for some years show a disposition to use this year's crop to finance a trip to California or buy a new pleasure automobile, collectors are likely to use all available methods in pressing their claims.

The relations between debtors and credit-

ors in Western Canada have been complicated by political influences. The Grain Board proposal was an attempt by the political elements to capitalize the dissatisfaction of the farmers with the banks and with the grain companies which they are quite willing to believe get too big a share of the farmers' profits for the service they perform. It has been this situation which has led to the agitation for Government banks. In Manitoba a Government farm loan organization has been formed but experience has been such that the other western provinces show small disposition to follow the example. In Alberta, Dr. D. A. McGibbon was appointed by the provincial government to make an investigation of the banking and credit system. He has now completed his hearing at some twenty points throughout the province but nothing seems to have developed in the course of the survey that would give color to the view that the Government should establish a provincial bank, though some of the witnesses thought such a step would be necessary to remove certain alleged weaknesses and injustices of the present system. Dr. McGibbon has not indicated what his recommendation on this point will be, but it is generally assumed that the Government will not undertake an experiment of the kind with so many more urgent matters on its hands.

What a great many of the western farmers evidently fail to appreciate is that in a country which is practically dependent on one industry everyone wants to borrow at the same season and that a purely western bank would at certain times of the year have large sums of money which it could not employ profitably while at others it would not have sufficient assets to meet the demand for loans. This is becoming more apparent in Manitoba and in Winnipeg the business community anticipates with a good deal of interest the incoming farmers government attitude towards the provincial bank. The late government which launched the scheme made but ineffectual effort to collect loans. It now remains for the farmers government to start the machinery of liquidation if the finances of the province are to be put on a satisfactory basis. The second anniversary of the launching of the institution was marked by the statement from E. A. Weir, chairman of the board of trustees, that "the Provincial Savings Bank was the outcome of the necessity of the Manitoba Government to secure funds for rural credit societies which the regular chartered banks of the country refused to

finance. This has brought the following statement from Chairman Campbell for the Western sub-section of the Canadian Bankers Association.

We frequently see in certain publications statements to the effect that the banks had declined to lend any more money to Rural Credit Societies. Even in the last month's Manitoba Public Service Bulletin—a Government publication—appears the statement that in March, 1920, the banks decided that they would not grant any further credits to Societies.

This is quite contrary to the facts, the banks were always prepared to lend to societies at a reasonable rate, or to provide the Government with the necessary funds at a low rate.

It is somewhat surprising to see this erroneous statement made in a Government publication in view of the interviews and correspondence with the Provincial Treasurer, the last letter having been read by him in the House and published.

The Canadian banks which opened few branches during the war and which started in a program of expansion involving hundreds of new offices following the armistice are now showing a tendency to reduce the number of branches rather than expand further. During the month of July there were only four new branches opened while twelve branches were closed. It is generally recognized by the more conservative bankers that keen competition has resulted in opening more branches than warranted by the available business or necessary from the standpoint of public service. This keen competition, however, pretty well disposes of the complaints that the reduction of the number of banks in Canada has caused the public to suffer from the standpoint of service. As a matter of fact consolidations which have reduced the total number of banks have by the tendency of eliminating the weaker institutions added to the strength of the others with the result that competition for business has become even more keen with a material increase in the total number of branches and other facilities for the convenience of the public. At the present time the banks with decreasing profits are facing the problem of endeavoring to curtail services to which the public has been educated and in which the factor of cost to the bank has never been fully appreciated.



BANKS AND INSURANCE

That Canadian Banks are organizing subsidiary corporations to handle insurance, the banks and their managers not being permitted to do so, and that these subsidiaries were acting as insurance brokers, agents and even managers of insurance companies,

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Foreign Department
Standard Bank of Canada
TORONTO

Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	5,000,000.00

is the charge made by A. G. Chapman, Louisville, addressing the Texas members of the National Insurance Association. Head officers of Canada's banks deny this. They have no such subsidiary companies and frown upon their managers having anything to do with insurance. The only insurance that Canadian banks bother about, as far as can be learned, is hail insurance in the West.

One bank stated that in the West it does handle hail insurance, but only in isolated cases and as a matter of protection. A farmer seeks a loan on his crop. Before this advance is made, the bank sees to it that hail insurance is taken out and retained by the bank as security or protection. As the chief inspector of the bank in question stated it is just the same as placing business insurance on a partnership, as a protection to the bank in case of a heavy loan. "If these subsidiary companies exist, I don't know of them, and I am sure they do not," said another banker. He went on to point out that some years ago some of the branch managers did dabble in insurance and it proved most unpopular. It started an antagonism that was not beneficial to the manager or his branch. This is the main reason why the ban was placed.

NATIONAL DEBT GROWTH CHECKED

Growth of the national debt, which attained abnormal proportions since the beginning of the war, has been checked, and confidence has been expressed in official

circles that during the present financial year the debt will be decreased.

Figures issued by the Finance Department show a decrease in net debt for the month of August of nearly \$5,000,000. Against this, however, must be set expenditures incurred and not yet passed.

There has been a reduction in the net debt, however, since the beginning of the financial year on March 31.

BANK RETURNS

The monthly bank statement for July issued by the Department of Finance, shows a decrease in liabilities of over \$47,000,000, and a decrease of assets of over \$45,000,000 from the previous month. Demand deposits decreased by \$13,315,370, and notice deposits by \$5,622,477. Call loans in Canada decreased by \$3,034,656, and outside of Canada they increased by \$605,519. Note circulation decreased by \$4,198,512.

TRADE WITH THE UNITED STATES

Trade between Canada and the United States is vital to the prosperity of both countries, declares Faris R. Russell, vice-president of the National Bank of Commerce in New York. Next to the United Kingdom, Canada is the foremost foreign buyer in the markets of the United States, while imports into the United States from Canada are not exceeded in value by imports from any other country except in occasional years from Cuba. Mr. Russell says in *Commerce Monthly*.

"By the accepted tests of greatness, Can-

The Elements of Foreign Exchange

By
FRANKLIN ESCHER

A Foreign Exchange
Primer

The simple explanation of exchange and the exchange market you have long been looking for is in this book. It is a practical treatment of the subject for the Banker, the Business Man and the Student.

Mr. Escher is one of the best known writers on financial subjects, combining a thorough, practical training in foreign exchange with long experience in lecturing on the subject at New York University. He has written his book so as to make it of great value both to the practical business man and the student.

Why exchange rises and falls as it does, what can be read from its movements and how merchants and bankers take advantage of them, the effect that these movements exert on the other markets—these and like questions are taken up in the first part of the book. The second part describes intimately the practical operation of exchange and the exchange markets, and contains special chapters on arbitrage, international trading in securities, the financing of exports and imports, gold shipments, and other important phases of the subject.

BANKERS PUBLISHING COMPANY, P. O. Box 557, City Hall Station, New York.

I enclose \$1.60 for a copy of "Elements of Foreign Exchange" by Escher. It is understood that if this book is not satisfactory I may return it within ten days and you will refund the money.

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ada now ranks as one of the foremost nations of the world. Its government is stable, its population is thrifty and energetic, and its business leadership has been proved to be of the imaginative type requisite for the organization of modern industry. The banking and currency system is among the best and transportation facilities, both within the country and with other countries, are equalled in adequacy only by those of the United States.

"Four-fifths of all the foreign trade of Canada is carried on with the United Kingdom and the United States. Considerably more than half of total imports into Canada have long come from the United States, the proportion being slightly in excess of two-thirds in the last twelve month period ending June 30, 1922.

"A clear realization of the character of the national consciousness of Canada is the first step toward an understanding of the international position and relationships of the country. Whatever the technical term which may be applied to the political status of Canada, in effect it is a proud and vigorous nation, sure of its future, rejoicing in its share in the leadership of the world,

and also rejoicing in its place as an integral part of the British Empire.

"Canada is in that stage of economic development when population is small in relation to natural resources, and when exports of raw materials must pay for imported capital to develop them. In so far as Canada is a producer of raw materials which the United States does not produce in quantities sufficient for domestic consumption, this country is a heavy buyer in the Canadian market. With few notable exceptions, however, the United States is a heavy exporter of exactly those classes of raw materials and food products which make up the bulk of Canadian export trade.

"Despite the growth of manufactures, economically speaking Canada is a new country and the domestic industries are not able to meet its rapidly expanding requirements for manufactured goods, which constitute a large proportion of Canadian imports. At the same time, Canadian manufacturers have already proved themselves able to market successfully a wide range of products in overseas markets. This situation results primarily from the fact that the main industrial areas are southwestern

Quebec and southeastern Ontario, and manufacturers there are more advantageously placed in relation to markets outside of Canada than they are in relation to many sections of the Canadian market, which can buy better in the United States, the character of demand being practically identical in the two countries.

"Today Canada is probably the most favorable field in the world for investment, comparable only with the United States in the era of its most rapid physical development, from the close of the Civil War to the opening of the present century. Although as is the case in all new countries capital must be sought beyond its borders, the capital accumulation of Canada is very great. A Canadian financial journal states that from 1915 to 1921, more than \$2,512,000,000 of Dominion, provincial, municipal and corporate securities were sold in Canada.

"Capital not supplied by Canadians has been secured chiefly from investors in the United Kingdom and the United States. From 1915 to 1921 Canadian governmental and corporate securities amounting to \$1,194,000,000 were floated in the United States. In addition to industrial securities and government bonds, some United States capital is invested in industrial undertakings not represented by securities issues, and it seems probable that the net total of United States investments in Canada must now be as much as \$1,500,000,000.

"Both Canada and the United States possess the incomparable advantage of having developed in the period of modern transportation with the result that national mindedness has extended the width of a continent. This is one of the secrets of their greatness, and is the basis of the outlook of their business men.

"The two countries have identical standards of living and methods of production, and there is no material difference between their distances to the main markets. Except as affected by climate, there is no marked difference in the character of the natural resources of the two countries, or their products. In a general sense, their

development has been and will continue to be along parallel lines and in overseas markets they are rivals. In so far as there is trade between the two countries in products of a non-competitive character, proximity makes each the cheapest source of supply for the other. A large part of the trade between them has its origin in the same factors as those which cause goods to move freely across the boundaries of contiguous states of the United States and provinces of Canada."

POSSIBILITY OF COAL SHORTAGE

There is a possibility of a coal shortage in Canada, says the Department of Commerce at Washington, owing to the protracted strike in the United States. Reports show that imports of coal into the Provinces of Ontario and Quebec for the first six months of 1922 represented only fifty-five and forty-seven per cent., respectively, of the average supply. In commenting on the situation in the Prairie Provinces, the Dominion Bureau of Statistics says:

A rather unusual feature of the import statistics is that Manitoba has received during the past six months some 14,000 tons of bituminous round and run-of-mine, as compared with an average import of 13,000 tons. Bituminous slack received at the customs ports during the first half of the current year amounted to 29,000 tons, against an average of 14,000 tons in the three preceding years. It is to be noted, however, that much of the coal dumped at the head of the lakes finds its way into Manitoba and the Western Provinces, and the receipts there for the first six months of the present year amounted to only 1600 tons of bituminous and run-of-mine, against a three-year average of 350,000 tons. No bituminous slack has been reported this year, whereas the three-year average receipts for the period amounted to 24,000 tons. No anthracite has been received at the customs port at the head of the lakes this year. In the three preceding years an average of 71,000 tons had been received by this time.



THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SEVENTY-SIXTH YEAR

NOVEMBER 1922

VOLUME CV, NO. 5

Our Relation to European Affairs

AS time goes on it becomes more clearly revealed that the United States must take a larger share of responsibility in dealing with the still unsettled state of affairs in Europe. We have long followed the policy of "watchful waiting" which has characterized our dealings with Mexico, and with no more fortunate results in one case than in the other. Perhaps with regard to our southern neighbor a more active course would have been resented, but with regard to Europe the situation is very different, and it is certain that there our participation in political affairs would be generally welcomed. The policy of aloofness which Washington laid down as the proper one for the infant Republic remains, however, our guiding principle.

No doubt, in dealing with nations as with individuals, there are certain principles and policies from which no departure can ever wisely be made. The laws of justice and of righteousness are unchanging and eternal. It is well, also, to give solemn heed to the maxims of the Fathers of the Republic. Many of the counsels of Washington, Hamilton, Jefferson, Madison and Franklin are as true today and as applicable to our present situation as they were when penned or uttered. But it is a great mistake to suppose that these good and wise men could peer into the future situation of their country and of the world and lay down all the details of our international policy for all time. Probably none of these men, in their wildest flights of fancy, looked forward to a time when we should be sending millions of men across the seas to fight side by side with the armies of Great Britain and France. Nor can we imagine without great injustice to these men and their contemporaries that they would always have adhered to the same views irrespective of changed conditions.

Alexander Hamilton was the founder of the American protective system. With his practical vision he unerringly discerned the great benefits that would flow to the country from the development of our manufacturing industries. Events have fully justified the soundness of his judgment in this respect. But does it neces-

sarily follow that if Hamilton had lived until the present day, when our industries have become the richest and most powerful in the world, and when the position of the United States of his time has been so completely reversed, that he would in no respect change the views he held under the first Administration? We know, in later days, that great protectionists like Blaine and McKinley did lean strongly toward more reciprocal trade relations. It is inconceivable that Hamilton, with his sound judgment and broad views, would not have modified his policies in accord with changed conditions. So with Washington in regard to our international relations. It is unthinkable, had he been living in 1916, that he would have run for President because he had "kept us out of war," in the face of Germany's defiance of our rights. Washington was not that kind of man. And, once having participated in European politics to the extent of fighting in a common cause with Great Britain, France and Italy, would he not have stood shoulder to shoulder with those countries until the full fruits of the victory which we achieved in common with them had been reaped? Imagine Washington to have been President in 1918, would he not have realized that a situation had developed which he could not have visualized in his earlier days, and would he have allowed regard for a sentiment uttered so long ago to have restrained him from following a pathway of duty which new and startling events had so plainly marked out?

Washington was both soldier and statesman. He did not fight to achieve military glory, but only as the last resort to establish justice and peace. A victory that did not achieve these ends would have been a barren one, unworthy of the sacrifice of blood and treasure. Having made common cause with other nations on the battlefield, it is inconceivable that Washington would have forsaken his allies until they had gained that for which they fought.

And yet, has not the United States done exactly that? And are we not justifying our action by falling back on the advice that Washington gave us to avoid entanglement in foreign political affairs?

We do not seem to remember that Washington was talking to a few, comparatively impoverished states along the Atlantic seaboard, and not to a great country reaching from ocean to ocean. Great as was Washington's wisdom, and sound as his counsels were for that day and long afterwards, he did not foresee the modern developments of communication which have made the nations of the world substantially one in so many important respects. Had he survived until now, under these vastly altered conditions, he would have been quick to realize the new duties that come with new occasions, and to insist that we live up to these new obligations.

It has been pointed out by somebody, and with great truth, that military victories really settle no questions. They only put an antagonist in a frame of mind where he will listen rather attentively to proposals for a settlement of the matters in controversy. But the real settlement is reached, after all, not amid the din of the battlefield but in the more silent atmosphere of the cabinet.

When Germany realized that she had lost in her appeal to the sword, she consented to the terms for an armistice which the victorious Allies imposed, and later, though not with very good grace, bowed to the Treaty of Versailles. But in carrying out the provisions of this pact serious difficulties have arisen. There has been constant haggling on the part of Germany for more lenient terms, and not a few threats that unless the treaty was modified political and economic chaos would ensue. France has insisted that the treaty be kept, and to insure this has maintained a considerable military force in Germany.

Great Britain has inclined to the view that the terms of the treaty were incapable of realization, and has taken a position which seems to support the German demands for a modification of the pact.

This diversity of view between two of the great Allies in the recent war has resulted in an inextricable tangle in European political and economic affairs, with the result that the whole world has been seriously injured, our own country in particular.

It is a matter of common knowledge that the terms of the peace of Versailles have not been carried out. Furthermore, Germany has succeeded in creating very serious differences between France and Great Britain.

From what has been said it would seem clear that if it was desired to make the Allied victory over Germany a reality, every nation concerned in that victory should have kept step with its late comrades in arms until every phrase and syllable of the peace treaty had been fulfilled. And if the terms of the treaty were too harsh—as may well have been the case with any compact devised under the circumstances which existed at the time of the signing of the Treaty of Versailles—Allied solidarity would more readily have modified them. But, in effect, the decision as to the justice of these terms has been left with France alone, whose anger, however righteous, hardly favored an impartial or temperate view. And almost alone France has had to insist that the terms of the treaty be carried out. The nations that participated with her in imposing upon Germany the penalties of the Treaty of Versailles have displayed either surprising lukewarmness or active hostility in exacting fulfillment of these terms. France has been compelled to act almost without support. Seeing no hope of obtaining her share of reparations from the moral

backing that might have been effective had Allied coöperation not been destroyed, she has kept a large army in the field as the only dependable means of enforcing her claims. Great Britain and the United States have chosen to interpret this action as a display of militarism, seemingly ignoring their own culpability in virtually abandoning France and leaving her to deal alone with her late military enemy and her present political antagonist.

Is it not true that if both England and America had stood by France as firmly and loyally after the Treaty of Versailles as they did on the battlefield, that the history of the reparations problem and of European politics would have been vastly different from what it has been in the last few years?

We are getting a striking example of the fact that a peace is not actual until its terms are carried out in good faith, and that nations once in alliance in war can not with safety and honor abandon their late associates in arms until what they jointly fought for is secured, not on paper alone but in reality.

From the field of European politics the United States of America has completely withdrawn. This country, wisely as is believed, refused to become a partner in the League of Nations—a compact drawn up in haste in an atmosphere of hate and discord, and that would have committed us to all sorts of quixotic and dangerous enterprises in every quarter of the world. And while our wariness in refusing to walk into this trap may be applauded, approval can not be likewise bestowed upon our failure to stand together in a clear and definite compact with France and England in carrying out the purposes of the war. This opportunity was ours, but we rejected it. And the result is the existing chaos in Europe.

It may be admitted the field of European politics is not an inviting one. The complications alone are distracting, and especially to a people like ours, concerned so largely with vexing domestic problems. Nor are its standards of honor of the highest type, for the intriguing and playing at cross purposes which marked the policies of so many of the European statesmen of ante-war days have by no means been superseded by more straightforward methods. Nevertheless, the nation or the individual who refrains from entrance into a fight for fear of offense to some dainty susceptibility will never play that effective and honorable part in affairs which it is the prerogative of strong and honest men and nations to play.

The United States, viewing from afar the vortex of European politics, has wrapped itself in a mantle of indifference. We seem to think now respecting these matters as we once did regarding the war—that it was three thousand miles away. But we found at

last that the war vitally concerned us, as we may yet realize that the problems which grew out of the war are our problems.

Between Great Britain and France a feeling of estrangement has gradually developed, the differences arising over reparations and Near Eastern problems. Of late common danger in the Near East has brought about a close accord. In this quarter of the world we have obligations other than those of charity, and the time is now here where we should give to these people who have trusted us more solid ground for that faith than our humane ministrations afford, noble as these undoubtedly are.

Had we taken our place with Great Britain and France in insisting upon a decisive settlement of after-war problems, the friction that has developed between these two nations might have been avoided, or at least absorbed by ourselves without injury. We had no particular interests to serve, no grudges to satisfy. Our friendship for both countries is deep and sincere. United with them, we should have been influential in compelling Germany to pay all that she could in justice be required to pay, and we might have helped immensely in ameliorating those conditions which are already threatening another European conflict in which we may become involved. Let us hope that this fear will not be realized, but we can not fail to see that the world is suffering greatly because of this unsettled state of affairs, and that we are not the least of such sufferers.

Doubtless what Europe most needs, and what the world most needs, is spiritual regeneration—a complete change of heart. But pending this idealistic state, whose realization may be indefinitely delayed, we need specific and effective coöperation among the nations having measurably common purposes and like standards of international honor. In plain words, France, Great Britain and the United States must get together and keep together. Let us not be hindered from such coöperation by the fear of mixing in European politics. We mixed in European politics when we sent our sons to die on the fields of France. It is disloyalty to them for us now to shrink from the consequences which their valor entailed. They fought for a definite end—a just and lasting peace, and it remains for us to take the necessary and practical steps to ensure that result. They did their part. Let us do ours. And we can not do this by sending “unofficial observers” to futile economic and financial conferences. We should not shrink from an actual alliance, under proper restrictions, with those European powers whose aims and ideals are consistent with our own international policies. But if this would seem going too far, we ought to have an international political and economic conference convoked at Washington, whose members should be clothed with power as were those who participated in the Disarmament Conference, so that

something may be achieved. Whatever the form or method employed to render our voice in European affairs effectual, urgency for such action exists in some definite way.

Events proved the foolishness of the cry, "He kept us out of war". Let Mr. Harding and Mr. Hughes apply this lesson. If they do not, they may find that in laying to their souls the flattering unction that they have kept us out of European politics may prove equally deserving of the contemptuous judgment of mankind.



The Bankers Meeting in New York

AN appropriate welcome was given by the bankers of New York to the forty-eighth annual meeting of the American Bankers Association held here the first week in October. In coming to New York for the yearly gathering this organization returned to its birthplace, for the beginning of the American Bankers Association dates back to the meeting of a committee held in New York in 1875. From that modest beginning an organization of some 22,000 members has resulted, and in 1925 its fiftieth anniversary of useful service to the bankers and people of the United States will be celebrated.

It was inevitable, in view of present world conditions which so vitally affect our own interests, that prominence should be given in the program of this year's convention to the consideration of matters international in their scope. The addresses of Mr. McKenna and of Mr. Lamont dealt with these problems in a way calculated to lead to that better understanding of them which must necessarily precede their final adjustment. At this time the bankers of the United States, seeing as they do the importance of our proper relations to the affairs of the world, can be vastly helpful in influencing public sentiment in the direction of sustaining the performance of our rightful duties toward the peoples of other lands. This fact was fully recognized in the program for the New York convention, and the masterly manner in which these subjects were handled by the eminent speakers to whom they were entrusted aroused great interest on the part of all present. It can be said no longer with truth that the bankers of the United States are indifferent to the financial problems of other countries. They are keenly alive to their importance. But, in the light of experiences not altogether satisfactory, they are seeking the best way of being really helpful while sufficiently mindful of their own safety—a consideration of which the prudent banker never loses sight.

There is a growing conviction in this country that before the European tangle is finally straightened out the United States must

share in settling the political problems across the sea. In other words, that, in some way, we shall have to coöperate in the council chamber with those who were our associates on the battlefield. Probably the same course must be followed in banking and finance. Our bankers have tried to handle these problems by themselves. They showed great courage and enterprise, but they did not have satisfactory experiences as a rule. For this responsibility must be ascribed chiefly to extremely artificial and unusual conditions. And yet, under these exceptional circumstances, with the extraordinary risks involved, might not American bankers have fared far better if their efforts in the foreign field had been in conjunction with those bankers, who through long experience, were thoroughly familiar with its requirements, and who fully comprehended its opportunities for safe profits as well as its dangers and risks.

But in considering foreign financial and economic subjects the New York convention did not neglect our own problems. The outstanding issues were grappled with courageously and forcefully. There is now hardly any phase of our economic life that is not the concern of the bankers of the country, and at the New York meeting many of these matters were discussed with that fearlessness, intelligence and patriotism which can not fail to contribute to a better understanding of some of the difficulties that beset us. It would be a fortunate thing if the people of this country could more fully realize that associations of bankers are not engaged merely in forwarding the supposedly selfish interests of the bankers, but they are earnestly and patiently seeking for truths that may be beneficently applied to all phases of our individual and national affairs.

The New York bankers, under the leadership of Mr. Prosser and Mr. Frew, provided generously and fittingly for the entertainment and comfort of the visiting bankers.



Additional Offices For National Banks

WHILE the action of Mr. Crissinger as Comptroller of the Currency in authorizing additional offices of national banks has been made the subject of comment in these pages already, it may be well to give some further consideration to the subject, particularly in regard to the grounds for the Comptroller's decision. Mr. Crissinger states that he took the action he did because he was convinced that it was just and had the sanction of the law. In this latter view he is in opposition to the official attitude of all his predecessors in the Comptroller's Bureau. Neither Hugh McCulloch nor John Jay Knox saw the matter in the same light. The Comptroller states that he has not authorized the establishment

of branches of national banks, but has permitted agencies of such banks in states where state banks and trust companies have branches, offices or agencies in addition to their main office or banking-house. He does not define the distinction between a branch and an additional office.

Whether the Comptroller's action in this matter is either legal or just may be a matter of opinion only, but there is one ground for his action which appears entirely logical. He points out in some detail that there are many of the states where the branches of state banks and trust companies are quite numerous while the business of the national banks has been heretofore restricted to a single office. He mentions two cities—Detroit and Cleveland—where the state banks and trust companies greatly outnumber the national banks. The Comptroller expresses the view that unless the national banks are placed upon a par with the state banks in the matter of establishing additional places of business, the disintegration of the national banking system must follow as a consequence. This result might not necessarily follow, for the national banks, on account of their size and the prestige which a national charter confers, might continue to perform very important services, as they have been doing for many years in competition with the state banks with branches. They could, at least, continue to meet the larger banking needs of the community. But they could no longer compete with the State banks for local business. The growth of our cities has made it desirable to have a number of banks in convenient localities. This is due to the fact that business has spread from the center to the outlying and intervening districts, and to the further fact that householders who are not in business are making much greater use of banking facilities than they did in former days.

It must be recognized that the Federal Government will watch with a jealous eye any infringement upon the business of the banks established under its authority by other banks deriving their powers from the states. This was a leading reason why trust company functions were conferred on national banks. Naturally, the Federal Government will wish to have the banks chartered under its authority just as serviceable to the community as are the state banks, and will seek to endow them with functions that will render their business no less profitable than that of their state competitors. Neither of these ends can be reached if a national bank is forced to do business at a single office while the competing state bank may establish any number of branches or additional offices.

On this ground, therefore, the Comptroller acted from conclusions whose logic may be easily understood.

The whole matter of branch banking is likely soon to come up for discussion, since the Chairman of the Banking and Currency

Committee of the House has introduced a bill providing for branches, offices or agencies of national banks in those states where the state banks and trust companies have such facilities for transacting their business.

Return of the Canadian Dollar to Par

THE Canadian dollar, whose par value is the same as that of the United States, but which has been at varying rates of discount since 1917, has returned to equality with the standard unit of its southern neighbor. This is a fact that should cause rejoicing on both sides of the border, for although there are those who hold that a depreciation of a country's currency is one of the ways of a mysterious Providence to bless mankind, this view does not prevail to any extent among those well informed in financial and economic matters. While the discount on the Canadian dollar was never very great, it was large enough to be a source of some irritation and to interfere quite materially with the normal trade and financial relations between the two countries.

As the Canadian dollar is among the first of the world's currencies to reach par as compared with the United States dollar, the causes of this improvement will be found worthy of examination. In the first place Canada, as a part of the British Empire, inherits the sound traditions of currency, banking and credit which have always controlled the policies of that very considerable portion of the world's surface and which have given to Great Britain and her dominions an enviable position in banking and commerce. The Canadian banking system, differing very much from ours, affords a degree of concentration which renders a sound supervision of credit comparatively easy. Having long had a true bank-note currency, firmly anchored to the gold standard, and free from both Government paper and free silver heresies, Canadian finance was in a position which enabled the country successfully to withstand the terrible shock which suddenly rocked the world in the summer of 1914. In meeting this great crisis just as few departures from the ordinary rules and practices of sound finance were made as the nature of the crisis would permit. The solid character, the energy, industry and thrift of the people were, after all the elements which upheld the skill and judgment of the bankers and financiers entrusted with the duties and responsibilities of managing the credits and finances of the country while the war lasted and during the hardly less trying period following the conclusion of the conflict.

These are some of the reasons which have brought the Canadian dollar back to par. But there are other factors which we in

this country may well study with no little concern. Reference is made to our diminishing exports to Canada. Ignoring the fact that from one-half to two-thirds of Canada's imports come from the United States, we have adopted a policy which tends to restrict such imports by increasing the tariff on Canadian products exported to the United States. Thus in a single year we reduced the trade between the two countries by something like \$500,000,000, and this has helped to bring the Canadian dollar back to par by diminishing the payments Canada was required to make because her imports from the United States largely exceeded her exports to this country. How important is our trade with the Dominion may be seen from the fact that in the fiscal year ending June 30 we exported almost as much to that country as our aggregate exports to France and Germany and almost three times as much as our combined exports to all South America.

Therefore, while the return of the Canadian dollar to its par value is a matter on which the people of the Dominion are to be congratulated, and is an event in which Americans can feel deep satisfaction, the factor just referred to which was partially responsible for this event is not one to give thoughtful Americans any satisfaction.

The people of the two countries need no forts to defend themselves from one another. Have they any longer need for tariff walls?



The Decline in the Revenue

PRELIMINARY reports on the amount of revenue received in 1922 (fiscal year) indicate a falling off of over \$1,140,000,000 as compared with the receipts for the previous year. Until the returns are completed and analyzed it can not be said whether this decrease is due to a reduction of taxation or to a falling off in incomes, although both factors have been at work. It is known that the chief decline is in the receipts from income taxes, which fell from a total of \$3,228,137,673 in 1921 to \$2,087,946,243 in 1922. Decline in receipts from other sources amounted to only about \$258,000,000. Income taxes now constitute sixty-five per cent. of the total revenues. By far the heaviest part of this tax falls on the four states of New York, Pennsylvania, Massachusetts and Illinois. The income in these states is derived largely from corporate profits, and the charge has been made that wealth in this form is more heavily taxed than when it is otherwise invested.

The falling off in revenue, which may be attributed principally to a sharp reduction of certain forms of taxation was nevertheless

due to a great extent to the decline in profits and income. The people are not paying so much in taxes because they are not making so much. It would be interesting to know to what extent excessive taxation is drying up the sources of revenue. That we are tending in this direction was asserted recently by Senator Borah, and he added that this was one of the greatest disasters that could befall a nation. The ability of the taxing powers to exact large sums from the profits of trade and industry tends toward the encouragement of extravagance in public expenditure, and especially is this true when it is felt that only a comparatively few who are making large profits must make the chief contributions to the revenues. Very likely many of the taxes imposed are laid with a view to punishing those who have made large profits rather than for the production of revenue. Funds thus obtained are apt to be spent with reckless extravagance. The readiness of Congress and the state legislatures to appropriate enormous sums of money for objects of doubtful propriety lends color to this view.

Burdensome as are the taxes made necessary by the war, they could be borne with no great degree of inconvenience if those charged with legislation and administration would exercise even ordinary prudence in expending money for other purposes.

Falling revenues may admonish these authorities that even the goose may die if all his feathers are too painfully plucked.



Our Fortunate Country

IT has been observed that a kindly Providence takes care of fools, children, drunken people and the inhabitants of the United States. While it may not minister to our self-esteem to be thus classified, it is a source of no small degree of satisfaction that we are looked after by a benevolent and powerful Being.

Evidence of the truth of this saying is afforded by the crop reports for the year now approaching its close. With the leading farm products for 1922 valued at above \$7,000,000,000, we are indeed a fortunate nation. The American farmer, whose patience, enterprise and industry have so often dragged the country out of the slough of despond, has come to our rescue once again. He has not struck or even sulked. Badly in debt, with reduced profits, facing increased costs of nearly everything he had to buy, he did not, under these adverse conditions, give up to the promptings of despair and refuse to work. He seems on the contrary, judged by results, to have worked just a little harder than ever, which was after all what could have been expected of men possessed of that

large degree of common sense which belongs to the American farmer in the aggregate.

While this increased activity on the part of our farmers was no doubt partly due to the spur of necessity, a constantly-increasing standard of agriculture and better credit facilities also played their part in enlarging the year's agricultural output. Prospects of better profits were also an important factor. People sometimes forget that farming, like every other kind of business, will be carried on most energetically when the promised rewards are largest. It could well be wished, for the steadier maintenance of general prosperity, that these rewards were both larger and more sure. A great deal of farm production is carried on either at an absolute loss or on a very small margin of profit, while so great are the season's differences that there is frequently no certainty of other than the scantiest yield. Fortunately, this year we are to have, with few exceptions, a remarkably bounteous yield, and this means prosperity for the farmer and for all of us.

The United States is blessed beyond almost any region on earth in the richness and extent of its agricultural lands. Our varieties of soil and climate afford us the products of the temperate zones and of the tropics. Our farms can not only furnish us with the food which we ourselves require but with a large surplus for the rest of the world. The welfare of those who carry on this great and vital industry should be the constant object of public concern.



Selling Bonds to Obtain Bank Deposits

FROM the recent decision of a Federal court it appears that National banks may sell bonds for the purpose of obtaining deposits. Objection to a plan of this character was made by a depositor of a national bank, who contended that it was illegal for a bank to issue a financial instrument which evidenced the borrowing of money and which constituted a direct obligation of the bank. Against this claim it was held that such bonds were in effect a form of time certificate of deposit, and as such were a legal form of instrument for the use of national banks. It appears from the reports of the decision that this latter contention has been judicially sustained.

Notwithstanding this decision, it must be seen that from a banking standpoint a considerable difference exists between a bond of this character and the ordinary certificate of deposit. The bonds, it seems, are issued in various denominations and for varying maturity dates, and promise to pay the principal sum plus interest

compounded semi-annually during the life of the instrument. Whether an ordinary certificate of deposit contemplates the compounding of interest or not, the holder of such certificates could get compound interest by simply depositing his simple interest payments or reinvesting them. But the ordinary use of certificates of deposit would seem to contemplate the absorption of large current deposits, temporarily idle, rather than permanent borrowings from the public as the use of the bonds would imply. While, of course, many banks do advertise time certificates, such practice can hardly be classed as general. Indeed, if the banks are to sell their obligations, and to those not ordinarily depositors, and to compound the interest on such obligations, it would seem to constitute a somewhat novel departure from the business usually done by commercial banks. Instruments of this character might properly be styled debentures, and their quality would depend entirely upon the character of banks issuing them.

That the departure is novel in character does not cause any odium to attach to it, for the banks are continually finding new and profitable methods of business which are at the same time entirely safe. It is true that whenever a bank receives a deposit it has borrowed from the person making the deposit—a statement that is not a mere matter of opinion but which has repeatedly been declared judicially. But there is also a leading case which states that the usual business of a bank is lending rather than borrowing. If the banks go extensively into the business of selling their obligations to the public, it may constitute a rather easy method of increasing their deposits; but if compound interest is offered as the magnet to draw funds from the public, it may be bidding rather too high a price for deposits—at least for commercial deposits. Should the issue and sale of these bonds be confined to the savings departments, their employment would seem no more objectionable than the offering of compound interest by savings banks.

The sale of a bond which is the direct obligation of the issuing bank would no doubt prove highly attractive to the public, for as a rule such obligations would not only be certain of ultimate redemption but should prove readily marketable as well as available in the shape of collateral for loans. The very nature of these bonds, however, might induce a greater public confidence in them than would be merited in all cases. If issued under proper safeguards, such instruments would constitute a desirable form of investment and they might attract large sums into the banks now going into other channels. The issue of bonds of this type has long been a practice of many banks in other countries. If the practice is to be taken up by American banks, very likely legislative restrictions of some kind will be found necessary to prevent an unwise use of it.

Paper Money Trillionaires

SO industriously have the printing presses of the world worked in increasing the volume of money that they have finally evolved something completely new in the financial nomenclature of the times—the trillionaire. Curiously enough this new type of financier has been evolved in Russia, a country whose object has been to destroy capitalism and the capitalistic class. That country can no longer point the finger of scorn at other lands where flourish millionaires or even multi-millionaires. Should any of the so-called capitalistic lands produce a billionaire he would not look like much more than thirty cents in comparison with the trillionaires of Russia. What might happen to the pride and complacency of the paper-money Croesuses if some American would appear on the scene with a few hard dollars in his pocket which he would be willing to exchange for a few bales of the paper money, is another story. No doubt many people find intense gratification in the apparent wealth conferred on them by the possession of nominally large sums of money, quite irrespective of its value. This partly explains the willingness with which people witness the debasement of their currency by large over-issues. Even in our own country, where we have been reasonably free from monetary delusions, there has existed a marked tendency to pay more regard to the volume and per capita of the circulating medium than to its quality. This was the source of our greenback and free silver crazes, and Mr. Ford and Mr. Edison are yet under the spell of these strange delusions.

While the people of the United States do not like to see themselves beaten in anything, little probability exists that they will start the printing press to work creating "Money" in order that we may not allow ourselves to be surpassed by the trillionaires of Russia or other lands that are bent on making their currencies worthless.



Bank Cost Accounting Methods

By G. O. Bordwell

“BANK Cost Accounting”, “Analysis of Accounts”, “Efficiency Work” or whatever it may be called must have as its basis a knowledge of what constitutes sound banking practice. Improved practices within the bank and elimination of all unprofitable arrangements with depositors should be the constant goal of all cost accounting.

Arrangements profitable at one bank and at one time may easily be unprofitable at another. Minute analysis of costs and conditions is useful and profitable in large banks, while in some smaller banks only a more general analysis would bring the best net results. Frequently, the analysis of depositors' accounts is allowed to overshadow the more important consideration of internal arrangements and this latter is entirely overlooked, while for every dollar which may be saved by improved conditions governing single accounts, it is likely that ten or a hundred may be saved by improved general practices within the bank. The first object sought therefore must be improvement through a survey of internal arrangements.

TIME-COST

Time-cost is the first and biggest consideration. Applied to any one account, this means that outstanding time must be determined for all items deposited and that a ledger balance must be maintained large enough to more than cover these outstanding items. Applied in general to internal arrangements it means much more.

Clearing-house checks on other local banks must be collected promptly. At whatever hour local exchanges close, all possible checks received prior to that time should be cleared on the same day. It is a function of cost accounting to determine what checks are not being cleared that could be, what the interest-loss is from these needlessly uncollected items and what the operating cost would be of clearing them more promptly.

ly. Frequently, oversight of this one item causes a large element of loss within the bank.

Local non-clearing items, commonly known as “city cash collections”, frequently represent an unnecessary time-loss. Prompt presentation of these items to the drawees and collection through the current day's exchanges of the checks in payment, would eliminate all time-loss. A study of these items, of their method of handling, of the promptness with which payment is obtained, and of whether the checks in payment are promptly cleared, may result in large income saving.

Neglect to obtain more than one mail daily from the post-office and failure to obtain mail at the most advantageous hours are frequently a cause of interest-loss. The delayed handling, through this process, of mail deposits and of payments for outstanding items has the same effect on the bank's earnings as would decrease of an equivalent amount in total deposits. Investigation of incoming mails and their contents, and of how handled, often bring worth-while results.

Dispatch of outgoing mails from the bank in conformity with current mail schedules is another internal arrangement requiring attention. Investigation even in the best regulated of banks will, in many cases, reveal time-loss and corresponding interest-loss from this source. It is not sufficient to know when the various trains leave for a given point. Many trains do not carry mail and many railway mail schedules are arranged without regard to the best convenience of the business community. Bank mail for some points must be placed in the post-office earlier than is necessary with mail for other points.

TRANSIT-ARRANGEMENTS

A feature of the bank's activity often productive of large results from cost accounting is the collection of checks on

out-of-town banks. Large banks with active transit departments and small banks which collect all their out-of-town items through one correspondent all offer a field for useful activity along these lines.

Collection-time and operating-cost must both be considered, one in relation to the other. A saving of collection-time always means an increase of interest-income but the relative operating-cost on some items sometimes would offset and convert an interest-saving into a net loss. A proper relation of one to the other must be maintained as to all items in order to get the largest net earnings and the best all-around results. Both factors must be considered throughout an investigation of transit arrangements.

Federal Reserve Bank transit arrangements furnish an exceedingly useful basis of comparison. Outstanding time is recognized in the Federal Reserve schedule as an important element in the collection of items and is kept at an exceedingly low point. Operating cost of sending items through Federal Reserve Bank is less than that of sending them direct to banks in the various drawee cities but is greater than that of sending all in one letter to one centrally located correspondent. Again, the operating cost is increased and the time-cost reduced when certain items are "direct-routed" to branches and other offices of Federal Reserve Bank instead of being deposited with the local office. Efficient cost-accounting calls for a study of all these elements and a revision of internal arrangements not productive of the best results along these lines.

Collection-time does not end with receipt of a draft in payment but includes the time necessary for conversion of the draft into reserve or income-bearing funds. When, for instance, a Berkeley (California) bank sends a San Jose (California) item direct to the drawee city and after two days receives a San Francisco draft for the amount, it must take another day converting the San Francisco draft into cash; the total

collection-time is three days. If, instead, the items were sent originally by the Berkeley bank to San Francisco subject to a two-days' deduction, the collection time would still include mailing time to San Francisco and would still cover a total of three days; this is true whether the deduction be by Federal Reserve Bank for reserve purposes or by a depositary correspondent bank for interest purposes. These facts must be recognized in every calculation of outstanding-time.

When depositary bank correspondents do not make interest deduction for outstanding-time on items deposited (an increasingly rare condition), the element of time-cost still exists and is paid for by the balances carried with the depositary bank.

Time-cost for out-of-town items cannot be eliminated but it can be kept at a minimum point by intelligent application of sound banking principles and its study is a very important phase of bank cost accounting.

OPERATING-COSTS

Operating-costs are carried in the expense account, usually under such divisions as "Salaries", "Stationery and Office Supplies", "Rent", "Telephone and Telegraph", etc. For a small bank, this may be the only practicable division of expense records.

For the larger banks, division into departmental expense is most useful, with headings such as "Checks Paid", "Checks Deposited", "Cash Deposited", "Out-Transit", "Out-Clearing", "City Cash Collections", and "Loans Made and Paid". These divisions should be used only for those expenditures which vary with variations in the bank's volume of business; expenses which do not so vary but are otherwise properly chargeable to these divisions should be carried to "Over-head". Other headings can be added as desired, such as "Collection Department", "Exchange Department", "Bond Department" etc.; another useful division is "Special Items", for those items of expense

chargeable in an analysis to certain specific accounts.

Coincident with this departmental analysis of the expense charges, there should be made a count of the checks paid, checks deposited, out-transit checks handled, out-clearing checks and city cash collections, and a total of the cash deposited. These figures can all readily be obtained from the tellers' blotters and bookkeepers' check registers, if forms and methods used for these records are efficient.

The figures obtained by this departmental segregation of expense items and count of the relative items handled furnishes a basis for determining costs per-item of these various features of the bank's activity. The per-item costs are useful for detailed analysis of depositors' accounts, to be applied against the number of items of each kind handled, but also are well worth while within themselves as furnishing a basis for comparison of the work of one department and of one period with that of another and for general study of the bank's operating efficiency.

NET LOANABLE FUNDS AND THE EARNING RATE

Many cost accounting and analysis problems can be efficiently handled with an arbitrary earning rate, five per cent., six per cent. and the amount of the Federal Reserve discount rate being frequently used. On the other hand, analysis of depositors' accounts which show a considerable proportion of operating costs must include the bank's actual income rate as one of the factors, if the results are to be of value. Use of an arbitrary earning rate may cause an unprofitable account to appear profitable or a profitable one to appear unprofitable.

Net loanable funds is the basis for analysis of a single account and is the factor against which the earning rate must be applied. Therefore the entire net loanable funds of the bank is the factor against which the earning rate must be calculated. Items considered as net loanable funds for the bank as

a whole should follow as closely as possible those considered as net loanable funds in the analysis of a single account. Total deposits of all kinds are the foundation (possibly excluding secured deposits); from this total should be deducted "Exchanges for Clearing", "City Cash Collections", "Transit Account", "Federal Reserve Collection Account" and any other similar items, also the amount of non-income-bearing legal reserve requirements, also (if deducted in the individual analysis) an arbitrary percentage of deposits for counter cash requirements. Monthly and yearly averages should be used.

Capital, surplus and undivided profits, after allowing for offset by fixed investments such as "Banking Premises" and "Furniture and Fixtures", usually provide a certain amount which should be included in the total of "Net Loanable Funds". Such items as National Bank Note circulation and secured deposits (being on an entirely different earnings basis from depositors' accounts) should be added to this total and their relative securities deducted. The result will be referred to as the "loanable funds portion of the bank's capital investment".

Income from Net Loanable Funds is best determined by first tabulating the balances in the various offsetting investment accounts, such as "Loans", "Bonds", "Due from Banks", and "Due from Reserve Banks" (not including due from Federal Reserve Bank). This tabulation must balance with Net Loanable Funds and will include as one of its items the amount of cash on hand and in Federal Reserve Bank in excess of legal reserve and counter cash requirements. Income from these items for a full year should be ascertained; income figures covering any period other than a year should be converted into income for one year.

The bank's net earning rate is the ratio to Net Loanable Funds of the amount of the income on these "offsetting investment accounts" minus: first (to cover operating costs) the ratio to Net Loanable Funds of the "Loans

Made and Paid" division of Expense Account, and second (to cover possible bad loans and losses incidental to all active banking operations) the ratio to Net Loanable Funds of the average annual amount charged off for bad loans and losses (or possibly an arbitrary flat rate of one-twentieth of one per cent. or one-tenth of one per cent.)

"MARGINAL VALUE" OF DEPOSITORS'
ACCOUNTS

The first and most important step in analyzing a depositor's account is to determine the average ledger balance and the amount of outstanding items and, by subtracting one from the other and making a further deduction for legal reserve requirements, to ascertain the amount of net loanable funds on deposit. Application of the bank's earning rate to this figure gives one element of income or loss from the account.

All direct costs incurred in handling the account, such as unavoidable transit exchange charges absorbed, interest paid on balances, imprinting of check books, and telegraph charges, and all direct items of income, such as interest on overdrafts and on transit items and profits from purchase and sale of foreign exchange must be subtracted from or added to the income on net loanable funds.

Analysis to this point is all that is necessary for many accounts, but those for which many items are handled should have further deduction made from the income to cover operating costs. The per-item cost-rates determined by analysis of Expense Account are based upon activity in the accounts. Count of the various classes of items handled for an account multiplied by the per-item cost rate, therefore, should give a figure closely approximating the cost to the bank of handling the account and equivalent to the amount which would be saved to the bank in operating expenses should the account be closed.

The income figure for a depositor's account, when it includes these various elements and the operating costs calculated in this manner, represents what

may be called the "Marginal Value" of the account. The "marginal value" of an account is the amount of net profit or loss accruing to the bank from the account, the amount by which the bank's net income would be actually affected by closing of the account.

Items omitted in the analysis of "marginal values" are: the "overhead" division of Expense Account; income from fixed investments, such as banking premises and furniture and fixtures; income from any items which are on an entirely different earnings basis from depositors' accounts, such as National Bank note circulation and secured deposits; and sundry other items of income and expense not directly assignable by analysis to the various depositors' accounts. With these exceptions and with the exception of income at the bank's earning rate on the loanable funds portion of the bank's capital investment, the total "marginal value" of all depositors' accounts for any one period of time should closely approximate the bank's net earnings figures for the same period.

OVERHEAD

The stockholders are entitled to a reasonable income on their capital investment. This income and the various items of income and expense just detailed as having been omitted in the analysis of "marginal values" together constitute a total of overhead income which must be earned from the depositors' accounts. The exact amount of this total overhead can be determined by consolidating these various omitted items of income and expense with an amount obtained by applying an arbitrary income rate (of possibly seven per cent.) to the bank's average capital, surplus and undivided profits and then deducting income at the bank's net earning rate on the loanable funds portion of the bank's capital investment.

Attempt to distribute overhead to the depositors' accounts for purpose of determining proportion actually occasioned by each account would bring unsatisfactory results, because of furnish-

ing an unsound foundation upon which to seek improved relations with depositors. Accounts with a profitable "marginal value" would in some cases show an unreasonable degree of loss impossible for the depositor to adjust, while accounts of depositors from whom additional balances should be sought would in certain cases incorrectly show a degree of profit requiring no adjustment. Best results are obtained by considering and treating the overhead solely as a basis for measuring the amount of "marginal value" which should appear in each account. The analysis sheets should be construed to show the "marginal value" of accounts, followed, for comparison, by an arbitrary figure representing the amount of overhead which it is desired that the income from the account should cover. Subtraction can then be made to show excess or deficiency of income as applied to this standard.

The best basis for distribution of the overhead to the various accounts is the value of checks paid, as for instance, an overhead charge of \$.0005 for every \$1 of checks paid. This basis of distribution recognizes that to, a certain extent, the risk taken and the service rendered vary in direct proportion to the amounts paid out, also that, as a rule, the depositor's ability to carry a profitable account varies in direct proportion to the size of his transactions; it was suggested by the commission charge made by many foreign banks against the value of all checks paid. Drafts by and debits to the accounts of banks covering transit letters and collections forwarded by them should not be included in the total of checks paid, if accurate results are to be obtained. Basis for distribution of the overhead might include a per-item cost-schedule but, if so, it should be for only a small portion of the total and consist of one general rate for items of all kinds without regard to their nature.

The bank's earning rate, calculated monthly upon the basis of the previous twelve months' transactions, will fluctuate from month to month and this result is necessary to a correct analysis.

The overhead rate, however, should be arbitrarily retained at a fixed figure except in case of large permanent variations. Constant fluctuation would make it impossible to obtain any solid or comparatively fixed standard upon which to establish sound relations with the depositors.

AFFILIATED ACCOUNTS AND ADVERTISING VALUES

An account may have a favorable "marginal value" but not produce its share of the overhead and still be a desirable account. An account showing a "marginal loss", however, should have some known advertising-value or some known latent income-value for the bank's officers to feel justified in carrying it. This advertising-value may consist of affiliated accounts controlled or influenced by the account under observation; it is important that every analysis report carry with it a statement as to which accounts, if any, are affiliated and as to their earning value; under no circumstances should consideration of affiliated accounts be overlooked. Some classes of accounts are said to have direct advertising value in the nature of the checks they issue, as for instance checks issued to farmers in payment for crops, checks issued in payment for real estate and checks for other similar payments which may result in the payees choosing the banks upon which the checks are drawn for the opening of new accounts. All such elements of advertising value must be considered in connection with any analysis statement.

REMEDY FOR UNPROFITABLE AND UNSATISFACTORY ACCOUNTS

Every analysis statement should be so constructed as to show the remedy for unsound conditions, including amount of increased balances necessary to cover any "marginal loss" and amount necessary to cover any deficiency of income below overhead requirements. For instance, if the bank's earning rate be five per cent. per annum and the depositor's digitized upon analy-

sis shows a monthly "marginal loss" of \$5 and a monthly overhead deficiency of \$7.50, the analysis statement should carry with it figures indicating additional required and desired balances of slightly more than \$1200 and \$1800, respectively. (Amount more than these figures is to cover required non-income-bearing legal reserve and (possibly) counter cash requirements).

The different changes or combinations of changes which would bring the account to a satisfactory basis should be reviewed and an arrangement then suggested to the depositor which is within reach of his ability to meet. This may be changed conditions governing the handling of the account, increased balances in the account or a combination of both. The "marginal loss" indicated by analysis of an account measures the minimum increased income to be sought; the overhead deficiency indicates the maximum amount. Any gain in excess of the amount of the "marginal loss" helps to cover the bank's total amount of overhead and there are many accounts whose balances produce more income than the amount mathematically called for under these calculations. The overhead was separated from the "marginal value" so that distinction could readily be made between accounts which are just paying their way and those

which are earning their full share of "overhead". Many depositors are unable to carry an amount which will more than pay its direct cost of handling and, as a semi-public-utility, the bank is performing a useful service in permitting such accounts to remain. Their possible advertising value must also be considered. For these reasons, it would be unfortunate if an attempt to obtain improvement up to the full limit of the overhead deficiency should result in loss of an account for which improvement could readily have been obtained for a smaller amount but one somewhat in excess of the "marginal loss".

An efficient analysis service will promptly discover all unprofitable accounts and all accounts not producing a fair proportion of income, will correctly state their earning value and the amount of additional income which it would be good banking practice to seek and will clearly set forth the conditions governing each such account and any changes which would improve its earning capacity. Constructive recommendations are always more useful than those which merely point out defects and a constructive analysis report will always carry with it one or more recommendations for adjustment and correction of any unsound conditions.

FFIFTY-NINE years have gone by since the National Bank Act was adopted. It never was a perfect measure. Perfection was not claimed for it at the time of its enactment by any of its most ardent supporters. It was born during a period of strife and necessity was its parent. That it did not develop perfection and improve with age is due altogether to the environment of its birth and want of proper legislative nourishment and attention as it grew to maturity. Notwithstanding its many imperfections it stood the test of time and furnished to the Nation the best banking system it had ever known.—*Romance and Tragedy of Banking*, by T. P. Kane, Deputy Comptroller of the Currency.



ANDRÉ HESS

Manager Banco di Roma, Representative Office in New York

ANDRÉ HESS, recently appointed manager of the Banco di Roma, Representative Office in New York, has acquired an extensive European banking experience in London, Paris, Milan and Spain. A Frenchman, born in Paris, he began his banking career in 1907, when he joined the Credito Italiano in Milan. Three years later he entered the service of the well known French bankers and merchants, Messrs. Louis Dreyfus & Co., and for nine years had charge of the banking activity of their London Office.

In 1919 the Mercantile Bank of the Americas engaged him as manager of its Paris office—later on with supervision over the Spanish branches—and he successfully developed the French business until reasons of general policy caused the closing of the branch.

Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable bank 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 person asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or 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: In our bank we have the accounts of several manufacturers of vegetable oils and chemicals. These people are accustomed to sell their oils and chemicals in metal barrels or casks of one sort or another, and making a sale charge the customers with the containers as if they were part of the goods sold. The barrels or casks are of course returnable and a refund is allowed by the seller equivalent to the price originally charged the customer for them. In making a statement of sales for the year should the price of these containers be included as a part of sales?—J. S. W.

ANSWER: Certainly not. Containers which are returnable are manifestly not a legitimate part of sales. They should never be included as part of the oil or chemical manufacturer's inventory, although in selling his product it is necessary for him to charge the customer with the cost price of the barrel or cask in order to insure its return. Containers of this sort should be taken care of by a reserve account, which should be debited when cash is paid out for returned containers or when the customer's account is credited.

QUESTION: I have often noticed on bank statement comparison forms the headings "Gross Sales" and "Net Sales". Will you kindly distinguish between these two for me. How can sales be anything but "gross"?—D. F. E.

ANSWER: There is of course a distinct difference between gross sales and net sales. The term "gross sales" constitutes all merchandise sold during the fiscal period in which title to the goods is legally trans-

ferred from the seller to the purchaser. Net sales, on the other hand, consists of gross sales less allowances, discounts and returns allowed customers. Included in the latter items are allowances to customers due to claims for damaged goods, short shipments and short weight. Discounts allowed customers for paying their bills within the discount period should also be deducted from gross sales. Goods which have been sold to customers and then returned, the return being allowed by the seller, should likewise be deducted from gross sales.

QUESTION: I would refer you to the answer to Question No. 1 in the August Number. I thoroughly agree with "W. M. H." in the matter of curtailing the discounting of single name paper of any firm which sold its "Accounts Receivable". It is at no time a question as to the viewpoint of the Discount Company, but decidedly so as to that of the banker who has lent the money on the Own Name paper, presumably on the strength of the statement, and assuredly on the basis of the Net Worth as shown by that statement, and any tampering with that statement, any disposal of accounts certainly alters the risk on the Single or Own Name paper. A distinctive stand by the American bankers on just such questions would strengthen a belief in their system, would help to prevent over-expansion—overtrading—and decidedly better banking risks. There can be no justification for a firm in good credit standing desiring to borrow by sale of its book accounts while at the same time borrowing on Single or Own Name paper. In all cases a house should have a

distinctive style of recognized borrowing. With such the barometer of safety can be easily watched, but to encourage borrowing under more than one system is to encourage overexpansion and unnecessary risks. Why is your Capable Credit Gentleman not more emphatic for a distinctive system?—T. H. K.

ANSWER: The above is from a Canadian banker and expresses very aptly some of the reasons why a bank should not discount the single name paper of a concern which is selling its accounts receivable. All of these points, however, were discussed fully in the August number, the Editor arriving at the same conclusion as T. H. K., i. e. that borrowing should be restricted to either one method or the other, and that it is unwise for a bank to continue loaning a company on its straight paper when it is hypothecating its accounts receivable. In our answer we endeavored to present fairly both sides of the question, however, as we felt there were enough arguments pro and con to warrant a discussion, particularly in view of the fact that banks at the present time countenance the simultaneous discounting of single name paper and notes receivable, even though always not approving of it. In regard to the points mentioned by T. H. K. it might be well to note that the pledging of accounts receivable does not alter the net worth of a company, although of course a contingent liability is created. In discussing the question we also assumed primarily that the moral risk of the subject company was good and that it did not attempt to conceal in any way from its bankers the fact that it was pledging some of its accounts receivable; if the company attempts to "tamper with" its statement or to in any way conceal its double method of borrowing, the moral risk is poor and we would not recommend loaning it on any basis. In connection with the general condemnation that we sometimes hear of the methods of discount companies, it is interesting to note that the names of some of our prominent American bankers appear on the directorates of one or two of the leading companies and that practically all of the reputable organizations of this kind are themselves financed by banks.

QUESTION: We frequently have offerings of piano and victrola leases from people in whom we have the utmost confidence. They wish us to advance them money with the leases as collateral. We are anxious to learn whether this form of business is done by any banks and, if so, where we

could obtain information as to the details in handling transactions of this kind.—G. W.

ANSWER: This type of business is occasionally handled by banks, particularly in some of the smaller communities, but it is not looked upon as a general rule with favor by the majority of bankers. It is not the type of loan which most bankers care to handle, due to the fact that the paper is of long maturity, and it is a question whether the handling of such paper had not better be relegated by the banks to the various credit companies organized specifically for that purpose. The leases referred to are written contracts drawn up in accordance with state laws by the retail piano or victrola house and signed by the customer upon purchase of the piano or victrola. They constitute a mortgage upon the article purchased, the final title of possession not passing out of the hands of the retail house until the last installment has been paid. The amount of cash payment is not fixed, varying considerably with the retail house making the sale. Payments are made monthly and usually run from twenty-four to thirty-six months time, with the present tendency leaning toward the longer maturity. From this it is evident that a bank taking paper secured by leases of this sort will have a long time loan on its hands. Furthermore, the credit risk in connection with retail piano and victrola houses is liable to be greater than in most industries because of the fact that the articles sold are luxuries and the percentage of losses on such goods is high. This latter has been estimated by retail houses as averaging about 10 per cent. of sales. In hard times people who buy luxuries on the installment plan will naturally first show the effect of conditions by running slow on their installment payments if not cutting them out altogether. It is obvious that leases of this type offered as security to banks for loans do not rank high as collateral, because of the fact that they are so widely scattered and it is almost impossible to check up carefully each individual's credit standing. In cases where retail houses have gone bankrupt and banks or other creditors holding leases as security have attempted to collect payments on these leases, collection charges have averaged 15 per cent. of the selling price. It is thus obvious that a bank, in making a loan of this sort, should ordinarily require an adequate margin on the amount loaned. Credit companies which handle loans of this type usually require a margin of 25 per cent., making a loan amounting to 80 per cent. of the total amount of collateral offered. Because of the fact that they loan on a marginal basis, credit companies usually figure that they turn over their loans

every twelve or fifteen months; they themselves are in turn financed by banks who purchase their collateral trust notes secured by the leases on which also appear the retailer's endorsements. Instead of a bank actually making a retailer a loan against leases of this type it would seem a more conservative policy for the bank to recommend the retailer to some reliable credit company which deals specifically in financing of this sort, where his needs can probably be taken care of without difficulty.

As to a place where more specific information can be obtained regarding the handling of transactions of this kind, we would suggest that G. W., get in touch with the Bankers Commercial Security Company, Inc., of 19 West Forty-fourth street, New York, who we believe also have branch offices in Philadelphia.



Better Paper Money

COMPLAINTS about the quality of paper upon which national bank notes and other issues of paper currency are printed have been received with considerable frequency during the last few years by the Treasury Department. The National Bank Act provides that such notes shall be printed upon a distinctive or special paper to be adopted by the Secretary of the Treasury. The experience of the department has shown that a linen paper is much more satisfactory for bank note manufacture. Prior to the war the linen clippings used in this paper were received from Ireland, Germany and Belgium. Each one of these countries has a vast linen manufacturing industry and they received their flax for the most part from Russia. The war cut off the supply of raw material, with the result that the linen industry in the countries mentioned suffered severely and consequently the clippings previously used in the manufacture of distinctive paper were not available. The Government was forced gradually to lessen the amount of linen in its notes and finally it reached the point where 100 per cent. cotton was used.

The cotton bank note lacks the smooth hard surface that linen produces, and in addition to wearing out more quickly,

the cotton notes look more worn frequently than they really are and because of this they are sent to the Treasury Department for early destruction.

Since the war the supply of linen cuttings has gradually increased until during the latter part of the fiscal year, which ended June 30, 1922, 50 per cent. linen was used. For the present year, however, a paper made of 75 per cent. linen is available and in use and it is certain that much of the annoyance occasioned during the last few years will be eliminated. A 100 per cent. linen paper is the aim of the Treasury Department and doubtless it will be obtained within a reasonable time.—
Banker-Manufacturer.



Stories Told by the File

PRACTICALLY 42 per cent. of the entire population of Cleveland moves at least once a year and of this percentage 25 per cent. changes habitat in the spring and 17 per cent. in the fall.

This is one of the interesting revelations in a story describing the Cleveland Trust Company's combination file and addressograph departments. The story by A. M. Cheney was printed in a recent issue of the Cleveland Trust Monthly.

After describing the highly systematic process of the combination file the writer continued: "Here are some 750,000 cards, each one telling its story about some one person. It is in fact almost a library in itself.

"Let us look at one of the cards and learn its story.

"It tells of a young man who left home in Kentucky and came to Cleveland to earn money in the mills of the Newburgh blast furnace district. His father had apparently pointed out the way to success for his card records a savings account. A little further on it shows that he next opened a checking account. He had evidently "saved first and spent afterward".

PORTFOLIO OF MODERN BANK WORK

By

ALFRED C. BOSSOM

BANK ARCHITECT & EQUIPMENT ENGINEER

680 FIFTH AVENUE, NEW YORK



Seaboard National Bank, New York

THE building of the Seaboard National Bank of New York which was chosen for first honors as the best of the new buildings of down-town New York. It was erected from plans by

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



Entrance to main banking room of the Seaboard National Bank, New York

THE dignified and imposing stairway which leads from the street entrance to the main banking room of the Seaboard National Bank. The view of the lobby and mezzanine from the stairway creates a very pleasing first impression on the visitor.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
660 FIFTH AVENUE, NEW YORK



First National Bank Building, Richmond, Va.

THE combination banking and office building of the First National Bank of Richmond dominates its surroundings and has become one of the chief landmarks of Richmond.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
660 FIFTH AVENUE, NEW YORK



American Exchange National Bank, Dallas, Texas

THE seventeen story office building of the American Exchange National Bank, of Dallas, ranks as one of the finest in the South.

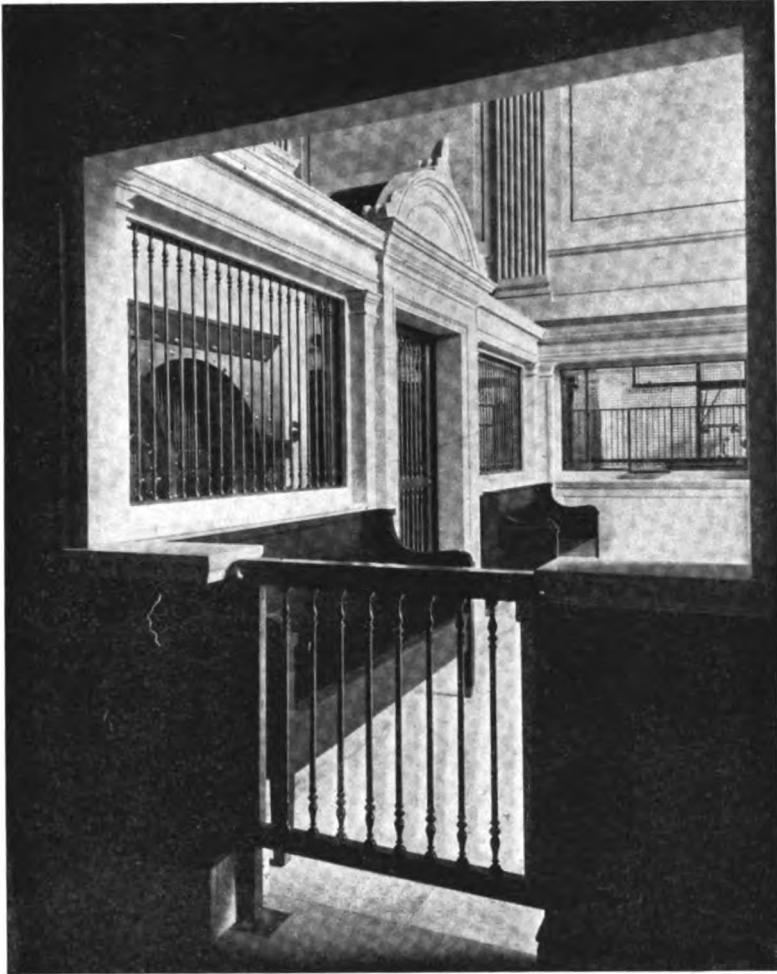
ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
600 FIFTH AVENUE, NEW YORK



The Virginia Trust Company, Richmond, Va.

THE great Roman Arch which forms the facade of this building gives an air of strength and permanency. To avoid being dominated by its surroundings the most durable light material was adopted.

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BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



Vault on main banking floor of the Virginia Trust Company, Richmond, Va.

THE vault of the Virginia Trust Company, which is one of the finest in Virginia, is located on the main banking floor.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



Lynchburg National Bank, Lynchburg, Va.

THE building of the Lynchburg National Bank of Lynchburg, Va., is considered one of the finest individual bank buildings in the country. It is a splendid example of complete, up-to-date banking quarters with every facility provided for the comfort and service of customers. It was designed by

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



The Charlotte National Bank Building, Charlotte, North Carolina

THIS modern bank building is built entirely of granite for the lower part and granite terra cotta to match for the upper portions so as to save weight. The granite columns are said to be the heaviest in the states of Virginia, West Virginia, North or South Carolina.

The building as designed has special provisions for making extensions both vertically and horizontally so that when the bank needs more space it will not be necessary to make unusual alterations.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



Harlem Branch, Columbia Trust Company, New York

THIS new building of the Harlem Branch of the Columbia Trust Company of New York ranks amongst the most beautiful structures of the district.

The dignified Colonial treatment of the exterior is in keeping with the best traditions of American bank architecture. The interior fittings and equipment are modern in every respect.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



New Home of the Liberty Trust Company, Newark, N. J.

COMPLETE banking facilities in a comparatively small space are furnished in this new building of the Liberty Trust Company—carried out in a refined type of Colonial architecture.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER.
660 FIFTH AVENUE, NEW YORK



Magnolia Petroleum Building, Dallas, Texas

THE building of the Magnolia Petroleum Company of Dallas, Texas, is said to be the second tallest office building in the United States outside of New York. It is designed so that the prevailing wind that is coming from the South will drive into the court which faces the street. No room in the entire building gets all of its light from the side upon which the "northers" strike the city, this entire facade being given up to a battery of elevators. The building was designed by

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



City of Dallas

SAWMIE R. ALDREDGE, MAYOR

LOUIS BLAYLOCK
COMMISSIONER OF PUBLIC WORKS

FRED ARMEL
COMMISSIONER OF WATERWORKS AND SEWERAGE

L. B. TURLEY
COMMISSIONER OF POLICE AND FIRE

Dallas, Texas,
July 12, 1922.

Dear Mr. Bossom:

I believe in passing the flowers
to people while they are living.

I want to congratulate you for
your part in making possible the new Magnolia
Building, which magnificent structure I can
see for miles away on any road leading to
Dallas.

Of course I realize, Mr. Bossom,
that your business has to be commercial,
but even so, the good that you have done
Dallas will extend far beyond any money you
have received in planning out the wonderful
structure that you have left as a heritage to
our beautiful city.

As a citizen of Dallas I thank
you for your untiring efforts in helping
to erect this magnificent building that
is now the most prominent land mark of the
Southwest and one of which any city in the
world might feel proud.

I wish for you a long life and
that your brain may evolve many such beautiful
structures to commemorate your skill in your
chosen profession.

Most sincerely,

L. Blaylock

Mayor pro tem.

Mr. Alfred C. Bossom,
660 Fifth Avenue,
New York City.

Letter written by the Acting-Mayor of Dallas to Alfred C. Bossom in appreciation of the latter's part in the erection of the Magnolia Petroleum building illustrated on the opposite page.

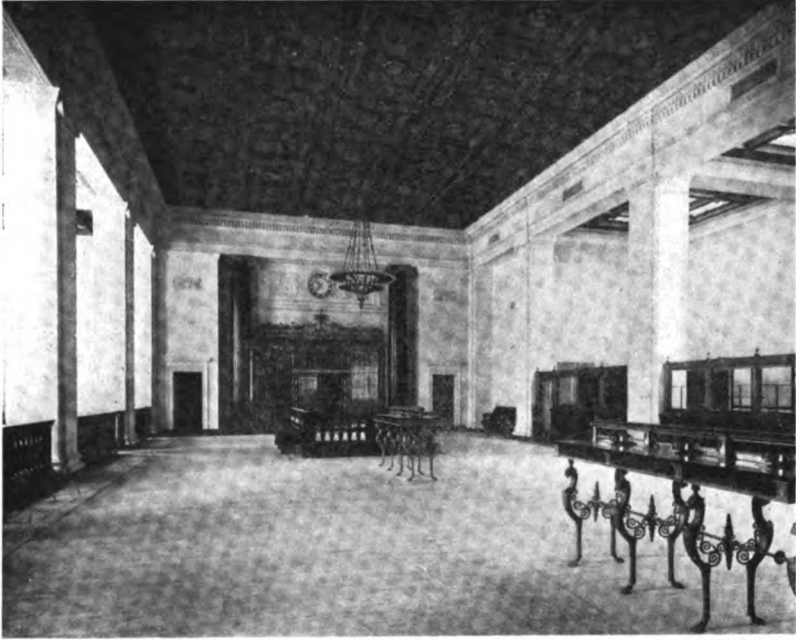
ALFRED C. BOSSOM
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660 FIFTH AVENUE, NEW YORK



First National Bank, Jersey City, N. J.

NOTHING has been overlooked to make the new building of the First National Bank of Jersey City the equal in beauty of design and utility of construction of any bank building in the country. The main banking room, the board room, the corporation room, the vaults, are not only pleasing to the eye, but are admirably adapted for the convenience of the bank's customers.

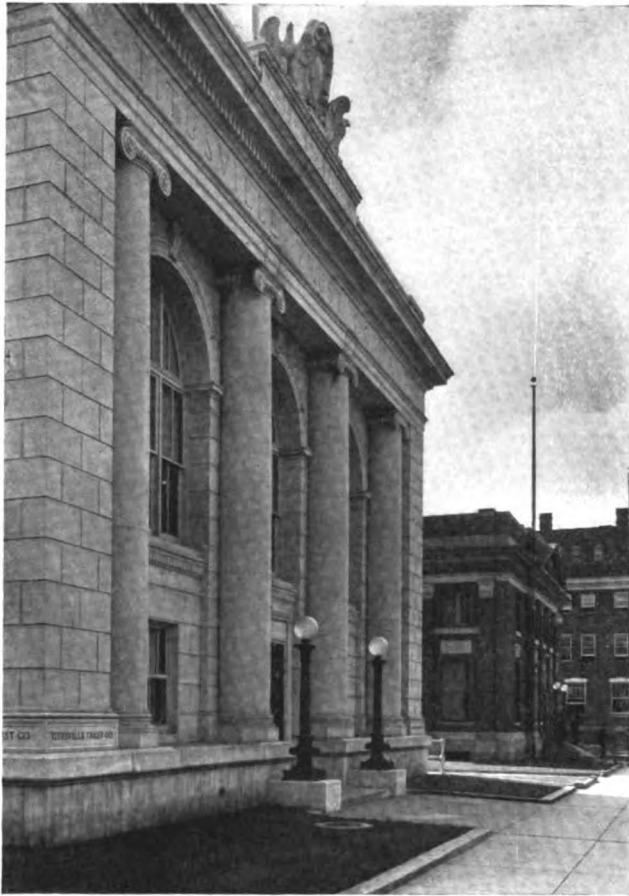
ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



The great black and gold marble columns surrounded by the Cuenca screen cause visitors to look a second time at the main banking room of the First National Bank of Jersey City

THE interior of the First National Bank of Jersey City is the equal in beauty of design and convenience of arrangement of any banking room in the Metropolitan district of New York.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



Titusville Trust Company, Titusville, Pa.

THE building, shown above, is an especially good example of a strong, dignified and thoroughly serviceable type of modern bank architecture, well adapted to meet the needs of banks of average size.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK

Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

Capital, Surplus, Profits . \$27,000,000

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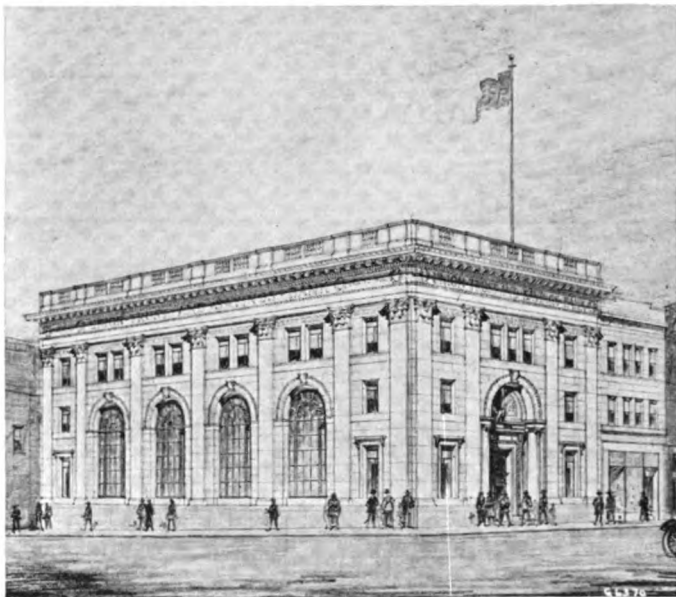
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UNION TRUST & SAVINGS BANK.
Dubuque, Iowa

Contracts have been awarded for the monumental home of this progressive Eastern Iowa bank. The building in all its details represents the best the market affords in materials and workmanship and the rental spaces will net to the Owner a handsome return. Detailed information as to cost and planning are at your disposal for the asking.

WEARY AND ALFORD COMPANY

Bank and Office Buildings

1923 Calumet Avenue, Chicago

Banking and Commercial Law

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

Bank Not Fully Protected by Policy of Burglary Insurance

Union Bank of Berry v. National Surety
Company, Court of Appeals of
Kentucky, 243 S. W. Rep. 13.

THE cashier of the plaintiff bank, who also acted as the representative of the defendant insurance company, was instructed by the board of directors of the bank to secure a \$25,000 policy of burglary insurance upon securities deposited with the bank by its customers. The policy contained a clause limiting the company's liability to 10 per cent. of the face of the policy upon securities in the bank's safe but outside of the inner steel burglar-proof chest. The safe was broken into and securities therein, but outside of the inner burglar-proof compartment, to the value of \$13,675, were stolen. It was held that, inasmuch as the cashier acted as agent of both the bank and the insurance company, and had knowledge of the limitation contained in the policy, the same was binding on the bank and the insurance company was liable for only \$2500, or 10 per cent. of the face of the policy.

OPINION

Action by the Union Bank of Berry, Ky., against the National Surety Company of New York. Judgment for only the amount for which defendant offered to confess judgment, and plaintiff appeals. Affirmed.

SAMPSON, J. This appeal presents but one major question: Do certain policies of burglary insurance issued to or assigned to the Union Bank of Berry, Ky., cover and protect said institution against loss by theft of bonds and other securities deposited in the safe of said bank, but on the outside of the burglary proof screw door compartments therein? The question arose in

this way: The Farmers' Deposit Bank and the Deposit Bank of Berry were consolidated in 1919, under the name and style of Union Bank of Berry. Before the consolidation each of the banks carried a certain amount of burglary insurance which was, by consent of the insurance companies, assigned to the Union Bank of Berry. At that time however, the Union Bank had a large number of Liberty bonds and other securities belonging to its patrons deposited in safety boxes in one of the banking institutions in Cincinnati, and desired, on account of the inconvenience of going to Cincinnati, to look after the bonds, to bring them to the bank at Berry, so that its patrons might have easy access to their bonds. To save the bank harmless in case of burglary or holdup the directors of the institution decided to take out a larger policy of burglary insurance. Some of the members of the board of directors suggested that the amount of the policy be fixed at \$50,000 or \$60,000. At that time one Garnet Kemper was cashier of the bank. For about fifteen years before that time he had been and was then the agent of the appellee National Surety Company in Berry for the solicitation of insurance business for that company. The directors of the bank held a meeting, and, after discussing the amount of insurance which the bank should take in order to protect its funds, as well as the securities, finally agreed upon \$25,000, and the board instructed Garnet Kemper, its cashier, to obtain for it a policy to the amount of \$25,000, insuring it against all loss to the bank through burglary or holdup. Kemper immediately took up the matter with his company, and wrote them in detail the kind of policy that was desired; that the bank had a certain character of Victor safe of certain dimensions, the nature and character of which was known to the insurance company. After Kemper

applied to the insurance company for a policy to protect the securities of the bank, the general agent of the insurance company wrote Kemper in part as follows:

"In examining the description of the Victor safe (which the bank had), we do not find whether it has a steel chest or not. If it has then all of the securities would have to be kept in the chest, and if the safe has no chest then the securities would have to be protected by the round or screw door. There is this exception, that 10 per cent. of the coverage will extend to such securities as may be left out of the chest (if there is one) or outside the round or screw door, if there is no chest. You will get a perfectly clear idea of the exact contract by reading paragraph 10 of Special Agreements on page 2 of the policy."

This letter was duly received by Kemper, and he answered it on November 20, 1918, in which he stated to the company that—

"The safe we use is a Victor with jacket, or fireproof arrangement around it with a screw door safe inside. The screw door has a time lock, but is on the inside of this door, while the jacket has a combination lock on it, as well as the screw door. The screw door part of the safe simply sets inside this jacket, which contains partitions overhead and on the sides, and is somewhat of massive construction. * * * We would hardly think paragraph 10, on page 2, would meet this purpose, nor would it be possible to put our safe in the vault. We really need a pretty broad policy to cover this condition, though it probably could be divided into two items, say \$7000 on safe and moneys and the remainder on securities."

In answer to the foregoing letter the insurance company wrote Kemper:

"To help you in making your estimate, the rate per thousand on full coverage, which includes money, etc., is \$2.10 per annum. The rate per thousand covering securities only is \$1.57½

per annum. If written for a term of three years, the premium will be calculated at three times the annual rate less 10 per cent., and the term premium may be paid in installments of 50, 30 and 20 per cent. * * * Ten per cent. coverage allowed under paragraph 10 of the policy would through the two policies cover 20 per cent. of your securities and coin, and that being one-fifth of the total would be as much as would under any circumstances be left outside the chest. After deducting your agent's commission of 20 per cent. the net cost will certainly be lower than it would be possible for you to secure the business through the Kentucky Bankers' Association."

To which letter Kemper, on November 23, replied:

"While I am taking this on myself, I have every reason to believe that I can accomplish what I ask. I want you to send us a policy for \$25,000 on securities for one year, and if it is not delivered, it will not be my fault. Our board does not meet until the second Friday in December, but I will have a chance to talk the matter over personally with each before that time. If necessary, I will allow them my commission to make the policy stick."

On December 14, and after the policy had been delivered, Kemper wrote the insurance company:

"I now hand you my check for \$39.38, less commission, in payment of burglary insurance policy No. B406499, and pleased to say it went through without the slightest trouble. We want you to issue us \$7000 general burglary policy on January 1 for one year, and will wish to cancel the \$3500 policy written for us some months ago, provided it can be done pro rata. Kindly issue policy, if so, and send to us with bill. On January 1 old policy will be returned to you."

On November 12, 1919, the insurance company wrote to Kemper:

"The above-numbered policy for \$25,000 covering on securities while

contained in a Victor safe, will expire on November 25, 1919. This policy includes protection against burglary and holdup. * * * Before writing the new policy please let us know whether the Liberty Bonds and other securities are kept in the Victor safe or in another safe. If in another safe, please give its maker's name and number, so that we may properly identify it. Upon receipt of this information we will prepare and mail you renewal policy."

It is the contention of the Berry Bank that the policy of burglary insurance for \$25,000 issued to the Union Bank of Berry covered and included not only the money and securities inside of the steel safety box or compartments protected by the screw door, but also all securities within the vault on shelves which surrounded the foregoing screw door safe. This is denied by the insurance company, which says that the policies protected the bank only to the extent of 10 per cent. of the value of the securities left on the outside of the screw door compartment.

On March 26, 1920, while the said policies of insurance were in force, the safe of the bank was burglarized, and the securities which had been deposited therein by patrons, but left on the outside of the screw door compartment of the safe, amounting to \$13,675, were stolen. The bank made claim upon the insurance company, under its policy, for the loss of its securities, but was informed by the insurance company that the policy as issued contained a provision limiting its liability to 10 per cent. of the face of the policy on securities which were outside the screw door compartment.

Whether the liability of the insurance company is confined to 10 per cent. of the amount of the policy on all securities left on the outside of the screw door of the safe depends in part upon the terms of the contract of insurance, and in part upon the question of whether Kemper, who was cashier of the bank, and was instructed by its board of directors to obtain for the bank a policy

of burglary insurance to the amount of \$25,000, was the agent of the bank or merely the agent of the insurance company. The policy of insurance, after stipulating that the National Surety Company, as insurer, does hereby agree to indemnify the bank for all loss of money and securities from within any safe or vault to which insurance under this policy applies, caused by the felonious abstraction of the same during the day or night by any person or persons after forcible entry by such person or persons or any accomplice thereof into the safe or vault while duly closed and locked, located in the banking room described in the schedule, and hereinafter called the premises, or while located elsewhere after removal from within the premises by thieves or robbers or their accomplices, further provides that, in the event that the said safe or safes or vault are not locked by time lock, the company shall not be liable for loss of said money, and securities feloniously abstracted therefrom, unless said forcible entry is made therein by the use of tools, explosives, chemicals, or electricity directly thereupon. Another provision of the insurance contract reads:

"For all loss by damage to said money and securities, and to said safe or safes or vault, described in said schedule, or to the premises, or to the office furniture and fixtures therein, caused by such persons while making or attempting to make such entry into said premises, vault, safe or safes. The foregoing general agreement are made subject to the following special agreements, which shall be construed as conditions precedent to any recovery hereunder."

One of the special agreements referred to is section 10 on the back of the policy, which reads:

"Ten per cent. and no more of the amount of insurance attaching specifically on contents of any safe containing an inner steel burglar proof chest shall automatically apply, if the safe is burglar proof, on money and securities

in said safe outside of its inner chest, and if the safe is fireproof only then said 10 per cent. and no more shall apply on securities, silver and subsidiary coin in the said safe outside of its inner chest."

We are constrained to the view, all the evidence considered, that Kemper was the agent of both the insurance company and the bank in the matter of obtaining the policy of insurance. The bank took the matter up with Kemper before he applied for the policy and engaged him on behalf of the bank to obtain a policy of \$25,000 for the bank against loss through burglary. The officers of the bank say that they instructed Kemper to obtain the insurance, and he did so at their suggestion, and, after obtaining the policy, he brought it into a meeting of the directors of the bank, and told them that the policy was the kind they had applied for, and gave them all the protection they sought, and recommended that they accept the policy, which was done by the board of directors. The insurance company received the premium. At the same time he was acting as agent for the insurance company with the knowledge of the said insurance company that he was cashier and agent for the bank. The bank knew that Kemper was the agent of the insurance company, and had been such for a number of years. Where one party engages an agent, knowing he is the agent of the other party, the agent then becomes the representative of both parties. *Bank of Glasco v. Springfield Insurance Co.*, 5 Kan. App. 388, 49 Pac. 329; 2 Corpus Juris, pp. 712 and 713; *McDoel v. Ohio Improvement & Contract Co., Assignee*, 36 S. W. 175, 18 Ky. Law Rep. 294; *R. H. Wildberger v. Hartford Fire Insurance Co.*, 72 Miss. 338, 17 South. 282, 28 L. R. A. 220, 48 Am. St. Rep. 558; 21 R. C. L. p. 829; *Whitmarsh v. Conway Fire Ins. Co.*, 16 Gray (Mass.) 359, 77 Am. Dec. 416.

It seems clear that Kemper was both the agent of the bank and the insurance company for the purpose of obtaining

the \$25,000 policy of burglary insurance. It follows, therefore, that his acts were the acts of the bank as well as of the insurance company. He had authority to accept from the insurance company the character of policy which he delivered to the board of directors, and which they accepted and approved.

The policy by its terms limited the liability of the insurance company for all bonds and securities left on the outside of the screw door safe and stolen to 10 per cent. of their actual value. This clause of the contract was included in its terms at the time the policy was delivered to the bank. In fact, the insurance company, through its general manager, called attention to the fact in letters addressed to Kemper that the insurance covered only 10 per cent. of the value of the securities left on the outside of the screw door safe. There could be, and was, no misunderstanding about the matter. Kemper, as agent of the bank, fully understood all the terms and conditions of the policy which he applied for and received for the bank because the terms had been commented upon by the insurance company in letters addressed to him, and he, in response to such letters, attempted to induce the insurance company to write a policy with a general covering clause that would give the bank full protection, but, finding that he could not induce the company to do this, he accepted a policy which he knew well limited the protection to bonds and securities outside of the screw door safe to only 10 per cent. of their value. In accepting the said policy, and in inducing the bank to take and accept it, Kemper acted as the agent of the bank, as well as the agent of the insurance company. His knowledge of the terms of the contract must be imputed to the bank and its board of directors.

The judgment entered by the lower court is for a sum equal only to that which the insurance company offered to confess, and was not prejudicially erroneous as to appellant. It must therefore be affirmed.

Judgment affirmed.

Bank Liable in Drawing Defective Mortgage For Client

Wolf Company v. State Bank Commissioner, Supreme Court of Colorado, 208 Pac. Rep. 462.

The plaintiff company forwarded machinery to an elevator company. The bill of lading and a draft for part of the purchase price was sent to the defendant bank. The company also sent to the bank, three unsigned notes with instructions to deliver the bill of lading upon payment of the draft and execution of the notes and a mortgage securing them. The letter of instructions directed the bank to have its attorney prepare a first mortgage on the mill building and machinery, and authorized the payment of a fee of \$10 for such services. Instead of having an attorney draw a real estate mortgage, the cashier, himself, drew a chattel mortgage including the mill building and the same was so defectively executed that it was invalid against subsequent incumbrances. The elevator company subsequently became insolvent. It was held that the bank was liable in damages to the plaintiff for the loss sustained by the latter as a result of the improperly drawn mortgage papers.

OPINION

Action by the Wolf Company against the Home State Bank, in which the State Bank Commissioner was substituted as defendant. Directed verdict for defendant, and plaintiff brings error. Reversed and remanded.

DENISON, J. The Home State Bank was defendant below, and a verdict was directed in its favor. The Wolf Company, plaintiff below, brings error.

The essential facts are as follows:

The Wolf Company shipped machinery to the Farmers' Mill & Elevator Company, and mailed the bill of lading to the defendant bank, with a sight draft for \$1,367.90 and three unsigned notes for \$980.10 each, with instructions to deliver the bill of lading on

payment of the draft, execution of the notes and a mortgage securing them. The letter of instructions contained the following:

* * * "The notes to be secured by a first mortgage on the mill building and machinery, including the machinery furnished by our company. * * * Will you kindly have your attorney arrange the mortgage papers, being careful to see that we are furnished with a first mortgage on the mill building and the machinery, including the machinery furnished by our company. * * * For your information will state that the usual charge made by banks for similar service is \$10, which amount you may deduct from the amount of our draft, remitting to us for the balance."

There was evidence, which, since the verdict was directed, we must take as true, that the cashier of the bank did not employ an attorney, but himself drew a chattel mortgage, and included therein the elevator company's mill building, that he then gave it to the secretary and general manager of that company for execution and acknowledgement, but employed no attorney to see that this was properly done, and did not himself see to it, but accepted it without an examination by an attorney. The instrument was so improperly signed and acknowledged that we held it to be void as against subsequent incumbrances without notice. *Best & Co. v. Wolf Co.*, 67 Colo. 42, 185 Pac. 371. On receipt of this mortgage with the signed notes and payment of the draft the bill of lading was surrendered, the \$10 deducted, and the balance remitted. The elevator company afterwards became insolvent, and its property ultimately reached the hands of a receiver.

After reversal and remand of the former case the Wolf Company, still claiming that its mortgage was valid on the ground that *Best & Co.* had had actual notice thereof, compromised for \$1350 its claim upon the proceeds of the mortgaged property, which had in the meantime been sold by the receiver, and then brought the present suit against the

bank for breach of contract in failing to obey its instructions.

The breaches alleged were that defendant did not have its attorney arrange the mortgage papers, and was not careful to see that the plaintiff company was furnished with a first mortgage on the mill building and machinery, and failed and neglected to furnish plaintiff with a first mortgage on the mill building or a first mortgage on the machinery. The defenses were, in substance: (1) *ultra vires*; (2) that the instructions were substantially followed; (3) that the plaintiff company compromised its suit against Best & Co. We are told by the briefs that upon 1 and 2 the court was with the plaintiff, but upon 3, the facts being undisputed, directed a verdict for the defendant.

As to *ultra vires*, we think the court was right. The transaction is a very common one in banking, akin to the deposit of an escrow, a bill of lading, or some other instrument to be delivered on receipt of money and documents "arranged" by (i. e., prepared by or under the oversight) of an attorney. There might be something in this objection if the bank itself had been required to determine the validity of the mortgage, but the instruction was to have an attorney do that.

As to the second point, we think the instructions are plain and unambiguous, and were not substantially followed. As to the mortgage, they were not followed at all. No attorney drew or passed upon the validity of the execution of the mortgage, and it actually was so insufficiently executed and acknowledged as to be of no value against subsequent incumbrances without notice.

These considerations answer the third point. Since there was a valid contract and a breach thereof, the plaintiff was entitled to nominal damages at least (C. J. 720-727; *Hammond v. Solliday*, 8 Colo. 610, 9 Pac. 781); even if not more (*Allen v. Conrad*, 51 Pa. 487, 490; *Swan v. Saddlemire*, 8 Wend. 676). The breach proved was surrender of the bill of lading without getting an attorney to oversee the mortgage. The mortgage was invalid in its principal purpose, that is, against subsequent innocent claimants, and even if Best & Co. had actual notice of the mortgage, and so would have been defeated in the former suit, still the contract was broken; the judgment in that case, therefore, was not an essential part of plaintiff's proof of a cause of action, but went only to prove the amount of damages. The fact, then, that it was a compromise judgment had no effect on plaintiff's right to a verdict, but only on the amount thereof. It follows that the court was wrong in directing the verdict.

We can see nothing in the bank's position that gives it the right of a surety. Its liability is not collateral to another's; it merely broke its own contract; but, even if the bank were a surety, it would have the burden of showing it was injured by the compromise (*North Ave. Sav. Bank v. Hayes*, 188 Mass. 135, 74 N. E. 311; *Lock Haven St. Bank v. Smith*, 155 N. Y. 185, 49 N. E. 680); but for all shown in the record it may be \$1850 better off (*Lock Haven Bank v. Smith*, *supra*).

Reversed and remanded.



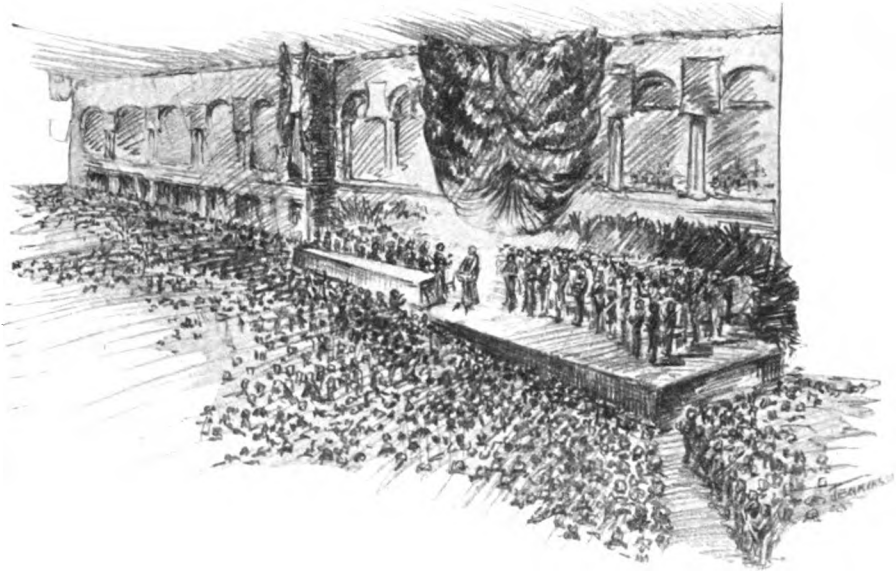
The Forty-Eighth Annual Convention of the American Bankers Association



American
Banker's Association
Convention
New York 1922

Convention Proves Epoch Maker

Attendance Shatters all Previous Records. Vital Subjects Aably Presented by Speakers of International Note



Our artist's impression of the Convention Hall just after Mr. McKenna had completed his address

THE forty-eighth annual convention of the American Bankers Association held in New York, October 2 to 6, was in many respects the most successful in the history of the association.

The attendance far surpassed that of any previous convention, the total registration amounting to 11,503 as against 4600 the highest previous figure which was attained in Chicago in 1909.

Another feature of this year's convention that made it of unusual importance was the prominence of the speakers, and the significance of the subjects they presented.

THE PROGRAM OF ENTERTAINMENT

The program of entertainment was such that it was impossible for a delegate or visitor to have a single dull moment during his stay in New York. Nothing was spared to give the visiting

bankers the very best that New York affords in the way of hospitality and good times.

There were two vital subjects before the convention, one international, the other domestic. The first was the problem of inter-allied debts and reparations, the second was the question of branch banking. Both were ably and thoroughly discussed. The convention went on record as being opposed to branch banking in any form.

RESOLUTION ON INTERNATIONAL PROBLEM

In regard to the international problem, it declared through the Resolution Committee that:

"We believe that the time has come for the Government of our country to formulate the principles on which it will be able to cooperate with the other nations and bring about the needed re-



JOHN H. PUELICHER

President American Bankers Association
 president Marshall & Ilsley Bank, Milwaukee

habilitation of European countries and peace in the world."

The convention also urged the Harding administration to take into consideration the advantage of promptly making its representative on the Reparations Commission an official of that body, and urged Congress to grant the Debt Funding Commission further power in order that it may carry on more effective negotiations with the countries which now owe us about \$11,000,000,000.

The par collection of checks also came up for discussion, and the committee reported that the purpose of the Federal Reserve Banks in attempting to collect checks over the counter was not merely for the purpose of collecting the checks, but for intimidating banks and forcing them to remit at par. A resolution was adopted endorsing the

McFadden bill as amended, which makes the charge for collection of checks optional on the part of the bank.

A resolution on the tariff pointed out that the United States cannot get back to normal until the nations with which we trade can pay us for their imports, and that this can only be done by exports to us. President Harding was urged to use the power granted to him in the new tariff law to make such changes in the schedules as may be necessary.

**BANKERS VOTE CONVENTION MOST
 SUCCESSFUL**

In the opinion of bankers leaving New York for their respective homes, the convention was most successful in crystallizing banking opinion on important matters of public interest. Without question, those who attended



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THOMAS B. McADAMS

Retiring president American Bankers Association; vice-president Merchants National Bank, Richmond

the convention will carry home with them a clearer understanding of the nation's problems, and will thus be in a better position to advise their thousands of clients. This is especially true in the case of the international debts. This matter was so ably discussed by such prominent men as Reginald McKenna, former Chancellor of the British Exchequer, and Thomas W. Lamont of J. P. Morgan & Co., that those who listened could not help but come away better informed as to the essentials of this very vital problem.

In addition to Mr. McKenna and Mr. Lamont, important addresses were delivered by the following: Thomas B. McAdams, president of the Association; George E. Vincent, president Rockefeller Foundation; Andrew J. Frame, chairman of the board Waukesha National Bank, Waukesha, Wis.; Waldo

Newcomer, president National Exchange Bank, Baltimore, Md.; Hon. Henry J. Allen, Governor of Kansas; R. S. Hecht, president Hibernia Bank & Trust Co., New Orleans; Eugene Meyer, Jr., managing director War Finance Corporation; John McHugh, president Mechanics & Metals National Bank; L. F. Loree, president Delaware & Hudson Company; Hon. Marshall Cousins, Commissioner of Banking of the State of Wisconsin; Nicholas Murray Butler, president Columbia University; James S. Alexander, president National Bank of Commerce, N. Y.; Frank A. Munsey, prominent publisher; J. Arthur House, president Guardian Savings & Trust Co., Cleveland; Alvin W. Krech, president Equitable Trust Company, New York.

The question of whether the headquarters of the association should be



WALTER W. HEAD

First vice-president American Bankers Association;
 president Omaha National Bank, Omaha

moved from New York to Washington, which has been hanging fire for some time, did not come before the convention, as the committee in charge reported in favor of deferring action until next spring.

Officers elected for the new year

were: President, John H. Puelicher, president Marshall & Ilsley Bank of Milwaukee; First Vice-President, Walter W. Head, president Omaha National Bank, Omaha, Neb.; Second Vice-President, William E. Knox, president Bowery Savings Bank, New York.



Convention Opposes Branch Banking

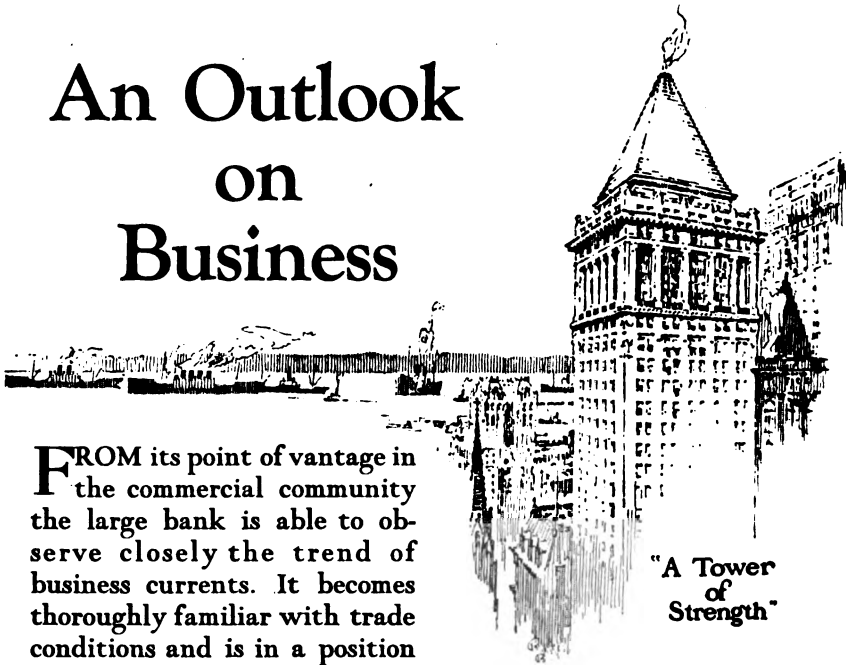
Both Sides of the Debate on This Important Subject

THOSE banks in the United States, including the vast majority of the state banks and a considerable number of the national banks, which oppose the idea of branch banks won a victory when they succeeded in having

the convention of the American Bankers Association adopt a resolution condemning the practice of establishing branch offices.

On no subject of professional interest to bankers has so much feeling been

An Outlook on Business



"A Tower
of
Strength"

FROM its point of vantage in the commercial community the large bank is able to observe closely the trend of business currents. It becomes thoroughly familiar with trade conditions and is in a position to give sound advice and timely assistance to its customers.

THE Bankers Trust Company offers to its customers everything in financial facilities that may be needed by any business, large or small. It seeks the accounts of concerns and individuals desiring dependable banking service and willing to do their part to make their connection here a mutually satisfactory one.

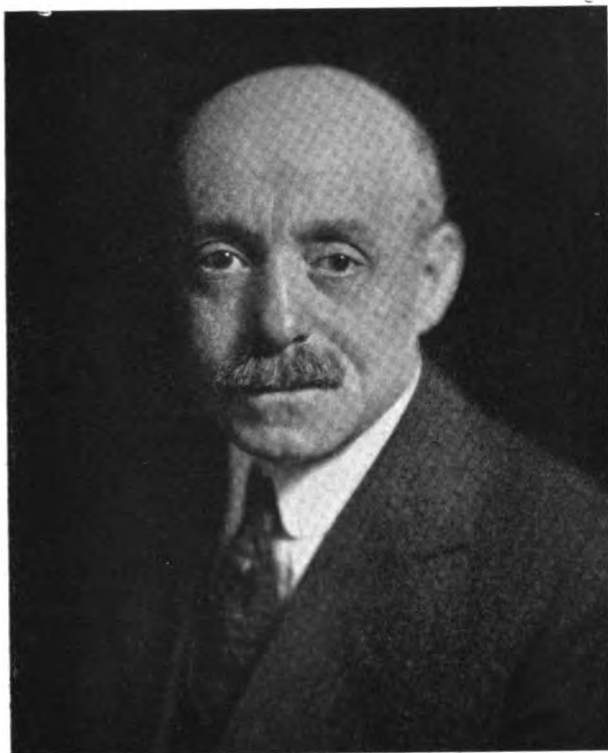
It places at their disposal the complete machinery of modern banking in full operation at its three New York offices—the Downtown Office at 16 Wall Street, the Fifth Avenue Office at 42nd Street, and the Fifty-seventh Street Office at Madison Avenue—and at its Paris Office, which is a strong, fully-equipped American bank at the financial center of continental Europe.

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what our service may mean to you.*

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WILLIAM E. KNOX

Second vice-president American Bankers Association;
 president Bowery Savings Bank, New York

displayed in the last year as upon the branch bank issue. Many delegates to the convention declared that the desire on the part of the small banks of the country to settle the matter definitely so far as the association is concerned was the principal reason for the great turnout of bankers at this convention, more than double the number who ever attended a previous convention.

RESOLUTION ADOPTED BY CONVENTION

After months spent in solidifying the sentiment of the small banks, a warm battle was staged at the convention. The following resolution was adopted by an overwhelming vote:

Resolved, by the American Bankers Association, That we view with alarm the establishment of branch banking in the United States and the attempt to permit and legal-

ize branch banking; that we hereby express our disapproval of and opposition to branch banking in any form by state or national banks in our nation.

Resolved, That we regard branch banking or the establishment of additional offices by banks as detrimental to the best interests of the people of the United States. Branch banking is contrary to public policy, violates the basic principles of our Government and concentrates the credits of the nations and the power of money in the hands of a few.

DEBATE OPENS DISCUSSION

Realizing the importance of the question and the general interest in it, the convention management allotted one hour and fifteen minutes of the Wednesday morning session to a discussion of it. The discussion took the form of a debate between Andrew J. Frame, chairman of the board of the Waukesha

National Bank of Commerce in New York

Established 1839

STATEMENT OF CONDITION SEPTEMBER 15, 1922

RESOURCES	LIABILITIES
Loans and Discounts \$225,452,494.70	Capital Paid up.....\$25,000,000.00
Overdrafts, secured and unsecured 3,629.47	Surplus 25,000,000.00
United States Securities 99,531,584.53	Undivided Profits..... 12,778,559.58
Other Bonds and Securities 7,037,857.54	Deposits 391,716,483.46
Stock of Federal Reserve Bank 1,500,000.00	Dividends unpaid ... 12,556.50
Banking House 4,000,000.00	Reserved for Interest, Taxes and other Purposes 6,618,828.68
Cash in Vault and due from Federal Reserve Bank 58,472,902.14	Unearned Discount .. 1,365,476.30
Due from Banks and Bankers 5,575,645.55	Letters of Credit.... 11,636,217.41
Exchanges for Clearing House 59,220,192.68	Acceptances executed for Customers 19,838,747.59
Checks and other Cash Items 3,016,937.50	Acceptances sold with our endorsement... 1,587,787.46
Interest Accrued 1,065,113.38	
Customers' Liability under Letters of Credit and Acceptances 30,678,299.49	
\$495,554,656.98	\$495,554,656.98

President

JAMES S. ALEXANDER

Vice-Presidents

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JOSEPH A. BRODERICK
GUY EMERSON

LOUIS A. KEIDEL
DAVID H. G. PENNY

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JAMES TIMPSON
THOMAS WILLIAMS

National Bank, Waukesha, Wis., and Waldo Newcomer, president of the National Exchange Bank, Baltimore, Md. Mr. Frame opposed the branch bank idea and Mr. Newcomer defended the



ANDREW J. FRAME

Chairman of the board Waukesha National Bank,
Waukesha, Wis.

establishment of branches by national banks. The subject of the debate was:

"Shall national banks be prevented from establishing branches within their home cities where the privilege is exercised by state banks?"

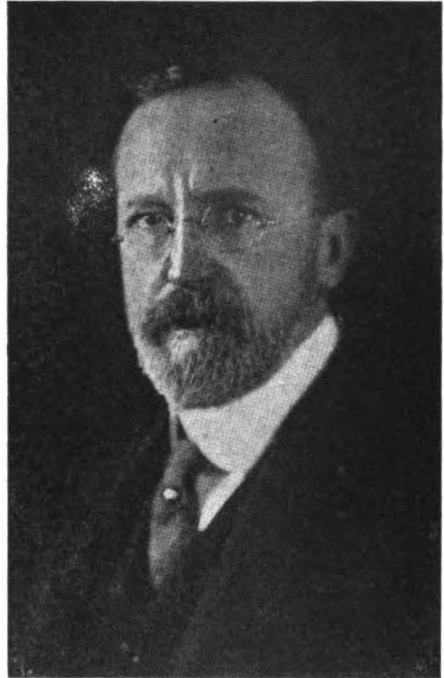
Mr. Frame opposed the establishment of branch banks in any form while Mr. Newcomer confined his argument to favoring the establishment of national bank branches in cities where the head office is located, provided that state banks already are exercising the privilege.

Each speaker was allotted fifteen minutes and at the conclusion of their argument several others spoke from platform and floor for five minutes each. And at the conclusion of the speaking, the convention adopted the resolution quoted above placing the association on record for a second time as opposed to

branch banking in the United States. The previous occasion had been at the Kansas City convention in 1916.

Opponents of branch banking among state bankers admitted freely that in some states, notably in California, the national banks are placed at a great disadvantage through their inability to establish branch offices in competition with state chartered institutions. State institutions there may establish branches anywhere in the state, not alone in the head office city. In situations such as that, the national bank is admitted to have a logical complaint.

But opponents of branch banks opposed it in the case of state as well as



WALDO NEWCOMER

President National Exchange Bank, Baltimore

national banks. They declared that the national banks located in branch banking states should bring pressure to bear in their state legislatures to correct the inequalities under which they suffer rather than try to make legal the



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60 WALL STREET 716 FIFTH AVENUE



SIR FREDERICK WILLIAMS-TAYLOR
General manager Bank of Montreal,
Canada



SIR JOHN AIRD
Vice-president and general manager Canadian
Bank of Commerce

establishment of branch national banks in those states, thus making the evil worse.

FRAME ARGUES AGAINST BRANCH BANKS

Mr. Frame asserted that the 30,000 independent banks of the United States had done more than to build up the country than "all the cream-skimming monopolistic banks have done for other nations". He denied that branches served the people better or that failures and losses to depositors are lessened under branch banking.

Comparing American independent banks with the English branch banks, he pointed to the Baring and other big bank failures in London, and quoted statistics to show that the losses in the British failures during the panics of 1866-78 and 1890 alone were \$50,000,000 more than the total failures of all banks in the United States in the approximate period from the Civil War to the Spanish-American War.

He declared that this country ought to profit by the example of Europe where the banking power is held by a few banks. He pointed out that in England five banks hold most of the banking power and that in France and in Germany ten banks practically dominate. His statement that in Canada "seventeen banks now skim the cream from over 4800 branches, leaving only skim milk for the rural and suburban populations", was a day later taken exception to by Sir Frederick Williams-Taylor, general manager of the Bank of Montreal, in a short address to the convention in which he said that more money was distributed in loans in the sparsely populated provinces of Western Canada by the branch banks operating there than was taken out in the form of deposits.

Mr. Frame said that the pro-branch faction contended that because some of the states had granted to state banks, largely in cities, the privilege to have



**THE IMPORTERS AND TRADERS
NATIONAL BANK
OF NEW YORK**

CAPITAL	\$1,500,000
SURPLUS	7,000,000
UNDIVIDED PROFITS	1,500,000
RESOURCES	43,000,000

THE exceptionally large percentage which our Capital, Surplus and Undivided Profits bear to our Deposits, denotes the large measure of responsibility as well as the financial facilities this bank affords its patrons.

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OPPOSITE CITY HALL**



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FRED N. SHEPHERD

Executive manager American Bankers Association

branches, therefore the national banks "should have some of the pork". He demanded that Congress should not pass special legislation to favor "a few monopolists who would drive the wedge in further and later Canadianize our banking system". Referring to the claim of national bank men that state banks with branches were putting them out of business, he asked how long it would take, if national banks also received branch privileges, for the branch bank system to drive the independent state and national banks out of business.

NEWCOMER DEFENDS BRANCH BANKS

Mr. Newcomer, taking the other side in the argument, said that if the convention felt that branch banking in any form and under any condition was unconservative and bad banking, it should

not approve of a branch bank maintained by any of its members, "irrespective of what the law will permit". If it did not, he said, then it should secure "under conservative and safe conditions the right of a national bank to establish branches along with those of state banks". He said the question had become very acute the last few years because of the establishment of branches by state banks in all parts of the country, "in direct competition with the national banks in that same locality and with no power on the part of the latter to retaliate".

"It is self-evident," he said, "that the only solution of the problem which is open to any reasonable defense and which can commend itself to any fair-minded person is such a change of law as will permit national banks, at least in those states which permit branch

Personal Service for Correspondents

Supplementing the varied facilities of our several departments and the long experience requisite to the handling of correspondent accounts, is the distinct personal service which is rendered to out-of-town Banks and Trust Companies by the officers of this Company.

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GUY EMERSON

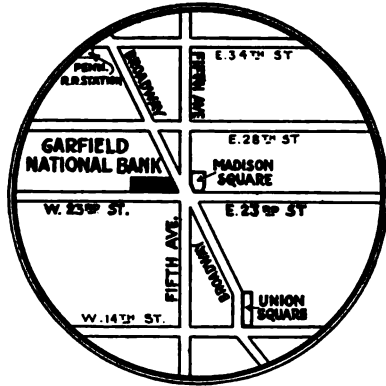
Executive manager of the convention; vice-president National Bank of Commerce in New York

banking to the state institutions, to establish branches within the corporate limits of their city. Now, the only possible objections that can be urged to such a course may be divided into two classes: the theoretical objection that branch banking is not conservative and that proper supervision cannot be kept over a banking business spread out among various offices and a second objection based entirely on a question of policy and the fear that however conservative and proper such a course may be from the standpoint of good banking, it is against public policy in that some of the large banks in the chief money centers might eventually extend over the country to the injury and possible extinction of the small privately owned banks".

Mr. Newcomer declared that the sys-

tem had worked out efficiently under the Federal Reserve act, which gives national banks the right to open branches in foreign countries. If national banks can run branches conservatively in Europe and South America, he added, they surely can do so in their own home cities. To the argument that the banks of the great money centers would establish branches all through the land and drive out the small, privately owned bank, he replied that "such a course is not advocated by the National Bank Division nor would it have the approval of our best financiers and most thoughtful men".

"The national banks are asking only for the same right that the state banks have and are perfectly content to have the power confined to the city in which



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they are located. In such cases, if they had the power or the desire to drive the small bank out of business, they could do it without branches. If such a power or desire did exist, it is just as likely to exist in the minds of the management of the large state banks as in those of the national banks. Have the state banks in this country, with all their branches, driven the small banks out of existence? They have or they have not.

If they have not, what possible reason is there for assuming that national banks would do so? If they have, how would the national banks change the situation?

"It seems to me that the question narrows itself down to an extremely simple proposition of plain honesty. It is the duty of the association to protect the interests of all classes of its members and it must now face this question."

An Argument Against Branch Banking

By Vernon R. Loucks

Of the Chicago Bar

(The argument printed below comprises excerpts only from a pamphlet distributed by anti-branch bankers at the convention of the American Bankers Association. An attempt has been made to limit the discussion as much as possible to the questions of whether branches should be permitted in the city where the head office bank is located.—THE EDITOR.)

THE branch banking system takes away the benefit of having a bank under local control to build up local industries. Local officers and directors understand the needs of a community more intimately and can act with greater promptness than an agent or a non-resident board of directors. The community is built up and developed by the making of discreet loans to pioneer enterprises and deserving business men and by giving them financial advice as well as credit. The board of directors of a local bank is made up of men who are intimately connected with the business life and personnel of the immediate neighborhood. They form their judgments from first-hand information and primary evidence. The members of the board of directors and officers of a large bank, miles away, are interested in their own respective enterprises. Their natural interest causes them to put the funds under their control into channels that either directly or indirectly promote their associated businesses. Even where this is perfectly legitimate, their natural preference is to place their money with men whom they know personally rather than to loan to those about whom they know nothing but from hearsay.

Human interest prompts the local board of directors to take care of local industries first. Actual and daily contact with the various borrowers and thorough knowledge of the needs of the community make the local board and officers competent to exercise judgment. They can afford to take chances in the matter of new enterprises

that a long distance board of directors would not be justified in taking, because the latter does not have first-hand information as to the borrower, cannot fully appraise the situation or appreciate the chances of success of the enterprise. For a foreign board of directors adequately to pass upon the credits of merchants miles away, whom they have never seen and with whose business or environment they are not familiar, is about as satisfactory as teaching swimming by correspondence.

Emory W. Clark, president of the First National Bank of Detroit, has recently written a widely published article advocating branch banking. Referring to conditions in Detroit, he says:

"The branch, as a rule, makes no loans. The branch manager of course has authority to make loans up to a certain limit (say \$500 to \$1000) to his own customers, but all applications for loans above this limit go before the officers and directors of the bank. These branches are, therefore, in practice nothing more than offices for the receipt of deposits."

The result, under the branch banking system, is that local loans are frequently refused where they should be made. Local enterprises do not receive the financial credit which they must have. The entire community suffers and the city and surrounding country do not develop as they should.

An example of what would undoubtedly happen in our country is found in the record of what has happened where branch banking has been permitted.

International Acceptance Bank

INCORPORATED

Established April, 1921

31 Pine Street, New York

Statement of Condition as of September 15, 1922

RESOURCES

Stockholders' Uncalled Liability	\$5,000,000.00
Cash on Hand and due from Banks	\$ 4,323,131.72
Acceptances of Other Banks	1,964,396.54
U. S. Government Securities	10,711,562.30
Loans and Discounts	3,913,881.47
Other Bonds, Securities, etc.	3,597,605.19
Customers' Liability, Acceptances (Less Anticipations \$2,014,431.03)	22,110,470.18
Customers' Liability under Letters of Credit	5,569,696.21
Total	\$52,190,743.61

LIABILITIES

Subscribed Capital and Surplus.	\$15,250,000.00
Capital Paid In	\$10,250,000.00
Undivided Profits	791,714.10
Reserves for Taxes, etc.	76,573.07
Due to Banks and Customers	11,358,063.79
Acceptances Outstanding (less held in portfolio \$65,666.92)	24,144,696.44
Letters of Credit	5,569,696.21
Total	\$52,190,743.61

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COMMERCIAL CREDITS
FOREIGN EXCHANGE
FOREIGN SECURITIES
COLLECTIONS BULLION

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A stormy scene during the branch banking controversy

In Los Angeles branch banks are scattered around the city extensively. The Bank of California has twenty-six branches in Los Angeles. In Cleveland, a city of 796,000, the Cleveland Trust Company has forty-eight branches and is extending them through the state, four having been located in towns outside of Cleveland. In the city of Detroit there are one hundred and ninety-one banking places, of which only twenty are chartered banks and one hundred and seventy-one are branches. In California branches have been extended into many towns throughout the entire state, as well as in other states.

Most of the advocates of branch banking freely admit that the system means the elimination of the small bank and the concentration of banking power in the hands of the large banks. Their arguments are based upon the benefits of such a concentrated system.

The proponents of the system say that there is competition even in branch banking. While this is true, it is not a healthful competition. It is a competition only of large and powerful banks fighting over the spoils. There is no competition between large and small banks.

In his recent article favoring branch banking, Mr. Clark asserts that the situation in Canada is not comparable to that in this country, because here the practice of establishing branches would be more limited. He says that it might even be restricted to the municipality in which the principal office of the bank is located, as under the present state law in Michigan. After speaking of the Canadian system, he admits that the evils resulting from centralization of financial power and credit would give cause for alarm, but suggests relief in the fact that they want only half a loaf and not a whole loaf at this time.

DISCOUNT CORPORATION OF NEW YORK

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Receives funds repayable on demand or at fixed maturity against the security of bankers acceptances or government obligations.

STATEMENT OF CONDITION

September 30, 1922

ASSETS

Acceptances Discounted and United States Treasury Certificates.....	\$75,098,990.46
New York State Bond, at Cost.....	985.00
United States Treasury and Victory Notes at Par.....	14,059,350.00
United States Liberty Bonds—Par Value \$1,272,950., at Cost.....	1,221,948.50
Cash and Due from Banks.....	1,623,261.57
Sundry Debits	816,636.62
	<u>\$92,821,167.15</u>

LIABILITIES

Capital	\$5,000,000.00
Surplus	1,000,000.00
Undivided Profits	1,248,250.58
	<u>\$ 7,248,250.58</u>
Reserve for Taxes, Etc.	39,744.48
Loans Payable and Deposits	20,751,028.47
Acceptances Rediscounted and Sold with Endorsement.....	64,151,117.54
Unearned Discount	49,550.16
Sundry Credits	81,480.92
	<u>\$92,821,167.15</u>

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Chairman Committee of 100, president Bankers Trust Company, New York

But when the very difficult task is accomplished of getting their foot in the door, it will be much easier to force it wide open. A striking example of this was seen in New Jersey in 1913, when a law was passed authorizing branch banking within county lines. Inspired by their easy success, the branch banking advocates at the very next session of the legislature made a desperate and almost successful attempt to extend branches all over the state. When finally aroused to what it all really meant, the independent banks succeeded in preventing branch banking altogether.

The fact that the death of the independent banks of this country would be gradual or by degrees—eliminating them from cities first—does not afford much consolation. It is not any easier to take because it comes in homeopathic doses at first.

After all, the fundamental function of a bank is to accumulate the money of the community as deposits, and then place it for

commercial development in the hands of those most able to use it for that purpose. Who are the persons to be thus intrusted with the further business development of this country? The branch banking system says that it shall be those who can transmit on paper through a branch manager the best financial statement. The independent banking system says that while that is a factor, still it will also consider the energy, ability and character of men personally known to and relied upon by the banker. It does not close the avenue of business to the ambitious and deserving man who has not already made his stake as a basis for future credit. The one system tends constantly toward the greater concentration of wealth and of power; the other is an influence toward its greater distribution. The one is an oligarchy of caste; the other is a system of opportunity. The one is stagnant and dead; the other is a moving human system of progress and of life.

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WILLIAM G. FITZWILSON

Secretary and assistant treasurer American Bankers Association

A Favorable Opinion on the Branch Bank Question

(Being a newspaper interview with Walter E. Frew, president of the Corn Exchange Bank, New York, whose institution operates fifty branches.)

I MUST confess that I was not surprised at the protest of bankers against national banks having the right to establish branches, as I well remember in the spring of 1899 I entertained similar views when that grand old banker, the late William A. Nash, started to establish branches of the Corn Exchange Bank, of which he was president, under a new amendment to the banking laws of the State of New York. Part of my personal experience might serve as a practical answer to some of the theoretical criticisms the branch system is now receiving.

I was then president of a bank in Long Island City, which to my mind was only equalled by the Bank of England, and I resented the right of a great New York bank to come into my territory and compete with me, which from my then point of view, meant the elimination of my bank. I was, therefore, bitterly opposed to such a system which could do such a great wrong. You

can imagine my surprise when I was invited by Mr. Nash to become vice-president of this great octopus which was to drive every small bank out of their legitimate fields. After my talk with the head of this supposed octopus, I had a different idea of the whole proposition, but I still had my doubts of its ultimate success, and it required quite a little negotiation before I accepted his proposition to absorb my bank and myself.

I must confess at that time I was not big enough to see the advantages and possibilities of such an amalgamation. The first two or three years were very difficult years of organization and development and we realized we had a lot to learn, so I went to Europe to learn how to properly operate branch banks. I was received by the English, Scotch and French bankers most courteously, and they gave me full information about their respective systems, and from that information we devised the sys-

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**This Company is the Fiscal Agent of the
State of New York for the sale of
Stock Transfer Tax Stamps**

tem under which we have successfully operated.

Branch banking is like any other kind of banking. It depends on how it is managed. Speculative banking always has a disastrous ending wherever it exists, but branch banking managed in a conservative way is now, in my opinion, the best system of banking that can be devised. This opinion has been formed from my twenty-three years' experience in that class of banking.

The Corn Exchange Bank had about \$10,000,000 deposits and was just about earning its dividends when it entered the branch banking field in 1899. Its development is a matter of history, and I might say eminently satisfactory to its stockholders, but it is unnecessary to elaborate on it and I only mention it to illustrate what branch banking, conservatively operated, can do for a bank. I wish to say, however, that its record shows no branch of this bank has been established where it has in any way injured a competitor. Wherever a branch of our bank has been located where there was an existing local bank, it was permitted only after careful investigation by the banking department as to the need of another bank in that community.

Whenever such a condition existed you will find in each case the then existing local bank has today increased deposits equal to the total of our branch operating in that locality. I contend a branch of our bank in that locality made a banking center and not only stimulated business for itself but benefited its competitor. Where in our experience another bank has been merged with our bank, the improved service of the new institution has been appreciated by the people of that community, as in almost every case the deposits have increased three to four fold. The old officers of the merged institution occupy higher and more remunerative positions than they could possibly have attained in a smaller institution, and their sphere of usefulness and opportunity is very much enlarged. These are facts which can be easily proved.

Another fact which seems to me to prove the advantages of such a system to the public, is that in many parts of our city there was not sufficient available capital for the organization of an independent bank; and in many such cases we established our branches in these localities and the communities developed much more rapidly than they would have otherwise.

I must say I sympathize with the efforts of the national banks to persuade Congress to amend the National Banking Act, so that they can establish branches with the view of securing deposits to take the place of those lost through the operations of the

Federal Reserve system in one of its principal objectives to decentralize reserves which, judging by results in New York, seems to have been eminently successful. Conversion into state institutions seems to be the procedure they should adopt, but no doubt other reasons prevent the adoption of such a course. Congress, therefore, should give them power to establish branches wherever they are willing to risk their capi-



● HARRIS & EWING, WASH., D. C.

THOMAS B. PATON

General Counsel for American Bankers Association

tal, but under such proper supervision and restrictions by the Comptroller of the Currency and the banking departments of their respective states, so the development of the system can only be along conservative lines.

I want to say to those bank officers who are now opposing branch banking and who are probably in the same position as I was in 1899, that they should not fear competition of that kind. It will not be an injury in any way to them, their banks or their communities. It will be, on the contrary, a great developer of all of them and their interests.



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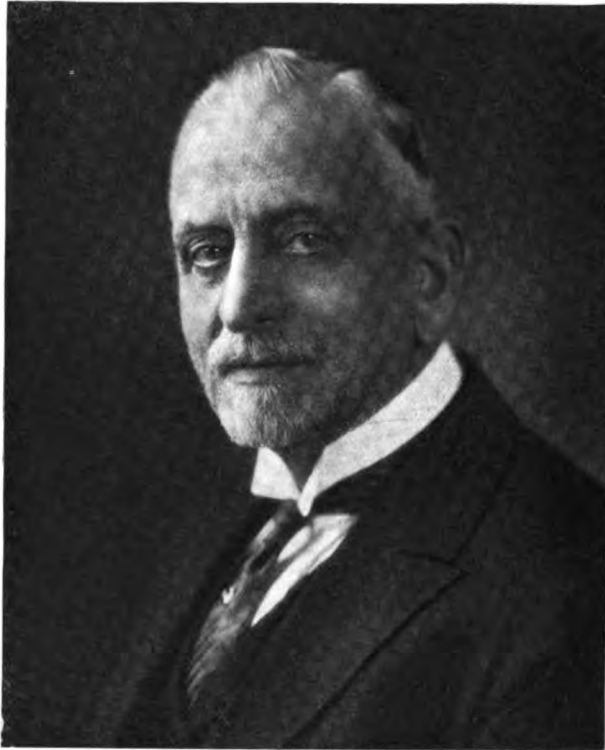
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EDWARD TOWNSEND

Chairman of the board Importers and Traders National Bank, N. Y.

Branch Banking in Detroit

THE situation with regard to branch banking in Detroit presents such a peculiar problem that it is thought best to publish in full statements of the presidents of two of Detroit's national banks. These statements bring out the fact that there are 179 state branch banks operated in the city of Detroit alone. As against these 179 state banking points, there are only three national banks, all without branches. The competition with which the national banks are thus confronted constitutes the problem which is touched upon below:

RICHARD P. JOY

*President National Bank of Commerce
of Detroit*

Two bills have been recently introduced in Congress to abolish branch banks. Con-

gressman Millspaugh of Missouri proposes (H. R. 12528) to amend the Federal Reserve Act to prohibit the maintenance of branch banks by member banks established after July 1, 1922, while Senator Capper from ~~the same state~~ ^{Kans.} in conjunction with Congressman Dyer, proposes (H. R. 12414) that no national banking association shall maintain or operate any branch bank in any state that does not by direct legislation authorize banks to operate branch banks.

The question of branch banks is after all a local issue. In some states branch banks are recognized and permitted to operate by "direct legislation". The banking laws of the State of Michigan, however, do not authorize or even mention branch banks and yet there are no less than 179 state branch banks operated in the city of Detroit alone.

Several of the larger state banks in Detroit serve the public by maintaining more than twenty-five branches each. These branch banks are scattered throughout the length and breadth of the city. In a great city like Detroit it is inconvenient for customers of a bank to go downtown perhaps

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at Larger Cities } in your city, or address } Representatives Elsewhere
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HENRY H. POWELL

President Importers and Traders National Bank, New York

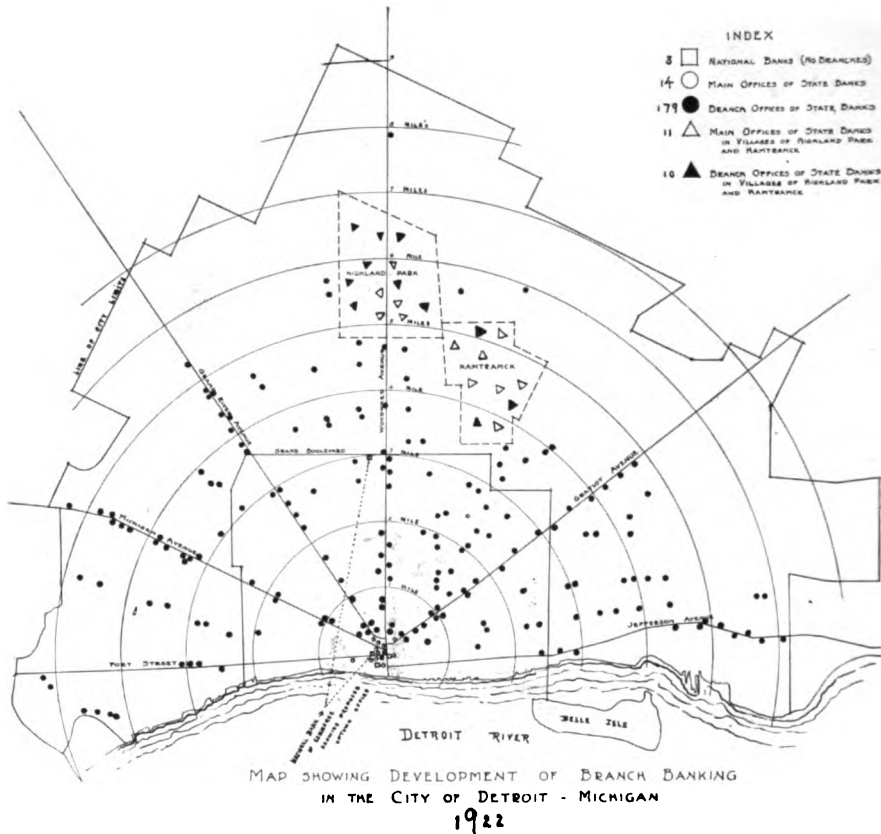
six or seven miles to do their banking. The present very convenient neighborhood branches as shown on the map induce working men and women to save their money. Branch banks therefore perform a real service for the people in the city of Detroit and encourage thrift.

There are today fourteen state banks in Detroit maintaining collectively 179 branch offices. It is not only more convenient but safer for depositors to do their banking with one strong bank having a capital, surplus and undivided profits of say \$8,000,000 which maintains twenty-five branches for the convenience of its patrons, than it would be to bank with any one of twenty-five separate individual banks, each little bank having its own capital, surplus and profits of say \$350,000. A merchant or manufacturer would find it quite impossible to split his account into twenty-five parts in order to obtain adequate lines of credit from a large group of small banks, whereas at the present time the large banks of the city are able to care for the requirements of large industries and the customer requiring credit is obliged to negotiate solely with his own bank.

The name "branch bank" is a misnomer

as applied to the outside offices maintained by the state banks in the city of Detroit. These "branches" do not function as separate banks, being simply additional offices maintained within the city limits for the convenience of customers. Applications for loans are received at the branch banks and referred to the officers and directors at the main office, where they are either approved or declined. Branch banks receive deposits and cash checks only and are merely a convenience offered by the parent bank to the public.

Competition between state banks having branches and national banks having no branches has become so keen in Michigan that there are today but three national banks in the city of Detroit with its population in excess of one million people. It is very apparent that state banks are gradually superseding national banks largely for the reason that Michigan laws are more liberal and also the State Banking Department permits the establishment of branches for the convenience of the public. State banks can grant loans up to 20 per cent. of their capital and surplus by a two-third vote of their directors, while national banks



are restricted to 10 per cent. State banks can also invest a very large portion of their deposits in mortgage loans, while national banks' privileges are much more restricted.

Unquestionably sentiment alone and the hope that there will be relief in the near future is the inducement to many national banks to hold their charters. Certainly there is no real value in a national bank charter in the State of Michigan as compared with a charter under state laws. At the same time, old and well established national banks hesitate to give up their charters in order to convert into state banks. If the Government proposes to prohibit national banks from establishing branches in cities where state banks are permitted to operate with branches, there is no alternative except for the national banks to withdraw from under Federal laws and avail themselves of the advantages afforded by the banking laws of Michigan.

There can be little or no objection to permitting national banks in large cities to maintain outside offices or branches, providing that the state in which the national bank

does business permits its own state banks to maintain branches either by direct legislation or with the approval of its state banking department. All banks must grow in service as well as in size in order to keep pace with the growth of the nation's industries and commerce.

The fear of the country banker that the city banker will invade his territory with a branch bank should be allayed. Congress can restrict branch banks to cities having a population in excess of say 50,000 and limit the extension of branches to within the borders of such cities. The country banker perhaps deals more largely in personality than does the city banker who demands either adequate collateral or a satisfactory balance sheet as the basis for extending credit. Large and growing industries in cities require large and progressive banks. If the industrial tree is to bear good fruit and grow to the limits set by nature the banking and financial roots must also develop. To restrict banking developments in large cities because the country banker fears the extension of branch banking to

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Executive Offices

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terstate Commerce Commissioner*

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his territory is perhaps a narrow view. These fears can be allayed by proper legislation.

EMORY W. CLARK

*President First National Bank
in Detroit*

In the now prevalent, and somewhat virulent, discussion of branches for national banks, there are certain fundamentals which are occasionally overlooked by some of the writers and orators on the subject. Is it intended that the national banks shall be permitted and encouraged to operate branches in the manner in which the Canadian banks do? Opponents of the proposition assume without reservation that this is the intention and with this assumption as a premise they proceed to construct a very convincing argument against the introduction of branch banking into our national bank system. The evils resulting from centralization of financial power and credits are enlarged upon and the local banker, in the small city, town or village is affrighted with the bogey of a gigantic financial octopus that will swallow them all, hoof, hair and hide. The strangling of local enterprises by this foreign monster is portrayed to arouse the resentment of the village manufacturer and merchant.

All of which is very alarming, if true. But is it true?

The fact is that branch banking, so called, is being conducted today by state banks in a manner entirely unobjectionable, and that national banks can, if not prevented, do the same. The further fact is that the national banking system is losing ground by not doing this thing which the competitor state banks are doing so successfully, in many states.

In his letter to Senator McCormick, Comptroller Crissinger refers to the bank situation in Detroit as illustrating the disadvantage to which national banks are subjected where state banks are permitted to operate branches. It may help to dissipate certain misconceptions if the Detroit situation is more perfectly and more generally understood.

The Michigan law (and Michigan banking laws are very stringent) permits a state bank to maintain branches within the municipality in which its principal office is located but not elsewhere. For example, a state bank in Detroit can have branches within the corporate limits of Detroit but cannot have branches in Highland Park, a suburb of Detroit, but a separate municipal corporation. There is no possibility of a state bank in Detroit maintaining branches throughout Michigan, in competition with local banks. The same restrictions can (and would) be imposed by the Comptroller of the Currency on national banks.

As a matter of fact, the "branch banks"



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H. C. RICHARD

President The State Bank, New York

maintained by the state banks in Detroit are nothing more in effect than branch "offices", such as Comptroller Crissinger evidently contemplated for national banks. These branches receive deposits; that is their main function. These deposits are chiefly the savings deposits of the neighborhood and the small checking accounts of the housewife and neighborhood storekeeper. The depositors are afforded the convenience of a bank near their homes and places of business with the protection of safety insured by the resources and management of a large banking institution; their funds are invested with the same care and experience as the funds of the millionaire and the big department store, whose deposits are made at the main bank downtown.

For the branch, as a rule, makes no loans. The branch manager of course has authority to make loans up to a certain limit (say \$500 to \$1000) to his own customers, but all applications for loans above this limit go before the officers and directors of the bank. These "branches" are, therefore, in practice nothing more than offices for the receipt of deposits; all items are cleared daily through the main bank. The "branches" are, to put it differently, little more than conveniences for the customers of the bank. It is a system which follows out the modern policy

The State Bank

NEW YORK

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Condensed Statement as of the close of business,

September 30th, 1922

RESOURCES

Loans and Discounts.....	\$52,315,378.22
Public Securities.....	9,918,135.18
Private Securities.....	16,960,951.12
Banking Houses	1,379,988.31
Cash and Exchanges.....	8,718,360.29
Customers' Liability, Account of Acceptances, etc.	2,781,333.04
	<hr/>
	\$92,074,146.16

LIABILITIES

Capital Stock.....	\$ 2,500,000.00
Surplus and Undivided Profits.....	4,629,953.31
Reserves for Taxes, etc.....	409,951.19
Quarterly Dividend, Payable October 2, 1922	100,000.00
Due Depositors.....	81,713,018.25
Bills Payable and Rediscounts.....	NONE
Acceptances, Letters of Credit, etc.....	2,721,223.41
	<hr/>
	\$92,074,146.16

NET DEPOSITS

1919.....	\$36,000,000
1922.....	77,000,000

No Mergers—No Consolidations—Natural Growth

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STEPHEN BAKER
President Bank of the Manhattan Company, New York

of taking the business to the people, making it convenient and simple for them to maintain a bank account.

This system in Detroit has contributed greatly to the upbuilding of savings; there is hardly a family which does not have one or more accounts with a branch bank in the neighborhood.

Twelve state banks in Detroit have altogether 174 branches.

There are two other state banks which have no branches; one of these is strictly a savings bank and the other is a new bank.

There are six trust companies but these companies confine themselves strictly to trust business and do not (in fact, under the state law cannot) do a banking business, and cannot under the state law have branches.

There are only three national banks in Detroit. These three have combined deposits of \$141,087,865 as follows:

Commercial	\$106,250,673
Savings	13,948,775
Due banks	19,282,230
U. S. deposits	1,606,187

The combined deposits of the state banks aggregate \$362,653,451 as follows:

Commercial	\$134,045,871
Savings	219,561,811
Due banks	9,045,769

The three national banks have \$106,250,673 commercial deposits as contrasted with \$134,045,871 for all the state banks; and on the other hand the state banks have \$219,561,811 savings deposits as contrasted with \$13,948,775 for the national.

It is apparent from these figures that while the state banks in Detroit are competing successfully with the national banks for commercial deposits, the state banks by reason of their numerous branches, are securing the great bulk of the savings deposits. It is not surprising, therefore, that the national banks in Detroit should regard with favor the proposition to open branches and are heartily in sympathy with the common sense view of the matter which Comptroller Crissinger has taken.

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● UNDERWOOD & UNDERWOOD, N. Y.

THOMAS W. LAMONT
J. P. Morgan & Co., New York

Foreign Debts to the Fore at Convention

Futility of Our Policy of Isolation is Brought Home to
American Bankers

THE keen interest displayed at the convention by the bankers of the country in the able expositions of various phases of reparations and inter-allied debts, as presented by such men as the Hon. Reginald McKenna, Thomas Lamont, and Thomas B. McAdams, bore out the general feeling prior to the American Bankers Convention that these subjects would constitute a main issue of the meeting.

American bankers have come to realize as never before that a policy of isolation is not compatible with general economic welfare, either national or international.

SIGNIFICANT RESOLUTION ADOPTED

One of the most significant resolutions adopted by the convention, calling on the Government of the United States to formulate principles on which it will be able to cooperate with other nations to bring about the needed rehabilitation of European countries, and to make its representative on the reparations commission an official of that body, reads as follows:

We call attention again to the seriousness of the foreign situation, especially of Europe, which is affecting detrimentally our own conditions and preventing even those industries in our country which are not de-



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RAYMOND E. JONES

Vice-president Bank of the Manhattan Company, New York

pendent upon foreign trade from recovering fully from the depression which otherwise would be rapidly disappearing.

There is no possibility of a healthy and normal situation in this country until the nations with whom we trade are able to pay us for what they import. As this can be done in the main only by the means of exports to us, we trust that the President will not hesitate to make use of the power granted him by the new tariff law to make such adjustments in the schedules as may be necessary from time to time for a restoration of our international commerce.

We believe that the time has come for the Government of our country to formulate the principles on which it will be able to cooperate with other nations to bring about the needed rehabilitation of European countries and peace in the world.

To this end we urge the Administration to consider the advisability of promptly making its representative upon the Reparation Commission an official of that body; we also recommend to Congress that there be granted to the Debt Funding Commission such further powers as will enable it to

negotiate more effectively with the foreign nations now debtors of the United States.

It is coming to be recognized by many that in no case, save that of England, is there any present assurance that the debtor nations of the world can pay their creditors the full amount of their indebtedness as it now stands; that these debts are in need of some adjustment; and that such adjustment is in large measure dependent upon an agreement with reference to reparations payments.

England and France have, to date, failed to arrive at any clear agreement as to Germany's capacity to pay reparations. However, as Thomas Lamont of J. P. Morgan & Co., said in his address to the convention:

While no reparations adjustment has yet been reached, nevertheless public opinion on

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Colombo	Samarang	Yokohama

the other side has now advanced to a state where, when the reparations question comes up again next November, it ought not to be impossible to settle.

THE FRENCH ATTITUDE

Concerning the French attitude Mr. Lamont said:

In France, as I have talked there with many classes of representative Frenchmen, there has come to be the same recognition of the fact that Germany cannot pay the huge totals set forth. The French Government, however, has, not unnaturally, taken the position that it could make no official acknowledgment of such a general fact until such time as a possible settlement was offered.

The French thesis is that if Germany cannot pay what she has promised to pay, let her come forward and state just why she cannot, and what and when she can pay. Up to date the French declare they have not received any clear-cut proposition from Germany covering these points. They say that when they receive such a proposition, they will be prepared to act. I bring out this point of view, because I feel that while to many there may have appeared to be something "hard-boiled" in the French attitude, it is only fair to analyze that attitude and see what it really is.

Mr. Lamont does not feel that the one essential to the settlement of Europe is the German Reparations question, inasmuch as he feels that this question has now reached a point where settlement is possible. He said that:

I agree that this has been, and is, a question of great importance, but it seems to me that it has now become secondary to the general one of interallied debts. Of course, in a way of speaking, it is simply a part of the latter question, because Germany's indebtedness to the Allies is international in character.

WHEN DEBT WAS CONTRACTED

Relative to the contraction of the debt owing to America, Mr. Lamont said:

There is another phase for us to study, which has practicality in it and also some sentiment. It is based on the following fact, namely, that about one-half of the total indebtedness due America was contracted between April 4, 1917 (when Congress declared war against Germany), and the date a year later when the American army for the first time got its soldiers into the trenches in any considerable number. Can

it not, with much reason, be argued that whereas during this period of one year we were wholly unable to furnish soldiers to fight our battles for us, at least we were able to furnish arms and munitions!

We did furnish these, but not as a free contribution to the war, for during that period the Allies were purchasing these commodities in America and were paying for them by contracting the debts just described. Ought, therefore, any part of this first half of the debt be canceled by the American taxpayers? I do not attempt to answer that question, which of course has been raised many times heretofore. I simply bring it up again and urge you to think about it, and if and when you reach a conclusion, express that conclusion out loud.

One thing is certain, if some one on April 4, 1917, had been able to give us our choice as to whether we should rather give up freely and for all time \$5,000,000,000 in money or give up the lives of several hundred thousand of our sons, there would have been no hesitation as to our choice. Fate, however, was the one that determined that choice. It determined that Great Britain and France should give up the lives during that first year, and that we should furnish, not our blood but our money; taking, in place of it, the promises to pay of our Allies. No other policy at the time could have been followed, I grant you, but now that the war is behind us and we can take a long look back, is it wise for us, is it just, is it generous to make some composition of this matter? What is your opinion?

AMERICA AT THE PARTING OF THE WAYS

In conclusion, concerning America's responsibility and future attitude in world affairs, Mr. Lamont said:

Finally, do not forget that, as these nations of Europe face great dangers, America too is facing a crisis, though of a different order. We have gained great power. With the power goes weighty responsibility. Have we discharged it? For the period of the world war, my answer is yes, a thousandfold yes. For the period since the Armistice, can any one of us search his heart and answer, yes? We have, it is true, offered criticism to the nations of Europe. We have shouted advice across to them. But we have been timid and fearful of petty entanglement. Now we have, it would seem, come to the parting of the ways. Shall we meet the responsibility that has come with our power—or shall we fail? Shall you and I give our mind, our understanding and our sympathy to these problems or shall we stand aside and add to our national stock of gold? Shall we urge upon our National Government active coöperation in the counsels of the Mother Country and of the Old World? Or shall we keep silent?



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Mr. McKenna, whose address to the convention on reparations and international debts appears on other pages of this issue of *THE BANKERS MAGAZINE*, spoke purely from a standpoint of personal opinion, and confined his attention strictly to the economic aspect of these matters.

The thought uppermost in his mind was that, exclusive of England, who is both a debtor and a creditor nation, and who can and will meet her obligation in full, none of the debtor nations of Europe are in a position to meet their debts at the figures at present established.

The chief point to consider, in Mr. McKenna's opinion, is not so much the debtor's willingness to pay, (although this by no means is minimized), as it is one of his capacity to pay, and to pay without undue detriment to international economic stability.

Mr. McKenna says:

What we have to investigate is not Germany's capacity to produce wealth, but her capacity to pay foreign debt.

I cannot help thinking that we have here the source of the error into which the Versailles experts seem to have fallen. Nobody has ever doubted Germany's immense power to produce, but production by itself is not enough. She must find a market for her exports, and the problem thus becomes one of determining the possible extension of German export trade. Nor is this the end. We must remember that an increase in her exports will only provide funds for reparation if there is no corresponding increase in imports. Payment for her indispensable imports must be the first charge upon the proceeds of her foreign sales, and it is only the balance, the exportable surplus, which is available for reparations.

EXPORTABLE SURPLUS

In speaking of a nation's exportable surplus we must not forget that other factors may contribute to it besides the balance of exports over imports. Interest received from foreign investments and payment for external services, such as shipping, may be contributory factors. Before the war Germany possessed a very considerable exportable surplus derived from all three sources, but mainly from the interest on her foreign investments, which were probably worth not less than \$5,500,000,000. As regards the surplus from the sale of her products and payment for services it is safe to say that it never exceeded \$100,000,000 a year.

But what is her position today? Most

of her foreign investments have gone. Some were sold during the war, others have been seized as enemy property by the Governments of the allied and associated powers, and most of what remains have lost their value, as in the case of the Russian investments. Her shipping has been largely confiscated, and she has been deprived of some of her most productive areas—Alsace-Lorraine, the Sarre Basin and the Polish provinces. All the sources whence an exportable surplus might have been drawn have been greatly impaired, if not wholly destroyed. At no time was Germany's exportable surplus sufficient to enable her to make the annual payments demanded under the London ultimatum; it is entirely out of the question that she could do so today.

QUESTION CAN BE ANSWERED

What Germany can pay may not be a simple question, but it is a question capable of being answered. Unfortunately, the answer runs counter to popular hopes, popular passions, and, more formidable still, a popular sense of natural justice, which prescribes that the defeated enemy who planned the war should make good the damage suffered by the victors. And so no authoritative answer is given while Europe slides into ruin.

In the closing paragraphs of his speech Mr. McKenna says:

The conclusion to which I am driven is that Germany can only pay now whatever she may have in foreign balances together with such amount as she can realize by the sale of her remaining foreign securities; that this payment is only possible if all other demands are postponed for a definite period long enough to insure the stabilization of the mark; and that future demands at the expiration of this period must be limited to the annual amount of Germany's exportable surplus at that time.

POSTPONEMENT DESIRABLE

Further, that England has the capacity to pay to the United States interest and sinking fund on her debt; but that the other debtors are none of them in a position to meet more than a small part of their external liabilities, and in the existing conditions of Europe a definite postponement of any payment by them is desirable in the interests of all the parties. The actual amount which the other debtors could ultimately pay should, as in the case of Germany, be ascertained by inquiry into their exportable surplus at a full and frank conference between creditors and debtors.

I have strictly confined myself to a consideration of the economic aspect of reparations and international debts, how they are payable, the general capacity of a debtor



THE RIGHT HON. REGINALD McKENNA
Chairman London Joint City and Midland Bank, Limited

"The primary and essential duty of a debtor is to discharge his liability. . . . England has the ability to pay I can unhesitatingly assert her determination to honor her bond in full."

Reginald McKenna

THE Right Hon. Reginald McKenna, chairman of the London Joint City and Midland Bank Limited, of London, was Chancellor of the British Exchequer in 1915-16.

He was born in 1863, and received his education at King's College, London, and at Trinity Hall, Cambridge, where he took honors in mathematics. He practiced law for several years and then entered politics, going to Parliament in 1895. He was appointed Financial Secretary of the Treasury in 1905 and in 1907 entered the cabinet as president of the Board of Education.

In 1908 he was made First Lord of the Admiralty, and while in that post achieved significant success in forwarding plans for national defense and naval construction. In 1911, Mr. McKenna became Home Secretary and in 1915, he succeeded Lloyd George as Chancellor of the Exchequer.

His administration of this post was characterized by efforts to meet the cost of the war as far as possible out of taxation, and to avoid unsound expansion of the floating debt—a policy he carried perhaps further than any other chancellor. In the two budgets he prepared in this office he set up the framework and guiding principles for his successors for the drastic and necessary taxation demanded by war finances. British war finance during this period was rendered particularly difficult by the fact that England had to finance not only her home needs, but also foreign purchases both for herself and her Allies. The United States had not yet entered the war and it was Mr. McKenna's task to provide for shipments of gold, negotiate private loans in America and mobilize English-owned securities as collateral for foreign credits.

His handling of these difficult problems won the approval of Sir Edward Holden, the aged chairman of the London and Midland Bank. The passing of the Asquith Government in 1916 released Mr. McKenna from public office and in 1917 he was appointed director of the bank at the instance of Sir Edward.

In his new activity Mr. McKenna worked in close association with Sir Edward Holden, who was so greatly impressed with his practical business abilities that he expressed a desire that Mr. McKenna should ultimately succeed him as head of the bank. This wish was fulfilled in 1919 when Sir Edward died and Mr. McKenna was elected by the board of directors to the chairmanship.

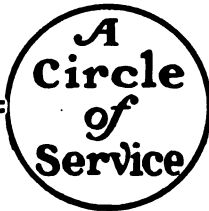
The London Joint City and Midland Bank Limited is the largest bank in the world, established in 1863, and built up by absorption and amalgamation since 1851 of thirty-three separate institutions; today the bank has more than 50,000 shareholders, some 1600 branch offices scattered throughout the United Kingdom, its capital paid up and reserve are over \$100,000,000 and its deposits above \$1,500,000,000.



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country to pay, and the effect of payment. If I have become convinced that an attempt to enforce payment beyond the debtor's ability is injurious to the international trade of the whole world, lowers wages, reduces profits and is a direct cause of unemployment, the conclusion is founded solely on economic grounds and is uninfluenced by any political considerations or any regard to the moral obligations of the debtors.

I know very well that there are other considerations affecting these debts, but these are matters of statecraft, to be determined by the rulers of the creditor countries according to their view of wise policy, which covers many interests besides those of trade and finance. The fact that a debtor cannot pay does not of itself discharge the obligation. The debt may become the subject of negotiation and bargain by which, if the debtor obtains relief, the creditor may still recover some advantage to which he may be justly entitled. But I conceive it to be the duty of bankers to help, so far as they can, in forming a sound public opinion upon the financial and commercial aspects of these international debts, and it is in pursuance of this duty that I have ventured to make these observations today.

MCADAMS LAMENTS OUR ISOLATION

Thomas B. McAdams, retiring president of the American Bankers Association, in his address before the convention urged our participation in the solution of the problems confronting the world today, and said that isolation and selfishness are not true American qualities. "I do not believe", added Mr. McAdams, "there is anything in the history or ideals of our people which can justify our failure to help in a situation where our counsel and assistance are so essential to the restoration of world order".

Mr. McAdams summed up existing conditions in the world, four years after the Armistice, "while we stand idly by, neither offering assistance nor making a suggestion". England, he said, despite the suspicion cast upon her motives, must be regarded as a stabilizing influence "in protecting the wrecks of European statehood from further demoralization". France cannot be blamed entirely for refusing "to assent to Germany's reconstructing her world trade at the expense of French industry," declared Mr. McAdams, "but, even so,

the allied nations, if they would maintain the civilization for which they fought, must throw aside unnecessary prejudices and reach an agreement as to modifying reparations payments which will fairly care for the needs of France and at the same time not utterly demoralize the industrial life of Germany".

SHOULD CAST ASIDE ALOOFNESS

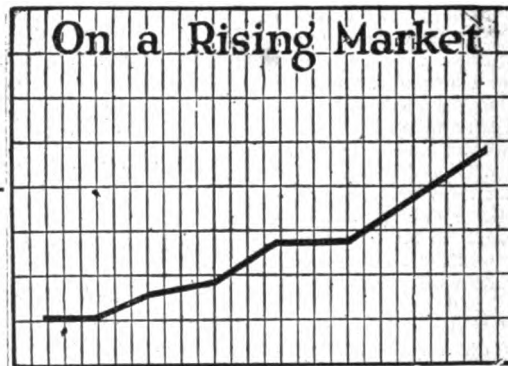
After expressing the optimism he felt for the success of the November conference, suggested for discussion of world problems, Mr. McAdams said:

Has not the time arrived for the United States to cast aside her policy of aloofness and throw herself whole-heartedly into the situation, that a cure for social disorder and financial demoralization may be specially devised? We may picture for ourselves all the prosperity which is in our grasp today, so far as our international situation is concerned, but we must realize there can be no permanency in it unless a sound foundation can be laid upon which the structure of future international commercial relations may be safely built.

"Considering the case merely from the selfish point of view", said Mr. McAdams—the need for world markets for excess products of our farms and factories—"there must come a realization of the need for our becoming aggressively active, rather than passively submissive. Transcending merely selfish motives, there comes the distinct call for us to use our abundant resources, the strength of our isolation, and our inherent ability to lead and inspire.

It may be that Europe is not yet ready to have us participate or to accept conditions which necessarily must be laid down as a basis for our cooperation, but even so this does not relieve us of the obligation to offer to assist and so soon as possible to outline, as we see them, the essentials to an ultimate solution of the situation.

These essentials, in the opinion of Mr. McAdams, must be the further reduction of armaments, the balancing of the French budget, realization by France of the unlikelihood of new German military aggression, and the prep-



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JOHN McHUGH

President Mechanics and Metals National Bank, New York

aration by all countries for a readjustment of reparations and inter-allied debts "upon a basis which fully recognizes the rights of the creditor and which will relieve the immediate burden of the debtor countries".

England in discussing her indebtedness, should not overlook the some 400,000 square miles of new territory she gained through the war and it must be remembered that America settled upon a basis of receiving nothing except the ultimate repayment of monies advanced.

Complicated as the situation appears, it should be possible, through making a fair analysis of assets and liabilities, to prepare a readjusted balance sheet which will prove acceptable and furnish a proper starting point for the re-awakening of international trade.

Though often deliberate in action, we have never failed to respond and render the maximum of service when once convinced of our duty. Such an opportunity is the present

emergency. The determination of our international policy, whatever it may be, should be based upon the broadest possible conception of service and should not be restricted or hampered by party platform or political expediency.

SHOULD STAND BY EUROPE SAYS KRECH

That we should stand by Europe, and play a part in her rehabilitation is the belief that Alvin W. Krech, president of the Equitable Trust Company of New York, expressed in his address before the convention. On this subject Mr. Krech said:

Much gratuitous advice has been given to poor Europe. Europe is told to balance her budgets, to re-instate the gold standard, or failing this to stabilize her currencies; to levy higher taxes—in a word, to behave according to the rigid precepts of a conservative, political economy. Good, sound, old-fashioned economics, but they are the



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WALTER G. PATTERSON, Asst. Cash.

preaching of categorical imperatives about as impossible to comply with as the friendly advice to a man falling off the Woolworth Building, to whom one would say, "Go slow my friend, better take your descent in easy stages; or, better still, go back to your starting place and don't fall".

History, after all, like the experience of the individual, is the very best teacher.

After our Civil War the recovery of the Southern States, with their currency wiped out, their obligations repudiated, would have been delayed for generations had they not been a part of the greatest interstate free trade area in the world. Free interchange of goods, commodities and service unhampered by artificial barriers was immediately resumed.

I believe and hope that Europe will sooner or later profit by this experience in our history. It is high time, now that self-determination has been at least measurably accomplished—though not in all cases with full justice—that the snarling and bickerings and quarrels of Europe should cease and be replaced by sound principles, mutual understanding and mutual coöperation. It is high time that Europe should cease her criticism of the aloofness of the United States, and that the various nations get together for their mutual interests.

The British review, *The Round Table*, observes that many Americans had felt acutely that the United States should take a hand in the work of reconstruction, but these Americans had also felt that the greatest necessity of all was that the nations of Europe should begin to show some kind of European community. This is well said. America is very little inclined to play a part in the European concert, and when she receives the flattering invitation of assuming leadership she must refuse to accept the baton of a guest conductor. But America will not withhold her coöperation from a Europe which shows some sense of European community.

AMERICA HAS REAL INTEREST IN EUROPE

America has a deep interest in hastening the recovery of Europe, according to the views of John McHugh, president of the Mechanics and Metals National Bank, New York, as expressed in his address to the Clearing-house Section of the association at the convention.

Mr. McHugh suggested that concern for the fate of nations beyond the At-

lantic, springing both from self-interest and a wish to help humanity and civilization, might even extend to the cancelling of part of the debt to this country due from the Allies. Mr. McHugh also took the position that if America is blessed with courageous and clear-sighted leadership, she is bound to go beyond the barrier of isolation, admitting, of course, that our own affairs must come first. The tremendous structural and industrial work which the United States has been engaged in as an absorbing task, was not undertaken, in his opinion, solely in relation to the domestic markets. Although the internal conditions in the United States are encouraging and the development of the country continues, the speaker declared that her civilization was closely tied with that of other peoples, and that, therefore, every effort should be made in hastening the speedy recovery of Europe.

TIME FOR POLICY REGARDING DEBTS

He stated furthermore, that the time had come for determining a definite policy regarding the Allied debts to the Treasury of the United States, which now amount to approximately \$11,700,000,000, adding accrued interest and principal. Mr. McHugh said:

By dealing in a large-visioned and liberal manner with the debts due us, and exercising our credit power wisely, we can go a long way toward mitigating the circumstances which keep Europe in turmoil. If any portion of the debt be cancelled eventually, a direct benefit may result to us, even though, at first, it would seem as though American tax payers were being penalized for the benefit of others. A partial cancellation would be a contribution to world stability on our part, if it served the purpose of compelling an adjustment of the difficulties which now serve as a curse on Europe. Such a cancellation readily could be made contingent upon agreements as to the balancing of budgets, the curtailment of inflation, and the elimination of governmental waste.



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PHILADELPHIA

Resolutions Adopted by Convention

Association Goes on Record With Regard to Outstanding Problems

RESOLUTIONS adopted by the American Bankers Association at the convention touch upon such important matters as government expenditure, adjustment of the new tariff schedules, European aid, labor problems and anti-strike action, transportation, agriculture, the Federal Reserve System, currency, clearing-house examinations, and education.

The text of the resolutions, which embody the platform of the association, follows:

LEGISLATION

We continue to urge upon our government the elimination of all unnecessary expenditures in order that taxes weighing heavily upon business may be still further reduced.

We disapprove of the continued attempts to establish further government commissions which tend more and more to hamper the industrial and commercial development of the country and in an unnecessary way increase the cost of doing business. For like reasons we recommend the discontinuance of such existing commissions as experience may prove unnecessary.

We reiterate our position in regard to tax-exempt securities of any type, believing that it is highly undesirable that further tax-exemption should be authorized by the Federal government or any of the political subdivisions of the country.

THE FOREIGN SITUATION

We call attention again to the seriousness of the foreign situation, especially of Europe, which is affecting detrimentally our own conditions and preventing even those industries in our country which are not dependent upon foreign trade from recovering fully from the depression which otherwise would be rapidly disappearing.

There is no possibility of a healthy and normal situation in this country until the nations with whom we trade are able to pay us for what they import. As this can be done in the main only by means of exports to us, we trust that the President will not hesitate to make use of the power granted him by the new tariff law to make such adjustments in the schedules as may be necessary from time to time for a restoration of our international commerce.

We believe that the time has come for the government of our country to formulate

the principles on which it will be able to cooperate with other nations to bring about the needed rehabilitation of European countries and peace in the world.

To this end we urge the Administration to consider the advisability of promptly making its representative upon the Reparation Commission, an official of that body; we also recommend to Congress that there be granted to the Debt Funding Commission such further powers as will enable it to negotiate more effectively with the foreign nations now debtors of the United States.

LABOR

We are glad to note an end of the recent strikes in fundamental industries, and we hope that the period of peace in industrial life will be used for the purpose of careful investigations to serve as a basis for a permanent method of adjustment of the questions arising between employer and worker.

It is our belief that in those industries whose continued operation is essential to the wellbeing of the whole people, organized strikes should be regarded as against the welfare of the state. We make a sharp distinction between the right of the worker to leave his employment and the attempts made by intimidation to compel those employees to leave their posts who otherwise would be willing to work.

TRANSPORTATION

We again urge upon the government and the people to support in every way possible any measures which tend to improve our transportation systems, either on land or on sea. We believe that our merchant marine should be developed through individual initiative and not be placed under government management, and we approve of the efforts of the President of the United States to bring about such a development as is necessary in order that our merchant marine may serve our commerce in time of peace and be a protection to our country in time of war.

Therefore, we recommend the modification of those sections of our shipping laws which make it impossible for our ship owners to compete on an even basis with ship owners of other countries.

AGRICULTURE

We are glad to note a steady improvement in the condition of the farmer, and we congratulate the agricultural community upon having organizations generally led by men who are showing marked breadth of

BIG LITTLE PORTO RICO

Porto Rico as an island isn't very big, but in her industrial and business growth under American stimulus has shown wonderful progress.

Since 1900 Porto Rico's commerce has increased over two hundred million dollars a year. More than ninety per cent. of this business is transacted with the United States, of which the island and its citizens are a part.

As the pioneer American banking institution in Porto Rico we have given every aid to the island's commercial development and we have shared in its growth.

We have gained the reputation for handling all business entrusted to us with promptness and economy. Send us your bills of exchange, drafts and collections direct.

American Colonial Bank

OF PORTO RICO

SAN JUAN

Branches: Arecibo, Mayaguez, Caguas

vision and soundness of judgment in respect to the problems confronting this most important of our industries.

We can assure the farmers and livestock producers of the country that the bankers will continue to lend them their best aid in the solution of their manifold problems, which solution should be sought through private enterprise and not through government aid. We, therefore, approve of the various endeavors being made by the farmers themselves to increase the facilities for the orderly marketing of their products.

FEDERAL RESERVE SYSTEM

We disapprove emphatically the attacks made upon the Federal Reserve system and the members of the Federal Reserve Board individually. We believe that there is no surer way of hindering a return to prosperity than by attempts to undermine our banking system, which has proved its value through an unprecedented time of stress and strain.

CURRENCY

We regret to see that some of our people have not learned from the experience of Russia and the Central Empires of Europe

that a sound currency system based upon a gold standard is absolutely essential, not merely for the orderly conduct of the business of the country, but even for the maintenance of civilized life.

CLEARING HOUSE EXAMINATIONS

We recognize the importance to sound banking of examinations conducted under the auspices of the clearing-house associations of the country, and we recommend the extension of this system of examinations to all communities of sufficient size.

EDUCATION

We pledge our support to the incoming president of the American Bankers Association in the campaign to teach sound thinking along economic lines. We regard such education as necessary for the safety of our great democracy. We believe that the universities, colleges and other educational institutions of this country should cooperate to further this work.

We recognize the splendid educational accomplishments of the American Institute of Banking and we recommend its future possibilities to the active and intelligent interest of the members of this association.

Clearing House Section Meeting

Loree Speaks on Restraint of Labor—Ringold Advocates Examiner System

AT the meeting of the Clearing-house Section of the American Bankers Association, L. F. Loree, addressed the section on the subject of "Labor Unions".

Mr. Loree declared that the time had come to put restraints on organized labor if freedom and equality of opportunity were to be maintained in this country.

He advocated legislation to enable the state to supervise every vote for strike or lockout, saying that such a step would "insure a secret ballot, free from intimidation or misrepresentation, and its honest count," and would rescue the American workman from the tyranny of "labor professionally organized—where the great mass responds to pres-

sure from above, exploiting and being exploited for the benefit of its rulers".

For the protection of the country, its workmen and its employers, its consumers and its producers, laws should be enacted, said Mr. Loree, outlining them as follows:

1. To provide that voluntary associations of seven or more members may sue or be sued.
2. To make the records and accounts of such associations subject to public authority, and to make political use of union funds a criminal offense.
3. To give state authorities better facilities for labor dispute investigation through the power to subpoena witnesses; also to make available to the public full reports of such investigations; then to compel fourteen days' notice of intention to strike or lock-out.

John R. Washburn, retiring president of the Clearing-house Section outlined briefly the history of the clearing-house in his address, emphasized its advantages and told of the accomplishments of the last year.

WASHBURN OUTLINES SECTION HISTORY

The system was adopted in New York, he said, sixty-nine years ago although it had been in successful opera-



JOHN R. WASHBURN
Retiring president Clearing-house Section

tion in London since the latter part of the seventeenth century. The creation of the Clearing-house Section of the Association in 1906 was a most important development, he said.

The section had advocated unceasingly the adoption of the examiner system by the larger clearing-houses, said Mr. Washburn, and would continue to do so, its efficiency having been demonstrated in the cities where it was in use. The examination by a Clearing-house examiner, he pointed out, was not

merely a verification of a bank's assets and liabilities but a careful scrutiny of the operation of every department.

Eight additional cities had put the system into effect during the year, said Mr. Washburn, making a total of thirty-one. Since October 1, 1921, he reported the Section had been instrumental in increasing the number of clearing-house associations from 274 to 310, thirty-three of the thirty-six new associations being active and three, inactive.

"In a spirit of encouragement let me say to you", said Mr. Washburn, "that this year has been the greatest in the history of the section and your officers and committees believe that many cities, large and small are just beginning to realize the significance of the Clearing-house and the examiner system".

Francis Coates, Jr., chairman of the executive committee of the Section mentioned the more important activities of the Section, including an arrangement with all clearing-houses to give total clearings to newspapers and financial publications requesting them; a plan to print district numbers on all checks for the convenience of the Federal Reserve Banks; extension of County Unit Clearing-houses; coöperating in the adoption of standard sizes of checks and drafts and a plan for the adoption of a uniform method of calculating interest on deposits.

Donald A. Mullen, secretary of the section, went into more detail in his report concerning some of the improvements advocated by the section. A plan was in process of formation at present, said Mr. Mullen, to adopt, with the coöperation of the Federal Reserve Board, a "no protest" minimum of \$20.

ADVANTAGES OF EXAMINER SYSTEM

Advantages of the clearing-house examiner system were expounded by James Ringold in a report on the Clearing-house Section which he delivered to the American Bankers Association in general session. He pointed out that the Portland, Ore., Clearing-house Association, after a lapse of five years, had reinstated the examiner system and

said, "This, I believe, is the best recommendation to those cities that are without it and are contemplating installing it during the coming year".

Mr. Ringold reported also that, as a step toward the examiner system the Clearing-house Section had been advocating to the bankers associations throughout the country the bureau of credits idea which, he added, had taken hold in many cities, was operating successfully and had proved a valuable aid to bankers.

ELECTION OF OFFICERS

The following officers were unanimously elected following the report of the nominating committee:

President, Joseph Ringold, Denver; vice-president, Francis Coates, Jr., Cleveland; members of the executive committee, terms expiring in 1925: John Downing, Louisville; O. Howard Wolfe, Philadelphia; member of the executive committee, terms expiring 1928: R. E. MacGregor, Minneapolis.

The State Bank Division Meeting

Hecht, Meyer and Cousins Address Division

AT the meeting of the State Bank Division of the American Bankers Association, the following principal addresses were delivered:

Address of the president—R. S. Hecht, president Hibernia Bank & Trust Company, New Orleans.

"Financing Agriculture,"—Eugene Meyer, Jr., managing director War Finance Corporation.

"Practical Problems of State Banking,"—Hon. Marshall Cousins, Commissioner of Banking of the State of Wisconsin.

In his address Mr. Cousins described the country banks as powerful indispensable links in the American financial chain. He said:

The last statistics showed 80,499 banks reporting to the Comptroller of the Currency and the State Banking Departments. Of the banks so reporting, 8,917 were national banks and 22,802 were banks chartered by the various states, or private institutions under supervision of the state banking departments.

The total deposits carried by the state banking institutions were \$28,510,877,185.07, and by the national banks, \$15,390,438,000. The total resources of the state banking institutions exceeded the total resources of the national banks by \$8,958,151,357.84. The compilation shows the total resources of all



HON. MARSHALL COUSINS
State Commissioner of Banking, Wisconsin

banks on March 10, 1922 to have been \$48,658,955,357.84.

Mr. Cousins pleaded for recognition

THE IDEAL EXECUTOR

AMONG the several qualifications of the ideal executor, the most essential are: the broadest possible experience in financial matters, familiarity with fiduciary requirements, unquestioned responsibility, both as to character and resources, and the certainty of being able to serve as long as may be necessary.

Probably there are many today, especially those who contemplate making wills, not fully aware of the intimate personal interest that a progressive trust company takes in all affairs intrusted to it. Furthermore it possesses special facilities not available to other trustees; its financial status is at all times subject to examination by state officials; and, most significant of all, a trust company is permanent.

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EUGENE MEYER, JR.
Managing director War Finance Corporation

of the vital role of the small banks in business and declared that the ideal situation will exist when the state banking system and the Federal Banking system, "each supreme and useful in its own functions, can be made as one in matters of mobilization of reserve, currency supply and efficient supervision". He urged laws to bring about such a result.

MEYER REVIEWS SERVICES OF WAR
FINANCE CORPORATION

Eugene Meyer, Jr., speaking on "Financing Agriculture", reviewed the services of the War Finance Corporation in relieving the distress in the agricultural industry by furnishing credits to carry the farmers during the period of unprecedented low prices for their products. He reviewed the entire agricultural situation and said that much improvement could be brought about by teaching the value of gradual marketing of agricultural products. He urged



R. S. HECHT
President Hibernia Bank & Trust Co., New Orleans

that the machinery of the Federal Reserve System be developed to the maximum and new machinery held to the minimum, holding that agriculture is entitled to the best of rediscount facilities, and that it is possible to supply these through the Federal Reserve System.

REPORT OF FARM FINANCE COMMITTEE

The report of the Farm Finance Committee, whose chairman, J. D. Phillips ignored his physician's orders in order to complete it for presentation to the convention, was read by Mr. Gordon of Missouri, Mr. Phillips being too ill to attend the meeting.

In the report Mr. Phillips told of the plan adopted last year at a committee meeting in Chicago for the development of an ideal banking system in which the Federal Land Bank system should be expanded with member banks making loans and functioning in the way that farm loan associations do and of the difficulty encountered when enabling legis-

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can be placed in charge of the Boston Safe Deposit and Trust Company with the assurance that it will be handled for you in the most careful and profitable manner. Since 1875 this Company has been serving in all capacities of trust and in that time has built up a reputation for effective, conservative handling of business for individuals and corporations.



We act as agent, attorney, custodian of property, executor, and trustee under will and trust agreements. We invite individuals and corporations to consult our officers about personal or corporate trust business. When you are in Boston we invite you to call at our offices.

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lation was sought. It was said in the report:

Your committee made a trip to Washington, D. C., and after some investigation discovered or rather was convinced of what we had been told about, that the political selfishness of certain organizations whose existence was maintained for political purposes, made it impossible for us to get through a law of the above described nature, so the next thing to do was to get the same results if possible in a different way.

Your committee therefore recommends that a sufficient number of Joint Stock Land Banks be established and the Federal Farm Loan system be so developed as to take care of the long time or investment credits of the American farmer.

The War Finance Corporation, it was said, should be continued until amendments were enacted to the Federal Reserve Banking Law enabling Federal Reserve Banks to rediscount certain kinds of agricultural and cattle paper for at least nine months. That was the period agreed upon by leaders in the banking world, said Mr. Phillips, though his own judgment was that the time should be twelve months. He expressed decided opposition to the establishment of an Intermediary Credit System as has been attempted in several bills before Congress.

It was voted that the report be adopted as read.

REPORT OF COMMITTEE ON EXCHANGE

Charles de B. Claiborne, chairman of the Committee on Exchange, in reading the committee's report said: "The contention of your committee had been for several years that the purpose of the Federal Reserve Banks and Boards at Washington in attempting to collect checks over the counter was not merely for the purpose of collecting the checks but was absolutely for the purpose of intimidating, annoying and forcing that bank to remit at par".

He declared that there was evidence to substantiate his assertions. He said further:

Your committee is asking for certain legislation not because we are uneasy as to the outcome of the courts, but we feel that if we could get the legislature to harmonize this entire situation, it would be a big assistance to the Federal Reserve System.

Your committee suggests an amendment to what is known as the McFadden Bill. The McFadden Bill is simply a bill which allows the banks to continue the collection of checks, but instead of the clause which exists in Section 18, which says that no charge shall be made against the Federal Reserve, we have suggested an amendment which is as follows: "Subject to conditions of the Federal Reserve Board, any Federal Reserve Bank may collect any check or draft by sending it to the bank on which it is drawn and may charge to the bank from which such check was received, such exchange or remittance charge incurred in the collection of such checks."

The balance of the amendment is the same as the Act.

We feel that with that it will be optional for every bank, member bank or non-member bank, to charge as it sees fit.

We do not believe that any other solution of this problem can be arrived at at the moment. We have had discussions with the boards, we have appeared before Congress. Your committee has had dozens of meetings. I have studied this thing in and out for two years and I honestly believe that this is the only happy solution of this entire matter.

ELECTION OF OFFICERS

The following officers were elected: President: H. A. McCauley, president Sapulpa State Bank, Sapulpa, Okla.; vice-president: J. D. Phillips, president Green Valley Bank, Green Valley, Ill.; chairman of executive committee: W. C. Gordon, president Farmers Savings Bank, Marshall, Mo.

To fill the vacancy for a term of one year caused by the elevation of Mr. Phillips to the vice-presidency, Guy E. Bowerman, of St. Anthony, Idaho.

For member of the Executive Committee for three-year terms to fill the vacancies left by those that expire, N. S. Calhoun, president Maysville Bank, Maysville, Kentucky; W. P. Sherer, president Midland Bank, Cleveland, Ohio.



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Henry E. Bothfeld, Vice-President

B. Farnham Smith, Vice-President

A. Francis Hayden, Vice-President and Secretary

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The Savings Bank Division Meeting

Division Goes on Record as Opposed to Legislation Looking to Guaranty of Bank Deposits

THE Savings Bank Division went on record as being opposed to any legislation looking to "actual or pretended guaranty of bank deposits". The meeting of the division was held on Tuesday afternoon, October 2, Raymond R. Frazier, president of the section presiding.

The president in his annual address referred to the fact that statistics on savings in the United States were usually based only on returns from mutual savings banks and capitalized savings banks which do not accept checking accounts. Figures based on this method of calculation show aggregate savings deposits in the United States of less than seven billion. When, however, account is taken of the thousands of commercial banks that accept savings deposits, it is found that the aggregate amount of savings deposits is over fourteen billion dollars.

He stated that it was the scope of the Savings Bank Division to embrace all matters relating to institutions receiving savings deposits and to render every possible service to all who lawfully solicit savings accounts.

Mr. Frazier then referred briefly to three methods of encouraging thrift, namely by school savings banks, by savings bank laws, looking to the proper safeguarding of the depositors' interests, and by the encouragement of the acquisition of homes. Mr. Frazier pointed out the wisdom of absolute segregation of savings from demand deposits, and their investment in high grade securities.

George E. Brock, of Boston, president of the National Association of Mutual Savings Banks, spoke on "Service to Depositors". Alvin P. Howard spoke on "School Savings Banking". Jarvis Hicks, secretary and treasurer of the Long Island Savings Bank, New York, spoke on "Industrial Savings

Banking". Victor A. Lersner, president of the Savings Bank Association of New York, spoke on "Savings Bank Advertising". Nicholas Murray Butler



RAYMOND R. FRAZIER
Retiring president Savings Bank Division

of Columbia University spoke on "Thrift and Thriftlessness".

COMMITTEE ON FEDERAL LEGISLATION

The opposition of bankers to the exemption from taxation of dividends and interest derived from domestic building and loan associations was explained in the report of Charles H. Deppe, of Cincinnati, Ohio, as chairman of the Committee on Federal legislation. He said the bankers have no quarrel with the building and loan associations as such



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The lower floors and base-
 ment to be occupied by the
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A RECORD OF PROGRESS:

	Capital	Surplus and Profits	Deposits
January 1, 1905	\$400,000.00	\$164,710.00	\$1,795,937.83
January 1, 1911	600,000.00	498,600.00	9,098,040.59
January 1, 1916	600,000.00	988,844.17	11,847,300.00
January 1, 1917	600,000.00	1,056,500.00	14,530,240.00
October 1, 1922	1,000,000.00	1,973,687.89	21,219,000.00

Officers

CHARLES B. JOPP, President

C. L. BILLMAN, Vice-President

FRANK B. LAWLER, Vice-President

ALFRED S. NELSON, Treasurer

L. A. HASKELL, Assistant Treasurer

R. G. SHAW, Jr., Secretary

WALLACE H. PRATT, Assistant Treasurer

JAMES H. TURNBULL, Asst. Secretary

HENRY H. PIERCE, Assistant Treasurer

but contend that it is beyond the province of a government to select one class for exemption and deny it to others.

COMMITTEE ON STATE LEGISLATION

The tendency evidenced in the legislatures of several states to regulate the internal government of savings banks and to dictate how their assets shall be invested, notably as in Massachusetts, was characterized as "mischievous" and "vicious" in a report by Thomas F. Wallace, chairman of the Committee on State Legislation. That committee also declared itself as unalterably opposed to legislation looking to the guaranty of bank deposits, adding that eight states have guaranty bank deposit laws but that the laws have had a stormy career in Oklahoma and have been failures in North Dakota and Washington.

COMMITTEE ON SAVINGS

A plan for promoting savings in the public schools by establishment of a passbook system was contained in a report from the Committee on Savings of which Alvin P. Howard is chairman. That committee also recommended the adoption of an industrial savings plan by which an employee of a corporation could authorize his employer to deduct a certain sum from his earnings each week to be deposited to his account.

The Committee on Facilities and Service reported that the establishment of home service departments in savings banks would be premature at this time but it favored the establishment of branches of institutions for savings within the locality of its principal office.

COMMITTEE ON MORTGAGE LOANS

Larger investments of savings deposits in loans for the building of houses was urged by the Committee on Mortgage Loans of which John J. Pulleyn, of New York, is chairman. Every bank that receives savings funds was asked to survey its community and make sure that its depositors are properly provided with mortgage loans.

The Committee on Liquid Investments favored the extension of territory in which railroad equipment notes are legal investments for savings banks.

SCHOOL SAVINGS BANKING SYSTEM

The report of Leo Day Woodworth, deputy manager of the American Bankers Association for the third year of the School Savings Banking System was made to the convention here.

It shows that 1,271,029 pupils deposited \$5,500,000 in school savings accounts during the year ended June 30 last. That is an increase of 40 per cent. in deposits over the preceding year and of 100 per cent. over the year 1919-1920. The number of depositors in the year 1919-1920 was 462,651 and the following year 802,906.

The average gross deposit for the year ended June 30 last decreased from \$5.17 to \$4.35 and the net savings per depositor, from \$3.01 to \$2.48, which is attributed in the report to the inclusion of a larger number of systems which either were newly installed or reported inferior results.

The total school bank balances as of June 30 last were \$6,382,542.75. Last year at the same time they were \$4,434,875.17 and the year before \$3,891,494.88. Interest on pupils accounts during 1921-1922 amounted to \$121,139, an increase of 50 per cent. over last year. Systems were in operation during the year ended June 30 last in 4582 schools as compared with 3316 the preceding year.

The accounting work in connection with the school savings systems is handled customarily in the bank installing the system unless the school has a commercial department which wishes to handle it.

RESOLUTIONS ADOPTED BY DIVISION

The following resolutions were adopted:

1. RESOLVED: That the Savings Bank Division of the American Bankers Association tenders to the United States Government its full cooperation in the redemption and refunding operations incident to the

Among New England's Leading Banks

Capital, Surplus
and Profits
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ORIGINAL CHARTER
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Total
Resources
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SEND YOUR COLLECTIONS

To this substantial old institution which confines itself almost exclusively to general banking and collection business.

Courteous, Efficient, Prompt Service

Mechanics National Bank

Worcester, Massachusetts

Capital and Surplus, \$800,000

Deposits, \$10,000,000

FRANCIS H. DEWEY
Chairman of the Board

NELSON C. KEYES
Cashier

FREDERIC B. WASHBURN
President

SAMUEL A. ELLSWORTH
Assistant Cashier

War Savings Certificates maturing January 1, 1923.

2. Also, BE IT RESOLVED that a policy of giving priority to investment of savings deposits in real estate mortgage loans for homes preferably on an amortization plan be recommended.

3. RESOLVED: That the promotion and extension of School and Industrial Savings by banks be endorsed and in the operation of such plans the principles recommended by the Executive Committee of this Division for official A. B. A. school and industrial savings systems be approved.

4. RESOLVED: That the public should be warned for investment purposes against any class of contract involving the principles of lottery and in particular against that form of real estate mortgage contract issued by what are popularly known in many states as "Three and Four Per Cent. Contract Loan Companies."

5. RESOLVED: That we disapprove of any legislation looking to actual or pretended guaranty of bank deposits because it violates the sound and economic principles that the competent and good shall not be taxed to pay for the inefficient and bad.

6. Finally, BE IT RESOLVED, that we express our appreciation of the ability and earnestness displayed by President Ray-

mond R. Frazier of Seattle and his associates in the retiring administration, and all who contributed in any way to the pleasure and profit of those attending this our twenty-first annual meeting.

ELECTION OF OFFICERS

The following officers were elected: President, Samuel H. Beach, president Rome Savings Bank, Rome, N. Y.; vice-president, Chas. H. Deppe, vice-president Union Savings Bank & Trust Co., Cincinnati, Ohio; members of executive committee for term expiring 1925, Thomas F. Wallace, treasurer Mechanics & Farmers Savings Bank, Minneapolis, Minn; John S. Broeksmit, treasurer Harris Trust & Savings Bank, Chicago, Ill.; W. R. Morehouse, vice-president Security Trust & Savings Bank, Los Angeles, Cal.; member of executive committee for term expiring 1923 to fill vacancy: John H. Dexter, president Society for Savings, Cleveland, Ohio.

The National Bank Division Meeting

Alexander Discusses Business Outlook—Division Upholds Branch Bank Stand

ADDRESSING the meeting of the National Bank Division at the convention, James S. Alexander, president of the National Bank of Commerce, New York, said in part:

I believe that there are open to American business men two courses. By relying upon indications of improvement such as we already have had, by developing confidence and faith in the future and by bringing about certain additional readjustments (of a somewhat difficult but possible character). I believe that we may, within ourselves, and by the help of what foreign trade must come to us in any circumstances, advance business development in this country and attain a moderate prosperity.

If, however, we content ourselves with a modest recovery we shall take a position which will constitute a signal retreat from the spirit of enterprise that has animated

this country throughout a hundred years; and that has made of America a great progressive nation. We Americans, up to the last few months, have never been satisfied with mediocre results. We have been willing to take great risks; and, if necessary to suffer great losses; but we have been determined to enter upon great undertakings and to hope for great accomplishments.

The second course which I believe to be open to American business is a return to something approaching the old opportunities, the old rate of progress and a real prosperity. Never before has there been a time in the history of America when she occupied such a predominant position in world finance, never before has there been a time when other countries so urgently needed our products.

But in order to grasp the opportunities before us the rest of the world must be started upon a normal course. If we Americans are to take advantage of our new posi-

Worcester's Largest Commercial Bank



Worcester Bank & Trust Co.

Worcester, Mass.

Extends Greetings to the Members of
THE AMERICAN BANKERS ASSOCIATION

FOR 117 years, The Worcester Bank and Trust Company has been closely identified with the industrial and commercial growth of Massachusetts, and today it provides all banking and trust facilities for banks, merchants, manufacturers, corporations and individuals.

It would be pleased to handle your business in the Heart of the Commonwealth of Massachusetts.

We invite correspondence

OFFICERS

WILLIAM D. LUEY, Chairman of the Board

JOHN E. WHITE, President

SAMUEL D. SPURR, Vice-President

FREDERICK M. HEDDEN, Secretary

CHARLES A. BARTON, Vice-President

HARRY H. SIBLEY, Asst. Tr.

BERTICE F. SAWYER, Vice-President

CHARLES F. HUNT, Asst. Tr.

WARREN S. SHEPARD, Vice-President

BURT W. GREENWOOD, Asst. Tr.

ALVIN J. DANIELS, Treasurer

FREDERICK A. MINOR, Auditor

TRUST DEPARTMENT

SAMUEL H. CLARY, Vice-President and Trust Officer

FREDERIC C. CONDY, Assistant Trust Officer

Worcester Bank & Trust Co.

Member Federal Reserve System

16 Franklin Street

342-344 Main Street

11 Main Street

177 Green Street

WORCESTER, MASS.

Capital Stock \$1,500,000

Surplus and Undivided Profits \$1,700,000



© UNDERWOOD & UNDERWOOD, N. Y.

JAMES S. ALEXANDER

President National Bank of Commerce, New York

tion in world affairs and if we are to have conditions in which we can make the most of our new international capital position, it is essential that we play our part in the readjustment of world conditions.

I believe that the outlook for American business, therefore, depends largely upon whether American business men are going to be contented in playing a relatively smaller role than before the war, to restrict their international economic relations and to accept within a restricted market modest profits, or whether they are going to broaden their views to the new vision that is demanded by present problems and opportunities, and to assume their part in the great work of readjustment that is yet to be done.

BRANCH BANK STAND UPHELD

Action taken by the American Bankers Association on the branch bank question was upheld by the division. A resolution which, according to some members of the division, tended to nul-

lify the action of the association, was voted down.

Until the question of branch banks was introduced in the report of the Committee on Resolutions, the subject was touched upon only in the address of John G. Lonsdale, president of the National Bank of Commerce of St. Louis and president of the National Bank Division. He read the division's resolution, adopted in Los Angeles, which called upon Congress to amend the National Bank Act so as to permit national banks to maintain and operate branch banks within the corporate limits of cities in which the head offices of such banks were located. To disapprove of the equalization of what already exists would be to depreciate justice. If the practice itself be bad, then it is universally unsound, but that concep-



CAPITAL
\$500,000.00

SURPLUS
\$500,000.00

UNDIVIDED PROFITS
\$800,000.00

THIS BANK solicits local and out-of-town accounts and will gladly answer by interview or correspondence any inquiries.

PROVIDENCE
Third Oldest in America
NATIONAL BANK

ESTABLISHED 1791
78 SOUTH MAIN STREET
PROVIDENCE, R. I.

1825 - 1922



Merchants National Bank

New Bedford, Mass.

CAPITAL - - \$1,000,000
SURPLUS - - 1,500,000
DEPOSITS - - 8,730,000

HENRY C. W. MOSHER, President
OTIS N. PIERCE, Vice-Pres.
HENRY W. TABER, Cashier
JAMES H. COFFIN, Assistant Cashier

PEOPLES SAVINGS BANK

IN PROVIDENCE, R. I.

Was established in 1851. During its career of seventy-one years it has safely handled business totaling in the hundred millions. Its deposits now exceed \$17,200,000 and its depositors numbered on Sept. 30th, 32,700. These deposits are secured by assets at book values \$871,000 in excess of all liabilities. Many millions have been paid in dividends, which have for many years been at the rate of 4 per cent.

President

EDWARD ABORN GREENE

Vice-Presidents

WEBSTER KNIGHT
FRANK P. COMSTOCK
JOHN B. BRANCH

Directors

Francis W. Carpenter	William P. Chapin
John K. H. Nightingale	Edward B. Hough
Howard D. Wilcox	Arthur W. Claffin
William H. Thornley	Chas. H. Merriman, Jr.
William Grosvenor	Herbert W. Rice
George M. Snow	Clinton F. Stevens

Board of Investment

Edward Aborn Greene	Frank P. Comstock
John B. Branch	George M. Snow
John K. H. Nightingale	Wm. P. Chapin
	Clinton F. Stevens

CLINTON F. STEVENS, Treasurer

ARTHUR E. STAFFORD, Assistant Treasurer

HERBERT C. WELLS, Secretary

RAYMOND H. BLAKE, Assistant Secretary

ROBERT W. UPHAM, Assistant Secretary

tion of its worthiness is not within the provisions of the division's official expression. That it be fully considered by the association as a practice affecting all banking is all that this division can in justice demand.

When the Committee on Resolutions brought in its report, the preamble to Resolution 5 expressed concurrence in the action on branch banks taken by the association, but Robert J. Maddox of the Atlanta National Bank, Atlanta, Ga., declared the rest of the document apparently contradicted the preamble. He offered an amendment to widen the interpretation of the resolution and to express approval of branch banks for Federal institutions in cities where state banks maintained branches.

Mr. Maddox's amendment was opposed by Samuel B. Jeffries of the National City Bank of St. Louis, Mo., who introduced the anti-branch bank resolution at the morning session of the association. He held that both the resolution and the Maddox amendment were contrary to the attitude taken by the association. Eventually the resolution and the amendment were voted down.

Another resolution, which was adopted, said that the production of new wealth was the "only permanent basis for world recuperation", and went on:

Resolved that efforts to restore normal international world relationships having thus far failed to achieve tangible results, the urgency of the situation demands that with Governmental sanction the leading business brains of America should be joined with those of Europe in a conference out of which would surely come, at least, the basis for a better understanding of the problems involved and for an early and practical solution of these problems.

In another resolution it was pointed out that recent reports showed a wide increase in the making and circulation of counterfeit money. The resolution continued:

Resolved, that this convention requests the Secretary of the Treasury to resume the same high quality of materials and of mechanical production of paper money that obtained before the war, in order to provide the largest possible protection against counterfeiting.

Another resolution related to the savings departments of national banks and said that whereas experience had shown that the provisions of the National Banking Act were "not only right in theory but in practice, as regards the investment of national bank funds," it was the sense of the committee that it "was neither necessary nor prudent to



JOHN G. LONSDALE

Retiring president National Bank Division; president National Bank of Commerce, St. Louis

make any changes in a provision that has proved eminently satisfactory".

Proposals to amend Section 5219 of the National Bank Act were frowned upon by the division in another resolution unanimously adopted. The last resolution adopted said:

Resolved that the National Bank Division extend to the New York bankers gracious appreciation of their fine hospitality and assure them that the admiration and regard for their, and our, wonderful city has been renewed and cemented for all time to come.

ELECTION OF OFFICERS

Waldo Newcomer, president of the National Exchange Bank of Baltimore,

was elected president of the division. Mr. Newcomer has been vice-president of this section for the past year.

Thomas R. Preston, president of the Hamilton National Bank of Chicago and for the past year chairman of the executive committee of the National Bank Division, succeeds to the vice-presidency.

The following members were elected to the executive committee: E. P. Passmore, president Bank of North America, Philadelphia; A. F. Mitchell, vice-president Northern National Bank, Toledo; C. W. Carey, president First National Bank, Wichita, Kan., E. C. Melvin, president Selma National Bank, Selma, Ala.

Trust Company Division Meeting

Theodore G. Smith Made President—Evans Woollen New Vice-President

THE president of the Trust Company Division, J. Arthur House, in his annual report, dwelt on the tremendous increase in the number and resources of trust companies.

"Twenty-six years ago," he said,



J. ARTHUR HOUSE

Retiring president Trust Company Division; president Guardian Savings & Trust Co., Cleveland

"when the Trust Company Division of the American Bankers Association was organized, there were in the United States about 251 trust companies having total resources of about \$843,718,741. Today there are approximately 2500 trust companies with resources in excess of \$12,000,000,000, as shown by statements published on June 30, 1921. Just how much property the trust companies of the United States hold in their trust departments is impossible to state, as publication of those figures is not required in most states, but undoubtedly it is far in excess of the banking resources, and it is unquestionably a true statement that the trust companies of the United States hold in their banking and trust departments more property than any other group of banks in our country".

In the course of his remarks dealing with national conditions, Mr. House denounced Congress for enacting the bonus legislation.

"It draws attention", he said, "to the utter disregard of our lawmakers to the business side of government. The action of President Harding in vetoing the bill is to be most highly commended".

Waldron F. Rand, Jr., vice-president of the Commonwealth Trust Company of Boston, spoke on the "Growing Hazards and Liabilities of Conducting a

Safe Deposit Business". Mr. Rand called attention to the fact that while a bank was not an insurer or guarantor of the safety of the contents of its safe deposit vaults, the prevailing law of the United States was that a bank "is required to use that degree of care in the safe keeping of the property deposited therein which is demanded from a bailee for hire in the keeping of valuable property".

Francis H. Sisson, vice-president of the Guaranty Trust Company of New York, offered a resolution opposing a suggestion that the offices of the American Bankers Association be moved to Washington. By unanimous vote, the Trust Company Division put itself on

record as being against the change from New York to Washington.

Alvin W. Krech, president of the Equitable Trust Company of New York, delivered an address on "Keeping Faith with Europe", which is printed in this issue of THE BANKERS MAGAZINE.

Theodore G. Smith, vice-president of the Central Union Trust Company of New York and first vice-president of the division, was chosen president of the division. Evans Woollen, president of the Fletcher Savings and Trust Company of Indianapolis, Ind., who had been chairman of the Executive Committee, was selected for vice-president.

Krech Urges Our Aid to Europe

Says There is No Other Way Out for Either Europe or Ourselves

ALVIN W. KRECH, president of the Equitable Trust Company of New York, in his address before the Trust Company Division of the American Bankers Association on "Keeping Faith with Europe", said that America was ready and eager to help Europe stabilize conditions as soon as the old countries did their part and replaced "the snarling and bickerings and quarrels" with "sound principles, mutual understanding and mutual co-operation". He referred to the lesson in our own Civil War, when the South recovered quickly, after its currency had been wiped out, and its obligations repudiated, through the fact that it was a part of the greatest interstate free trade area in the world. "I believe and hope," he said, "that Europe will sooner or later profit by this lesson in our history. * * * It is high time that Europe should cease her criticism of the aloofness of the United States and that the various nations get together for their mutual interests. America is very little

inclined to play a part in the European concert, and when she receives the flattering invitation of assuming leadership she must refuse to accept the baton of a guest conductor. But America will not withhold her co-operation from a Europe that shows some sense of European community".

Mr. Krech continued:

America, a young creditor nation with enormous sums of money flowing back to her in the form of interest and sinking fund payments will necessarily be on the lookout for safe and profitable re-investment opportunities. The problem of finding markets for her exportable surplus of goods will be paralleled by a not less vital one—the finding of employment for her exportable surplus of credit. Not in the form of gigantic international loans—I must confess that my imagination stalls when they are under discussion—but the future holds for the American investor countless attractive opportunities which, as time goes on, he cannot afford to neglect, if once Europe gets together on safe, sane and practical lines. That such a movement is going on on the Continent is without question. There are innumerable instances where these silent forces—constructive, friendly, cooperative—



BANK CLOCKS



E. HOWARD CLOCK CO.
Boston Mass.

are actively at work. A loan to Austria guaranteed by her former enemies; German Treasury Notes assumed by British and Dutch banks; a French group and a German group coming together in an effort to effectuate on a practical basis the reparations in kind; the Soviet Government recognizing the vested rights of a British corporation; Austrian banks reestablishing their branches in the succession States; are facts which show that Europe is fast coming back to her senses. These are not quixotic or fantastic suggestions. Europe is putting herself in line with them.

Keep faith with Europe! Surely there is no other way out either for Europe or ourselves. From the ethical point of view, our duty to stand by Europe attains the height of a moral law, which we cannot possibly escape. I think that it was Plato who said that the man who could live alone was either a god or a beast and this is as true of nations as it is of men. From the cultural point of view, America refuses to turn her back on the nations which have shared with her their art and their learning. America's soul, so full still of the poetry, the songs, the legends of the old countries, can never give up her yearning for the European shores. America must keep, will keep faith with Europe, but Europe must do her part and keep faith with herself.

FEARS EFFECT OF TARIFF WALL

Mr. Krech spoke of the attitude of some persons in America that nothing need worry us in the present European situation. With empty kerosene cans bearing an American trade-mark scattered over the plains of Thibet; with Calcutta and Paris preferring Los Angeles films or Detroit motors; with great quantities of gold and agricultural products in America, and with wages here high as compared with those in Europe, there had been statements made, he said, that not even a violent disruption of our export business could affect this nation's prosperity.

"A very sweeping and asserting statement," declared Mr. Krech, "which everything in our national economy disproves". He continued:

The question uppermost in my mind is, how long is impoverished Europe going to continue to take our goods, keeping in mind besides that our impoverished foreign customers will practically be forbidden the approach of the American markets by the erection of our tariff wall. For the first seven months of this year, preceding the erection



ALVIN W. KRECH
President Equitable Trust Company, New York

of our latest tariff wall, our excess export balance had already shrunk from \$1,361,000,000 of the previous year, to \$455,000,000 (or approximately 35 per cent.) the high of our excess exports balance being \$2,671,000,000 in the year 1919.

There is nothing more fatal for any country than to have on its hands an unexportable surplus—whether that surplus consists of commodities or credits, some of our friends to the contrary notwithstanding. Surely, on purely practical and selfish grounds, we are vitally interested in the restoration of European solvency and in the maintenance of her capacity to take from our abundance. It is our plain duty to accelerate the process of her rehabilitation.

WOULD SUSPEND DEBT TEN YEARS

Two great rocks which barred our road, the speaker continued, were reparations and inter-allied debts. Respecting reparations, Mr. Krech asserted, they touched us but remotely. We asked for none and we “got what we asked

for”. Nor would our cancelling Europe’s obligations help any in this matter of reparations.

Regarding the question of cancellation, Mr. Krech said that the attitude of the American people prohibited any discussion on this subject just now. He said:

Economically speaking, we are at present a very much harassed people. The burden of the taxes, the difficulties and hardships brought upon us by deflation, make it very hard for the people at large to examine so important a question in the right spirit. Therefore I propose we take a leaf out of Secretary Hughes’s book and declare a holiday of ten years for our Continental allies, during which time the debt should be considered as non-existent. After the ten years have elapsed the question of cancellation should be taken up again. I believe that these ten years of an absolute suspension of the effects of the debt would create an atmosphere of judicious aloofness. We should then be in a much better mood to approach so vast a proposition.

Mr. Krech said that Europe had been unnecessarily aroused over the action of Congress in creating the Foreign Debt Commission.

The bill (creating the commission) is not a categorical summons to pay; it is an invitation to talk matters over. It undoubt-

edly serves notice to the allied world that our people are not in favor of a cancellation. It does not at all warrant the criticism that America is an implacable, merciless creditor. The solution I have suggested would have this advantage over the Funding bill in that it takes the question out of the realm of politics for a definite period.

Some Thoughts on the Convention

By Osborn F. Hevener



WASN'T IT O. Henry who said that, for New Yorkers, the sun rose in the East River and set in the Hudson? There is little doubt that Henry Jones of Bucyrus and Walt Willever of Lith-

opolis, arriving in New York on the eve of the Bankers Convention, fully expected to see Old Sol drop his scorching self into the tumbling water immediately to the west of us. Back in Bucyrus, Ohio, President Henry Jones of the First National had confided in his cashier that his planned trip to New York was more in the way of an experiment than anything else. He had confessed his interest in tall buildings and first line theaters, but, as he had said to his junior officer, people were what counted most with him. Therefore, if he, Jones, were back a few days ahead of time, no questions need be asked of him—Jones would not feel just like going into every small detail of why he didn't like New Yorkers until he had got back into his dear old haunts for several days. So back of the fact that Henry Jones of Bucyrus accomplished no work of consequence for one whole dreamy week after returning from the big doings, lies a wealth of thought. And that thought is simply this: New York, big and brazen as it is, is not unsympathetic with the problems of the out-of-town banker; New York, in spite of the mil-

lions of people who keep it running a dizzy pace, can be tender-hearted, and, last but not least, New York knows the true meaning of the word "hospitality".

Speaking of hospitality of course reminds us of the Missouri banker who saw only the first eight letters of the sign denoting the headquarters of the "Hospitality Committee". He immediately inquired of one of the young men back of the desk whether many "sick" bankers had been taken care of. As it happened, there were fewer "sick" bankers than predicted.

Everybody has heard of the country bank vice-president who, the first inquirer at the ladies' information booth on the ballroom floor of the Hotel Com-



Corner of the Commodore lobby

modore, wanted to know where Rockefeller taught his Bible class. We are told that many hundreds of such questions, calculated to vex the most knowing person, were answered to the entire satisfaction of the visitors.

Going on with the thought that delegates and guests could not fail to have been impressed by the warm reception of the New Yorkers, were you one of those to see the start of the various bus rides to uptown and downtown sections? Or, possibly you rode yourself. How pleasantly these entertainment features were carried out! There were the courteous ushers assisting passengers to their places, there were the bally-hoo men in readiness to point out the different spots of interest as passed and, flanking all, was the cordon of picked New York bluecoats, whose very presence seemed to flash the idea of pleasure at being enabled to guide the touring guests through crowded thoroughfares. Such honor guards were a part of every bus ride that left convention headquarters. A thoughtful act on the part of the arrangements committee was the stationing of ushers at the exits of theaters in which theater parties were



Banker solving a difficult problem in domestic finance

held. At the conclusion of the performance, guests would emerge to see young men, wearing badges, signalling with a courteous gesture to waiting busses hotel bound.

Another feature calculated to engen-

Municipal and Corporation Bonds

We purchase outright entire issues of Municipal and Corporation Bonds that meet the approval of our Investigating Departments.

We offer and recommend these bonds for the investment of Institutions, Trustees and Individuals.

We invite correspondence from all who are interested in the purchase or sale of bonds of this character.

E. H. ROLLINS & SONS

Boston New York Philadelphia
Chicago Denver
San Francisco Los Angeles

der favorable comment among the visiting bankers was the widespread distribution of posters bearing the picture of the colonial town-crier with his bell and bulletin inscribed "Welcome A. B. A". It was to be observed that these posters were conspicuously displayed from the Battery to the Bronx. They seemed to be everywhere. Certainly this good work on the part of the convention managers was not lost upon the guests. Strangers, no matter in what part of the great city they might be, were made to feel that they were cordially welcome.

ENORMOUS SCOPE OF CONVENTION

In point of visitors alone, this forty-eighth annual convention was the largest ever held. Somewhere in the neighborhood of 11,250 delegates and guests were registered by the efficient corps organized by Bowen Barker. The previous high record attendance was

Incorporated 1855

The Bank of Toronto Canada

Capital Paid up	\$5,000,000
Reserves	7,000,000



Head Office: Toronto, Ont.

Canadian Banking Business

Correspondence invited with banks desiring Canadian connections or whose present collection facilities in the Dominion are not wholly satisfactory.

Our numerous Branches throughout Canada from East to West and reciprocal arrangements with other important Banks here, enable us to offer very favorable collection terms on Canadian points to Banks in United States and other foreign countries.

INTEREST PAID ON DEPOSITS

JOHN R. LAMB, General Manager



The registration room for the first two days of the convention was continuously crowded with incoming delegates

4600 in Chicago in 1909. And, in ratio to the greater number of registrants, was the scope of the entertainment and unusual features provided for the delectation of the conventioners. What man among the 11,000 was there who could not find recreation in such a diversified group of pastimes as golf, boat rides, bus rides, historical lectures, theater parties, smokers or well-arranged dinner dances? And certain it is that among the women guests, who were largely wives of the delegates, there could be no feeling of being slighted by the arrangements committee. There was no lack of entertainment designed exclusively for their enjoyment. The yellow coupon books handed out to each woman guest contained slips exchangeable for admission tickets to a fashion show and tea at the Hotel Plaza, there was a coupon entitling admission to five exclusive women's clubs, also coupons for a theater party to be attended by women, an invitation to be the guest of various prominent families throwing open their homes on Hostess Day and a coupon exchangeable for cards of introduction which gave the women bearers the privilege of playing over the handsome private golf course located on the beautiful estate of Otto H. Kahn at Cold Spring Harbor, Long Island. Bearing in mind this wide

breadth of entertainment material and the huge task of arranging for all of it, is it strange that the officials in charge of the convention found it necessary to begin the arduous work of preparation many months in advance of the opening date?

As a member of the Hospitality Committee, I naturally am now inclined to swerve to a praiseworthy line or two concerning the smooth-running mechanics of the convention. Delegates and guests were unanimous in praising the work of the Registration Committee, in the West Ballroom. Here was a group of hearty workers, majored from leading New York banks, and assisted by competent stenographers, whose services were offered gratis by a typewriter manufacturer.

PROBLEMS OF REGISTRATION COMMITTEE

This force was confronted with the task of registering and providing printed matter, such as descriptive booklets, programs, badges, etc., to a total of visitors numbering almost 4000 more individuals than anticipated. The work of the registration group was made appreciably easier through the foresight of the arrangements committee in attending to the listing of all the New York delegates and guests before the actual opening of the sessions. In this

The Bank of Pittsburgh National Association

ORGANIZED 1810

Statement of Condition September 15, 1922

RESOURCES	LIABILITIES
Loans and Investments.....\$35,842,212.78	Capital Stock\$ 3,000,000.00
U. S. Bonds and Certificates of Indebtedness 5,533,432.60	Surplus 3,000,000.00
Acceptances 231,261.45	Undivided Profits 1,533,466.56
Letters of Credit 105,561.19	Discount collected (not credited) 110,020.18
Accrued Interest Receivable 172,720.37	Circulation 2,221,900.00
Real Estate Owned 757,395.30	Acceptances executed for Customers 231,261.45
Due from Banks 7,306,894.19	Letters of Credit (con- tingent liability) 105,561.19
Cash and Federal Reserve.... 3,769,751.50	Deposits 43,517,020.00
Total\$53,719,229.38	Total\$53,719,229.38

The Bank of Pittsburgh was organized in 1810, operated as a private bank until 1814 when a State charter was taken out under the laws of Pennsylvania, entered the National Banking System in 1899 and the Federal Reserve System in 1914.

Throughout the century and more of its existence this bank has weathered every financial storm without loss or inconvenience to its customers and has been widely-known for its solidity and conservatism. It takes pleasure in offering its modern facilities for the handling of commercial business, foreign and domestic, to individuals, corporations and banks.

HARRISON NESBIT, President

WILSON A. SHAW, Vice-President and Chairman of Board of Directors

J. D. AYRES, Vice-President

J. M. RUSSELL, Vice-President

ALEXANDER DUNBAR, Vice-Pres. and Cashier E. M. SEIBERT, Vice-President

DR. J. T. HOLDSWORTH, Vice-President
in charge of Foreign Department

WM. M. BELL, Assistant Cashier F. D. YOUNG, Assistant Cashier

W. M. KISER, Assistant Cashier

The Oldest Bank in America West of the Allegheny Mountains

way, it was only necessary for out-of-town bankers to go to the West Ballroom of the Commodore for the purpose of registering and receiving their credentials. Very shortly however, and despite the carefully laid scheme, the supply of printed matter and badges fell far short. The record-breaking registration had greatly exceeded the expectations of the officials. To Guy Emerson, convention manager and to Bowen Barker, should go due credit for the efficient planning of the work of the registrars.

The quick changing around of the ballrooms, necessitated by the widely varied program attracted much attention. The transformations were identical with the kind accomplished on the stage. On Thursday evening the convention guests attended a huge ball, which was so extensive as to take in the East, West and Grand Ballrooms, where but a few hours before, an advertising exhibit, a conventional business office and a meeting hall had occupied these respective spaces.

What a delightful air of merriment



"Yes, suh, I'm from the South, suh"

there was among the groups of delegates on the main foyer of the ballroom floor! Yet what the eye could see represented only a tithe of what was going on in the way of enjoyment in every nook

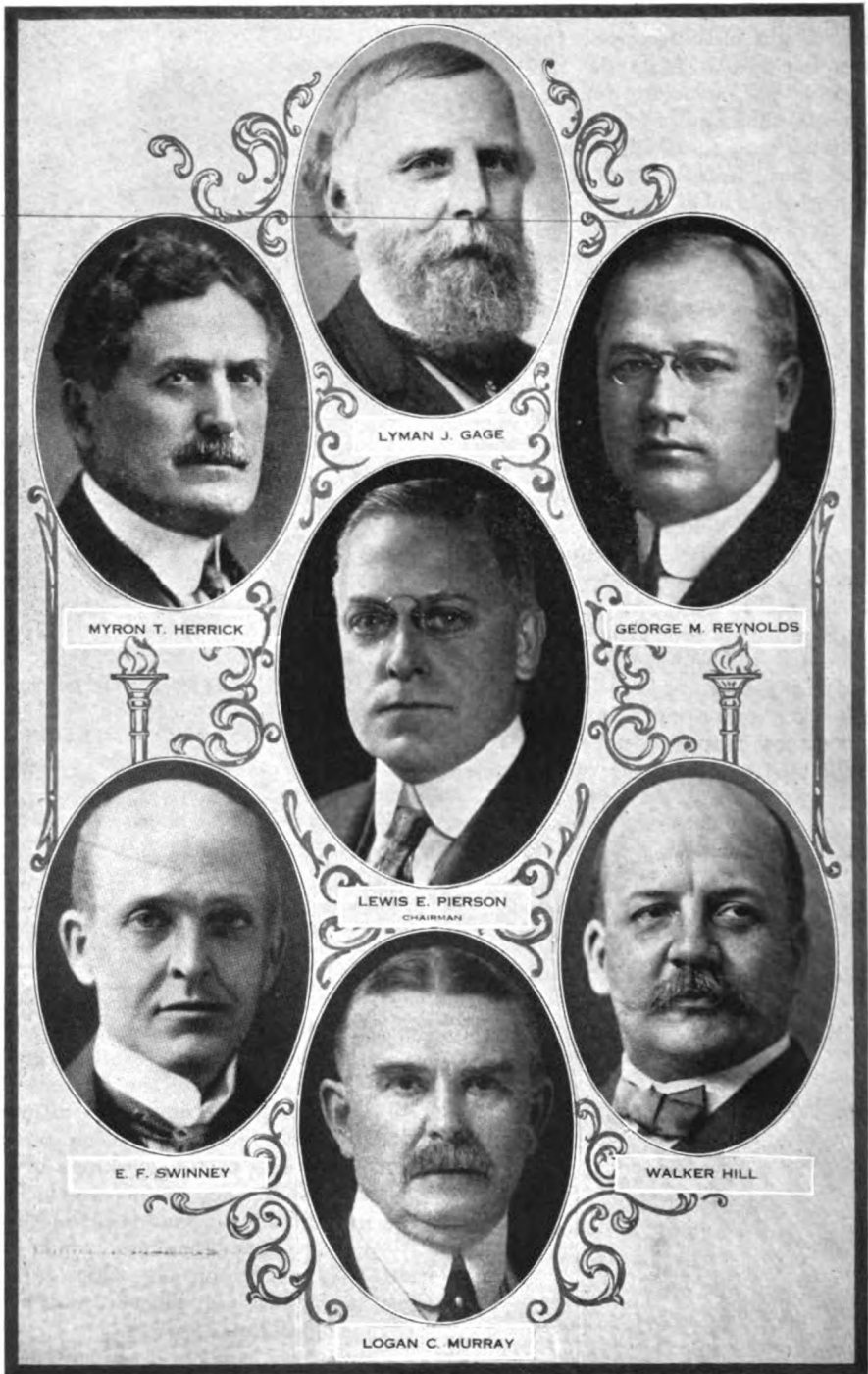


TESTIMONIAL DINNER
TO
GUY EMERSON
BY THE MEMBERS OF HIS STAFF
A. B. A. CONVENTION
FRIDAY, OCTOBER 13, 1922
HARVARD CLUB

After it was all over the members of the staff of Guy Emerson, manager of the convention, gave him a testimonial dinner at the Harvard Club. The above is a reproduction of the menu card

and cranny of the convention halls—among the advertising exhibits in the East Ballroom, where the Federal Reserve Banks had arranged an informative display, including motion picture demonstrations of the workings of the System; on the mezzanine, overlooking the grand lobby, everywhere, in short, were to be found bankers, young and old, busy at nothing more than garnering the dividends of pleasure that come from good fellowship.

Conventions come and conventions go but few attain the brilliancy of this forty-eighth affair. If all were like the latest one, there is danger that bankers would want several conventions a year. Such an anomaly as a staid



(Mr. Hill's death occurred in New York City during the convention)

Committee on Preliminary Plans for the Celebration of the Fiftieth Anniversary of the American Bankers Association

Fiftieth Anniversary Committee

AN outstanding committee of bankers and men of affairs to make preliminary plans for the celebration of the fiftieth anniversary of the American Bankers Association, appointed by Thomas B. McAdams, retiring president of the association, is composed of the following:

Lewis E. Pierson, chairman of the board Irving National Bank, New York, head of committee, and the membership includes, Myron T. Herrick, American Ambassador to France; Walker Hill, executive manager First National Bank, St. Louis; George M. Reynolds, chairman of the board Continental & Commercial National Bank, Chicago; Logan C. Murray, commercial executive Harriman National Bank, New York; Lyman J. Gage, Secretary of the Treasury under President McKinley, Point Loma, Cal., and E. F. Swinney, president First National Bank, Kansas City. All of these men are former presidents of the association, and Logan C. Murray was also one of the original organizers.

The first meeting of the Fiftieth Anniversary Committee called during the convention of the association in New York, brought together from all parts of the country bankers who have been identified with the history of the organization since its formation in 1875.

Seventeen representative bankers met at Barnum's Hotel, in New York City, May 24, 1875, at the request of James T. Howenstein, of the Valley National Bank of St. Louis. After short deliberation a call was prepared for the first convention of the American Bankers Association at Saratoga. It was held July 20 to 22, 1875, and a committee of nine was appointed to draft a constitution and by-laws. About 300 bankers attended this first convention. Organization was completed the following year, and the new mutual benefit association, which now has a membership of approximately 23,000, was successfully launched.

The following were the seventeen bankers who fostered the idea of an American Bankers Association: James T. Howenstein, Valley National Bank, St. Louis; George F. Baker, cashier First National Bank of New York City; Arthur W. Sherman, cashier Dry Goods Bank; Edward Skill, cashier Central National Bank; Edward H. Perkins, Jr., cashier Importers' and Traders' National Bank; George W. Perkins, cashier Hanover National Bank; John M. Crane, cashier National Shoe and Leather Bank; John S. Harburger, cashier Manhattan Company Bank, all of New York; Charles E. Upton, cashier City Bank, Rochester, N. Y.; John S. Leake, cashier First National Bank, Saratoga Springs; Amos P. Palmer, cashier Albany City National Bank; Royal B. Conant, cashier Eliot National Bank of Boston; Morton McMichael, Jr., cashier First National Bank of Philadelphia; John D. Scully, cashier First National Bank of Pittsburgh; Joshua W. Lockwood, cashier National Bank of Virginia; Logan C. Murray, cashier Kentucky National Bank; Charles C. Cadman, cashier Merchants and Manufacturers Bank, Detroit.



The Other Fellow's Viewpoint

*Our dealings with and for customers
are featured by a constant effort to
sense their wishes and to anticipate
their requirements.*

The Omaha National Bank

Capital and Surplus \$2,000,000.00

WALTER W. HEAD, President

banker bringing up his young son in the profession simply that he might attend bankers' conventions might arise. What then?

When all the Henry Joneses return to their posts their minds may be full of smokers and West Point trips, but the balanced ration of pleasure and business served by the A. B. A. officials should tend to leave the conviction that

they've been greatly benefited by attending the sessions. There was a time when we might have expected the returning conventioneer, asked if he had accomplished anything useful, to reply, "What, don't you know this was a *convention*"?

Not so the forty-eighth. It was more than a convention held for convention's sake. Ask Henry Jones, of Bucyrus.

Even New York Was Shaken

AN interesting commentary on the impression made on New York by the convention is supplied in the following by Karl K. Kitchen in the *New York World*:

For the first time in its history New York knew it had a convention "in its midst".

I refer to the gathering of bankers which ended in the small hours of yesterday morning.

Hundreds of conventions are held in New York every year, but no matter how numerous their delegates they are invariably swallowed up in the city's maw. It's a way New York has.

But the convention of the American Bankers Association was different. It was not only seen but heard by every one in town. For when "money talks" New York sits up and listens.

New York never had such a gathering of "important dough" as this convention brought to town. That there were more than ten thousand out-of-town registrants is not particularly important. But that the Clearing-house banks spent a quarter of a million to entertain them is. For, with the private functions which were given in their honor, and what they spent themselves, a cool million—although the temperature of the money doesn't make any difference—will not cover the cost of the convention.

Never were out-of-town delegates entertained as these visiting money-men. Not only were there luncheons and dinners and banquets and smokers—and teas for the ladies, to which they were invited gratis—but there were free bus rides, boat rides and even free theater tickets. Even a fashion show was staged for them.

Can you imagine an out-of-town visitor asking for two free tickets to the Follies—and getting them? But the Entertainment Committee of the local bankers bought

blocks of seats for all the best shows and they were passed out on the basis of first come, first served. The delegates didn't even have to pay for the stamps on their outgoing mail—which shows how New York



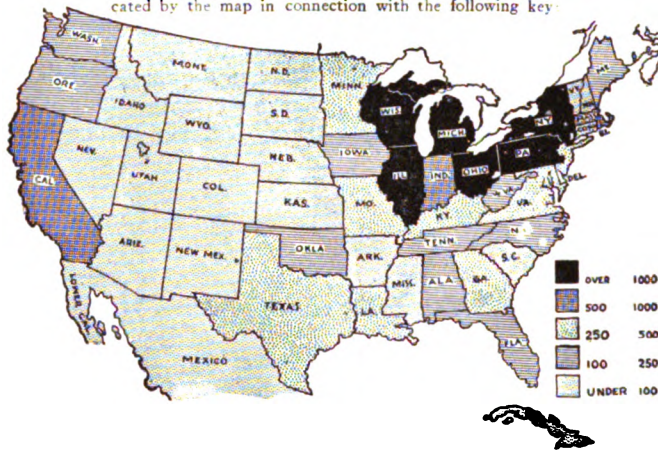
And then there was golf

does things when its bankers put their minds to it.

Every delegate was called on the telephone by the local committee every day he was in town and asked what could be done for his comfort and amusement. Some service, I'll tell the palpitating public. For all these "convention refinements" were in addition to the attentions of the personal

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PUBLIC UTILITY · NATURAL RESOURCE · MERCANTILE

More than 20,000 properties in the United States, Canada, Mexico and the territorial possessions of the United States have been appraised by The American Appraisal Company. The extent of this service in each state is indicated by the map in connection with the following key



An appraisal service that extends to every state and to every industry

For more than a quarter of a century, American Appraisal service has been used by the business men of America.

From the pine forests of the Northwest to the cotton districts of the Carolinas, from the industrial centers of New England to the oil fields of Texas, there are few communities and few industries where American Appraisals cannot be found.

In banking rooms in New York, Chicago and San Francisco, in Montreal and Mexico City and London, American Appraisals are accepted as evidence of property values.

This nation-wide endorsement is due solely to the definite superiority of American Appraisal service. From the time when this company was founded, more than a quarter of a century ago, until today, when its staff numbers more than 800 specialists, it has been guided by a single ideal:

The rendering of the utmost in appraisal service.

In an American Appraisal, you are assured absolute provability of values and a specific adaptation of the reports to meet your particular needs.

The American Appraisal Company

Milwaukee, Wisconsin

Atlanta
Baltimore
Boston
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Cincinnati

Cleveland
Detroit
Indianapolis
Los Angeles
Milwaukee
Minneapolis



New Orleans
New York
Philadelphia
Pittsburgh
San Francisco

St. Louis
Seattle
Syracuse
Tulsa
Washington

The Canadian Appraisal Company, Ltd., Montreal, Toronto

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and business friends of the delegates. Being "cash customers," they were treated as such by the officials of their local depositories.

While the most important social function of the convention was the grand ball, the peak of the entertainment was reached at the stag smoker which was held at the Hotel Astor on Wednesday night.

Never was there such a smoker. For the entertainment which Chairman George B. Mallon provided for the delegates was a vaudeville bill of twelve headliners which could not have been gathered together in any other city in the world. It began with Van and Schenck and ended with Gallagher and Shean, and between them were sandwiched such stars as Elsie Janis, Will Rogers, Blanche Ring, Ann Pennington and half a dozen others, including Paul Whiteman's orchestra.

Charles Dillingham, who acted as stage manager, said the same bill could not be put together for less than \$30,000 for a single performance. And C. D. knows, for most of the talent who gave their services either work for him or appear in his theaters.

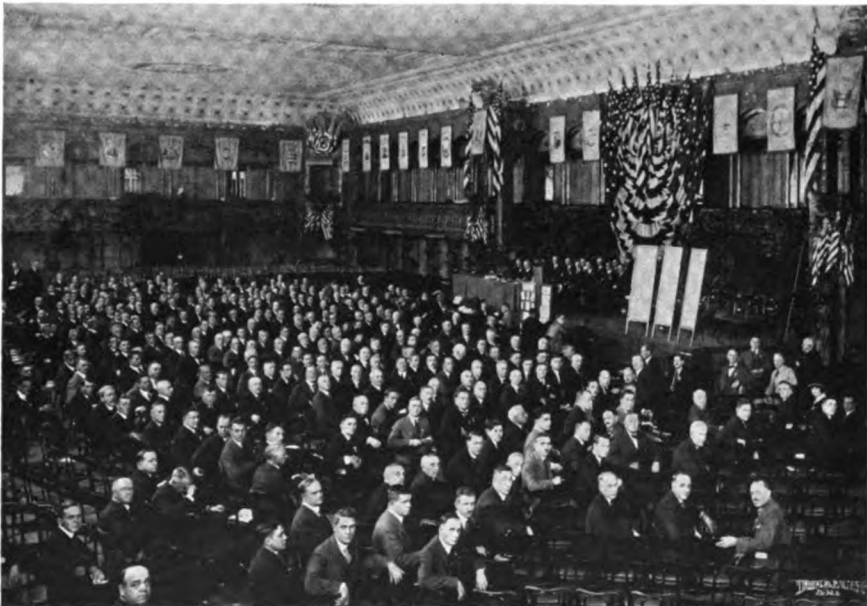
Nearly five thousand delegates attended the smoker, which, of course, comprised a buffet supper and as many long black Havanas as the guests could smoke. The



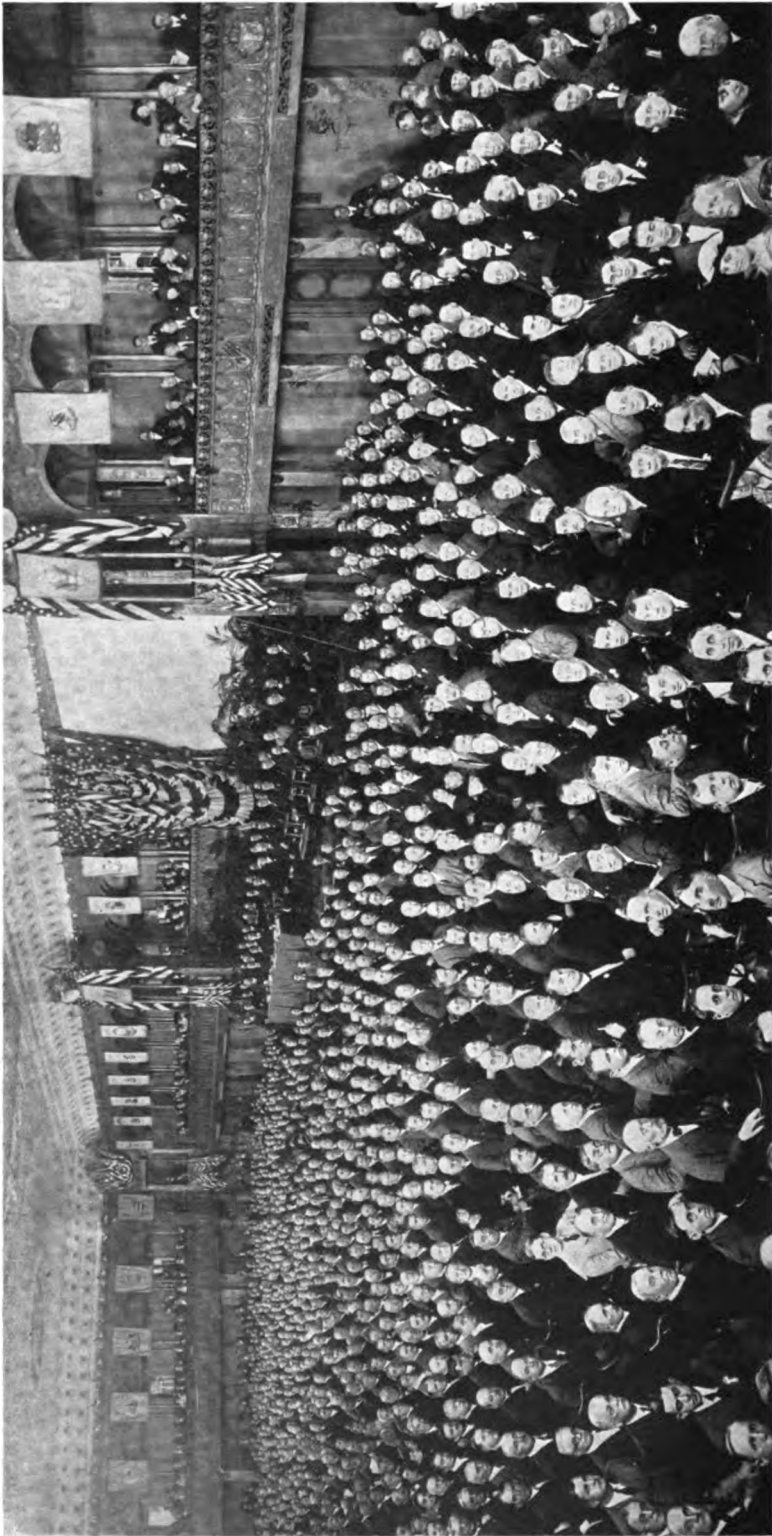
And there were theatres too

jam was so great that the Reception Committee, headed by Thomas W. Lamont, was swept off the floor, but that didn't prevent every one hailing it as the best event of the convention.

When it comes to "saying it with money," there is no bunch like our bankers—bless their bulgy bankrolls.



Meeting of the Trust Company Division



General session of the American Bankers Association in the main ballroom of the Hotel Commodore

Reports of Committees

CHAIRMAN M. A. Taylor, made the report for the Economic Policy Commission. He reported that the commission's formerly stated views on the bonus remained unchanged, that it believed all possible relief should be extended by the Government to disabled veterans, but disapproved of the distribution of bonuses to all soldiers, regardless of their present condition.

Further adjustment between the cost of railroad transportation and other expenses of production is necessary in the opinion of the Commission which express the view, "that the present high wages of railroad employees must be readjusted". The accompanying reduction in railroad rates, it is said, will hasten the arrival of greater business activity.

The Commission advocated the repeal of such sections of the shipping laws as "make it impossible for American ship owners to compete on an equal basis with other countries," and recommends the development of a comprehensive transportation system by sea, rail and inland waterways.

Pointing out that the position of the United States as a creditor nation will make it increasingly necessary for it to accept payment to a large extent in goods, the Commission suggested that in its desire to prevent "dumping" by foreign nations, Congress "may create a situation which ultimately will be contrary to our best interests".

It said that the delay in the rehabilitation of Europe had made it impossible for our farmers to dispose of their products at prices to give them adequate return for their labor.

The commission advocated a constitutional amendment permitting the taxation of securities issued by the Federal Government, states, municipalities, other political sub-divisions or quasi-public corporations. It opposed the feature of the present income tax law exempting from taxation \$300 income annually for moneys deposited in building and loan associations, saying this

law makes it impossible for the banks to compete on an even basis with the associations. It favored a comprehensive transportation system, the plan for a barge canal connecting the Great Lakes, the Ohio and the Mississippi, and a canal connecting the Great Lakes and the St. Lawrence.

AGRICULTURAL COMMISSION

The report of the Agricultural Commission of the American Bankers Association was made to the convention Wednesday by Joseph Hirsch, chairman. The report dwelt on the importance of the three-cornered alliance of which the farmer, the state and the banker are members. Measures taken both by states and by bankers to aid farmers were described in detail. It was pointed out that bankers played a most important part in the "most significant movement of today in agriculture"—that looking to better marketing. Bankers were making careful studies of coöperative marketing associations in agricultural districts, it was said, with a view to strengthening them.

It was said that recent figures given out, showing a less rapid increase in tenant farming in the last decade, than in the preceding one, were somewhat misleading because, whereas the proportion of rented farms increased only 3 per cent. between 1910 and 1920, the proportion of leased property values and leased acreage increased 11 per cent.

The commission has been active in the good roads movement and in encouraging club work among school children for the improvement of stock and crops as well as for the training involved.

"There is every sign," the report said, "that the time is ripe for more concerted action by bankers' associations and for a widening of the influence of this great association".

REPORT OF COMMITTEES

The fight in Congress over the effort by the states to tax national banks at

the same rate as state banks was reviewed in a report of the committee on state taxation which stated that the issue was still undecided but the outlook was that the committee would be able to defeat that movement and retain the law as at present.

The Committee on State Legislation recommended the enactment of measures making the time limit on stock payments ninety days as in Oregon; giving banks the right to refuse payment of checks presented one year after date; to safeguard banks against loss by alteration of certified checks and for protection of innocent purchasers of checks for money lost in gambling. The Committee also recommended legislation to relieve banks from the burden of making inquiry as to the propriety of paying checks signed by the officer of a corporation and payable to himself.

The Committee advocated additional regulations of building and loan associations so as to prevent their employment of professional promoters and organizers, to restrict the granting of charters in the same manner as for banks, to restrict loans on real estate to a radius of fifty miles, to insure effective supervision and forbid false and misleading advertisements in regard to

demand accounts and high rates of interest.

The chairman of the Committee on Federal Legislation reported that the United States has been suffering from "a very serious case of undigested prosperity and political and financial doctors have been offering nostrums and physics and metaphysics in great volume. We are passing today in the United States," he said, "more laws than are being passed by England, France, Germany and Italy combined".

The Secretaries Section reported that it hoped in the near future to announce that the Treasury Department had adopted a simplified income tax return for banks.

Robert B. Locke, retiring president of the American Institute of Banking, delivered its report to the convention. In the past year, he said, the membership had grown from 44,903 to 50,692. During the year twenty-two new city chapters have been added, making a total of 111 chapters. He announced the issuance of 666 standard graduation certificates during the year and that approximately 22,000 bank men in this country were following the institute's educational courses.

Exhibits at the Convention

ONE large room to the east of the convention hall was used for exhibits. The Federal Reserve banks used about half of the room. Along the walls on moveable display boards were charts showing the development of the Federal Reserve System. Also there were large photographs of the Federal Reserve Bank buildings, built, building or projected. An interesting motion picture illustrating the working by the system was shown almost continuously. The film was projected on a glass screen from behind, so that both

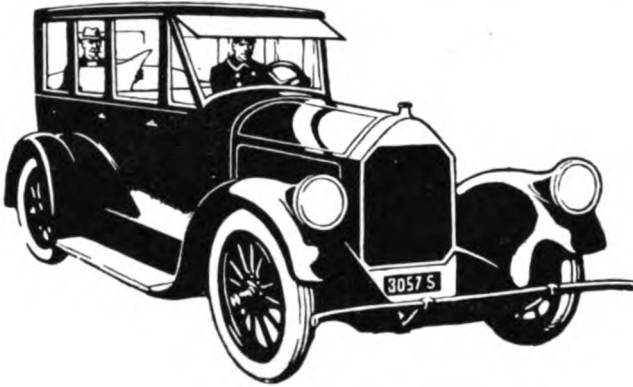
screen and projection machine were in front of the spectators.

An advertising exhibit occupied the rest of the room. A considerable number of banks had contributed examples of their newspaper and follow-up advertising. The exhibit illustrated the great improvements that have been made recently in bank advertising.

Following is a list of banks and trust companies which had exhibits:

Fidelity National Bank & Trust Co., Kansas City, Mo., W. R. Snodgrass—1 panel.
Cleveland Trust Company, Cleveland, O., I. I. Sperling—2 panels.

PIERCE

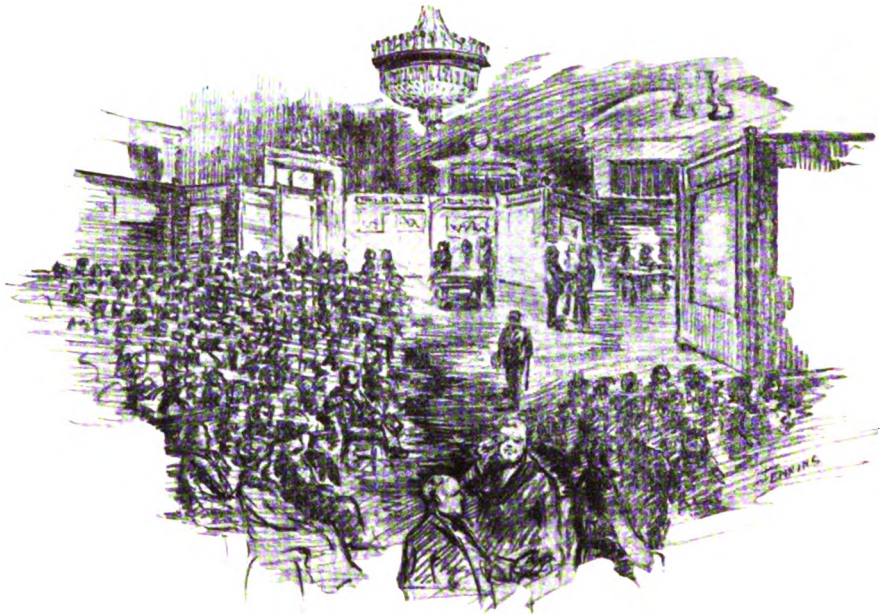


Here is the most sought for model that ever bore the Pierce-Arrow name — the Enclosed Drive Limousine. Rich and complete in appointments, unapproached in performance, it serves both as a chauffeur-driven Limousine and an owner-driven Sedan. The change is instantaneously accomplished by a completely disappearing French plate glass partition. As a Limousine, it affords isolation from the chauffeur's compartment; a dictaphone provides communication with driver. As a Sedan, it offers a companionable arrangement for all occupants. The transformation is perfect and complete. Narrowed pillars do not obstruct the view; clear vision is assured from rear to front. Each individual owner selects his own exterior finish and upholstery. Pierce-Arrow distributors and dealers in most localities are able to make fairly prompt deliveries.

Closed Cars \$7000 Open Cars \$5250 at Buffalo

The Pierce-Arrow Motor Car Company
BUFFALO, NEW YORK

ARROW



One room was given over to the advertising displays of various banks and a motion picture exhibit showing the functions of the Federal Reserve Bank

Union Trust Company, Detroit, Mich., Clinton F. Berry—4 panels.

The Chemical National Bank, New York, N. Y., Charles Cason—2 panels.

Fourth National Bank, Macon, Ga., C. O. Carpenter—2 panels.

Minneapolis Trust Company, Minneapolis, Minn., B. S. Woodworth—2 panels.

Illinois Trust & Savings Bank, Chicago, F. D. Conner—3 panels.

Union Trust Company, Chicago, Ill., Paul L. Hardesty—5 panels.

Bank of Italy, San Francisco, Cal., W. W. Douglas—4 panels.

Continental & Commercial National Bank, Chicago, Ill., A. D. Welton—3 panels.

Liberty Trust & Savings Bank, Chicago, Ill., A. L. Rosenthal—2 panels.

Caldwell & Company, Nashville, Tenn., J. D. Carter—1 panel.

Henry C. Quarles & Co., Milwaukee, Wis., Anton R. Christensen, Jr.—1 panel.

First National Company, St. Louis, Mo., F. Fuchs—1 panel.

St. Louis Union Trust Company, St. Louis, Mo., F. Fuchs—1 panel.

First Trust & Savings Bank, Chicago, Ill., C. E. Schiffner—5 panels.

National Bank of Commerce, St. Louis, Mo., W. B. Weisenburger—4 panels.

United States Mortgage & Trust Co., New York, N. Y., Carroll Ragan—4 panels.

Second Ward Securities Co., Milwaukee, Wis., R. P. Hammond—2 panels.

Liberty Central Trust Company, St. Louis, Mo., J. V. Corrigan—3 panels.

Financial Advertisers Assn. of Milwaukee, Milwaukee, Wis., R. P. Hammond—1 panel.

First National Bank, Minneapolis, Minn., C. W. Hillberg—5 panels.

The Minnesota Loan & Trust Co., Minneapolis, Minn., W. E. Brockman—1 panel. (Exhibit First National Bank and Minnesota Loan & Trust Co. together).

State Bank of Chicago, Chicago, Ill., Gaylord S. Morse—3 panels.

Hoagland, Allum & Co., Chicago, Ill., Robert Gillmore—2 panels.

American National Bank, Nashville, Tenn., C. H. Wetterau—1 panel.

Toronto General Trust Corp., Toronto, Canada, John Cowan—4 panels.

Commerce Trust Company, Kansas City, Mo., Fred M. Staker—1 panel.

National Bank of the Republic, Chicago, Ill., James S. Baley—2 panels.

National City Company, New York, N. Y., Wells M. Sawyer—5 panels.

Society for Savings, Cleveland, O., H. B. Grimm—2 panels.

Security Trust Company, Detroit, Michigan, H. B. Grimm—2 panels.

The National City Bank of Chicago, Chicago, Ill., Miss J. G. Hoagland—2 panels.

Royal Bank of Canada, Montreal, Canada, C. E. Bourne—3 panels.

Northwestern Trust & Savings Bank, Chicago, Fred G. Heuchling—2 panels.

Barnett National Bank, Jacksonville, Fla., Courts P. Kendall, vice-president—1 panel.

Equitable Trust Company, New York, N. Y., A. DeBebian—5 panels.

Union Trust Company, Cincinnati, O., Harry J. Plogstedt—1 panel.

Mercantile Trust Company, St. Louis, Mo., Sam P. Judd—5 panels.

Exchange National Bank, Tulsa, Okla., N. R. Graham—2 panels.

Industrial Trust Company, Providence, R. I., W. G. Roelker—2 panels.

Peoples Stock Yards State Bank, Chicago, Ill., A. T. Huizinga—2 panels.

Livingston County Trust Company, Genesee, N. Y., P. L. Euchner—1 panel.

Union Trust Company, Cleveland, O., C. H. Handerson—4 panels.

First Wisconsin National Bank, Milwaukee, Wis., Walter Distelhorst—5 panels.

West Side Trust & Savings Bank, Chicago, Ill., Carl L. Jernberg—1 panel.

First National Bank, Detroit, Michigan, Frank J. Campbell—5 panels.

Union Trust Co. of Pittsburgh, Pittsburgh, Pa., Theis Roberts—1 panel.

Old National Bank, Battle Creek, Mich., Earl R. Obern—2 panels.

Union & Planters Bank & Trust Co., Memphis, Tenn., M. F. Gallagher—4 panels.

Halsey, Stuart & Company, Chicago, Ill., A. E. Bryson—5 panels.

Morris F. Fox & Co., Milwaukee, Wis., Ethel B. Scully.

Central National Bank Savings & Trust Co., Cleveland, O., Robert J. Izant—3 panels.

First National Bank, St. Louis, Mo., M. E. Holderness—3 panels.

Wells-Dickey Co., Minneapolis, Minn., H. G. Hodapp—5 panels.

Fidelity Trust Co., Buffalo, N. Y., W. D. Lampman—4 panels.

Importers & Traders National Bank, New York, N. Y.—2 panels.

Bank of Manhattan Company, New York, N. Y., Edgar M. Engel—2 panels.

Central Union Trust Company, New York, N. Y.—2 panels.

Mechanics & Metals National Bank, New York, N. Y.—2 panels.

Brooklyn Trust Company, Brooklyn, N. Y., C. B. Royce—2 panels.

Farmers Loan & Trust Company, New York, N. Y.—2 panels.

National Bank of Commerce, New York, N. Y., R. R. McElvare—2 panels.

Corn Exchange Bank, New York, N. Y., Frederick T. Martin—2 panels.

Garfield National Bank, New York, N. Y.—2 panels.

Columbia Trust Company, New York, N. Y., H. F. Poor—1 panel.

The Fifth Avenue Bank, New York, N. Y., C. A. Smith—2 panels.

The Bank of America, New York, N. Y., Withers Woolford—2 panels.

Seaboard National Bank, New York, N. Y., Harold G. Anderson—1 panel.

Fulton Trust Company of New York, New York, N. Y., Charles Van Kleeck.

Bankers Trust Company, New York, N. Y., George B. Mallon.

There were also small exhibits of forgeries and raised bank notes.

In the lobby of the convention floor throughout the week were the silver golf trophies in a glass case.



Record of Past Conventions

FOLLOWING is the record of all conventions of the American Bankers Association held prior to this year:

1875 Saratoga Springs, N. Y.

1876 Philadelphia, Pa.

1877 New York City.

1878 Saratoga Springs, N. Y.

1879 Saratoga Springs, N. Y.

1880 Saratoga Springs, N. Y.

1881 Niagara Falls, N. Y.

1882 Saratoga Springs, N. Y.

1883 Louisville, Ky.

1884 Saratoga Springs, N. Y.

1885 Chicago, Ill.

1886 Boston, Mass.

1887 Pittsburgh, Pa.

1888 Cincinnati, Ohio.

1889 Kansas City, Mo.

1890 Saratoga Springs, N. Y.

1891 New Orleans, La.

1892 San Francisco, Cal.

1893 Chicago, Ill.

1894 Baltimore, Md.

1895 Atlanta, Ga.

1896 St. Louis, Mo.

1897 Detroit, Mich.

1898 Denver, Colo.

1899 Cleveland, Ohio.

1900 Richmond, Va.

1901 Milwaukee, Wis.

1902 New Orleans, La.

1903 San Francisco, Cal.

1904 New York, N. Y.

1905 Washington, D. C.

1906 St. Louis, Mo.

1907 Atlantic City, N. J.

1908 Denver, Colo.

1909 Chicago, Ill.

1910 Los Angeles, Cal.

1911 New Orleans, La.

1912 Detroit, Mich.

1913 Boston, Mass.

1914 Richmond, Va.

1915 Seattle, Wash.

1916 Kansas City, Mo.

1917 Atlantic City, N. J.

1918 Chicago, Ill.

1919 St. Louis, Mo.

1920 Washington, D. C.

1921 Los Angeles, Cal.

Attendance records from 1909 to 1921 are as follows:

Date	City	Attendance
1909	Chicago	4600
1910	Los Angeles	2750
1911	New Orleans	2825
1912	Detroit	2850
1918	Boston	4235
1914	Richmond, Va.	2680
1915	Seattle	2500
1916	Kansas City	4316
1917	Atlantic City, N. J.	3120
1918	Chicago	4259
1919	St. Louis	3597
1920	Washington	4092
1921	Los Angeles	3854

The West Point Trip

WITH convention labors and New York pleasures and business calls behind them, the bankers and their wives relaxed on Friday by boarding river boats to go to West Point. Every plan for entertainment throughout the convention had been expanded to meet the needs of the unexpectedly large number of delegates and their wives. And the finale was no exception. The committee originally had chartered one river boat, thinking that would be ample. But as the registration totals



The Banking Navy took West Point by storm

State Secretaries Section Election

THE following officers were nominated and elected for the ensuing year by the State Secretaries' Sections: President—W. B. Hughes, secretary Nebraska Bankers Association, Omaha; First Vice-president—Mrs. Helen M. Brown, secretary Michigan Bankers Association, Detroit; Second Vice-president—W. F. Augustine, secretary Virginia Bankers Association, Richmond; Secretary-Treasurer—M. A. Graettinger, secretary Illinois Bankers Association, Chicago; members of the board of control, H. C. Huddleston, Tennessee; Edwin J. Gallien, New York; William A. Philpitt, Texas.

mounted several thousands above the expected number they hastily chartered an additional vessel. And then, to make certain there would be sufficient accommodations, they hired a special train.

With all these facilities provided, any delegate who desired to make the trip was able to realize his wish.

At West Point the cadets gave a special drill in honor of the bankers which was much appreciated and widely commented upon.

On their return to New York, the tired bankers united in expressing their thanks for the efforts of the entertainment committee of New York bankers. They said they never had enjoyed such a variety and quality of entertainment as had been provided for them in the nation's metropolis.

Investment Bankers Association Convention

JOHAN A. PRESCOTT, of the firm of Prescott & Snyder of Kansas City was elected president of the Investment Bankers Association on October 12 at the last session of the organization's convention in Del Monte, Cal., succeeding Howard F. Beebe of Harris Forbes & Co., New York.

More than 600 men and women registered at the Del Monte Hotel, headquarters of the convention. No fewer than 150 women were in attendance, the largest number ever attracted to the Investment Bankers' gathering. Practically all of the firms which handle the nation's investments, running into billions of dollars, were represented by delegates to the convention.

The convention considered questions bearing on all angles of the bond business.

Mr. Prescott, the new president helped organize and develop the Joplin & Pittsburgh Railway Company, of which he is vice-president and director. He is a director of the Kansas Gas & Electric Company and various other corporations and a director of the First National Bank of Kansas City, Mo. He was twice a vice-president of the Investment Bankers' Association. In 1915 he organized the present firm of Prescott & Snyder.

In his inaugural speech Mr. Prescott reviewed the work of the association and called attention to the change in the attitude of reserve that has in the popular mind characterized men in all lines of banking.

Until comparatively recently the conventional attitude of leaders of industry and finance was that of reserve, if not of silence. The investment banker was no exception. Such reserve naturally resulted in an uninformed or misinformed public opinion.

It was a mistaken attitude, and was one of the principal causes of many of the ills from which the business has suffered. The Investment Bankers' Association has done much to change that situation. The discus-



© CHAMPLAIN STUDIOS, N. Y.

JOHN A. PRESCOTT

Elected president of the Investment Bankers Association at the recent convention

sion of financial problems and methods at conventions and in committee reports have been published, have been widely quoted in the press and have become textbooks in universities and financial schools. They have been of real educational value.

The door has been opened for real constructive work in the further development of an informed and intelligent public opinion on financial matters and a better and more widespread understanding of the necessity of and value of the services rendered by investment bankers. Such work will help to make fraudulent financing difficult and to promote public interest and confidence in sound securities.

I believe we should avail ourselves of this opportunity for service and endeavor to establish broader and more intimate contacts with the public through conservative, carefully planned methods of publicity.

In filling the offices of vice-president the following five men were elected:

Philip S. Dalton, Coffin & Burr, Inc., Boston; James C. Fenhagen, Robert Garrett & Sons, Baltimore; Arthur Sinclair, Jr., Eastabrook & Co., New York; Eugene M. Stevens, Illinois Trust & Savings Bank, Chicago, and Dean G. Witter, Blyth, Witter & Co., San Francisco. Mr. Stevens was a vice-president during the past year and was reelected. The incumbents in the offices of secretary and treasurer were reelected.

New members elected to the board of governors were: Ray Morris, Brown Bros. & Co., New York; John W. MacGregor, Glover and MacGregor, Pittsburgh; J. Clark Moore, Jr., Barclay, Moore & Co., Philadelphia; Tom K. Smith, Kauffman, Smith, Emert & Co., St. Louis; Eli T. Watson, Watson, Williams & Co., New Orleans; W. Octave Chanute, Bosworth, Chanute & Co., Denver; Frank W. Remick, Kidder, Peabody & Co., Boston; Frank S. Borton, Borton & Borton, Cleveland.

The terms of these men expire in 1925. To fill unexpired terms in 1923 Joel E. Ferris, Ferris & Hartgrove, Spokane, and Walter S. Brewster, Russell, Brewster & Co., Chicago, were elected.

The new personnel of the committees was announced by President Prescott. The committees and their chairmen follow: Ethics and business practice, Roy

C. Osgood, First Trust & Savings Bank, Chicago; education, Lawrence Chamberlain, Lawrence Chamberlain & Co., New York; finance and auditing, Joseph A. Rushton, Babcock & Rushton, Chicago; membership, John G. Brogden, Strother, Brogden & Co., Baltimore; revision and amendment of constitution and by-laws, Thomas B. Gannett, Parkinson & Burr, Boston; publicity, John W. MacGregor, Clover & MacGregor, Pittsburgh; industrial securities, John W. Honer, Jr., Dillon, Read & Co., New York; fraudulent advertising, James C. Fenhagen, Robert Garrett & Sons, Baltimore; Government bonds, J. R. Edwards, New York.

Marine securities, McPherson Browning, Detroit Trust Company, Detroit; legislation, Thomas N. Dysart, William R. Compton Company, St. Louis; municipal securities, Tom K. Smith, Kauffman, Smith, Emert & Co., St. Louis; Public Service securities, Henry R. Hayes, Stone & Webster, Inc., New York; irrigation securities, J. W. Harrison, Anglo-London-Paris Co., San Francisco; railroad securities, Ray Morris, Brown Bros. & Co., New York; legislation, Eugene E. Thompson, Crane Harris Company, Washington, real estate securities, Morris F. Fox, Morris F. Fox & Co., Milwaukee.



THE problems with which we have to deal in our modern industrial and social life are manifold; but the spirit in which it is necessary to approach their solution is simply the spirit of honesty, of courage, and of common sense.—*Theodore Roosevelt.*

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

BROWN BROTHERS & CO.

Established 1818

4th and Chestnut Sts.
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Reparations and International Debts*

By the Right Hon. R. McKenna

Chairman of the London Joint City and Midland Bank, Limited, London

IN their report to the Reparation Commission, the Bankers' Committee which sat early this summer in Paris laid stress upon the need to resume normal trade conditions between countries and to stabilize exchanges, and they came to the conclusion that neither of these aims could be accomplished without a definite settlement of the reparation and other international debts.

There will be general agreement that there is no matter of more deep concern to the world's trade at the present time than reparation payments and international debts. . . .

There are two preliminary observations which I must make. The first is that I speak as a banker expressing my personal views. I have nothing to do with politics and I do not appear here in any representative character. I approach the question solely from the economic point of view and my endeavor is to determine so far as I can the limit of the debtors' capacity to pay, and the effect of payment upon the world's trade. Our duty is to satisfy ourselves on the financial possibilities of the case. It is not what the debtors may justly be called upon to pay, but what they are able to pay, which we as business men, anxious to discover the conditions upon which trade prosperity is founded, must consider with the most careful attention.

ENGLAND CAN AND WILL PAY

My second observation is to meet a possible criticism. How can I, a member of a nation which is one of the debtors of the United States, speak freely to an American audience upon international indebtedness? The primary and essential duty of a debtor is to discharge his liability, and, until this is done, all observations on the origin of

the debt and on the economic consequences of international payments are liable to be viewed with suspicion. A creditor may, if he like, open up questions of that kind, but a debtor should admit his obligation without further discussion. I recognize that these are objections which I must answer and I believe that I can do so conclusively. In the course of my argument I shall show that England has the ability to pay, and, once that is established, I can unhesitatingly assert her determination to honor her bond in full. I believe I am justified in asking you to treat England's debt to the United States as certain to be provided for, and, if this be conceded, we shall be free to consider the question of the remaining international debts as one in which America and England are equally concerned and in which both have the same interest as creditors.

First let us look at the magnitude of these international debts. The greatest of all is that of Germany for reparations, a debt of which the United States declined to receive any share. The amount was not defined by the Treaty of Versailles, but subsequently by the London Ultimatum it was put at 32 billion dollars, at which amount it stands nominally today. Of the remaining debts the liability of France to the United States and Great Britain is 6½ billion dollars, and of Italy to the same two countries 4½ billion dollars. Russia owes these countries 3½ billion dollars and a further 1 billion dollars to France. These are the principal debts; the others are all comparatively small in amount. Of the creditors of the European Continental Governments England is the greatest.

*From an address delivered at the American Bankers Convention, New York City.

HOW FRANCE MET BILLION INDEMNITY
IN 1871

We have no record in history of international claims of this magnitude. The indemnity exacted by Germany from France under the Treaty of Frankfort in 1871, in round figures 1 billion dollars, created the largest debt between Governments ever known until the recent war, and is the only precedent we have of a considerable international payment. It is of interest to recall how the liability was discharged. Payment of 150 million dollars was made in gold and silver coin and in German banknotes and currency collected in France and the balance in foreign bills, chiefly German currency bills. The precise form in which the payment was made is however comparatively unimportant. For our present purpose the significant question is how France procured the means of payment. She was bound to acquire German marks or foreign currency exchangeable for marks, and to do so she had either to find German or other foreign buyers for such things as she had to sell or to obtain foreign subscriptions to her loans. Very considerable sales were made to foreign securities owned by French nationals, the French loans were largely subscribed externally, and the export of French goods was so much increased that an average excess of imports of 65 million dollars a year in the four years 1868-1871 was converted into an average excess of exports of 46 million dollars a year in the four subsequent years. By September 1873 the whole indemnity was paid, and although France remained liable for the loans she had issued, she was clear of any direct debt to the German Government, and indeed of all foreign debt payable in any but her own currency.

Here we have an example of a very considerable international debt rapidly paid off without any serious disorganization of the world's trade. Now what were the conditions which made this possible? The war had been short, and the amount of the indemnity was well

within the capacity of France to pay. Her nationals held large blocks of foreign securities, which were realizable in foreign markets; her credit was good, which enabled her to obtain foreign subscriptions to her loans; and in her effort to increase her exports she was not hampered by high tariffs. She was driven off the gold standard and, although there was some decline in the value of the franc, the depreciation never exceeded 5 per cent. and, taking the whole period through, amounted to barely more than 1 per cent. But of the several factors in the French ability to pay the most important lay in her accumulated reserve of wealth, the foreign securities owned by her nationals.

CONDITION OF FRANCE AT TIME OF
PAYMENT

It is interesting to note the industrial condition of France at that time. Employment was extremely active and production was on a great scale. She had to meet her external liabilities, which compelled her to increase her sales in foreign markets, and she did so notwithstanding the competition of other nations. The improved standard of efficiency in production which was thereby forced upon her endured long after the period of the indemnity. In Germany on the other hand there was a very different experience. The receipt of a large amount of gold and silver had, with other causes then in operation, a serious effect upon German internal prices, which rose rapidly. In 1872 there was a brief trade and financial boom, followed in the ensuing year by a crisis which was the beginning of a period of depression. It would not be correct to say that the trade conditions in Germany were entirely due to the payment of the French indemnity, but undoubtedly it was a contributory cause of material importance. The comparative prosperity in France and depression in Germany are remarkable and give color to the story that Bismarck, in commenting upon the state of the two countries, declared that the next

time he defeated France he would insist on paying an indemnity.

Such is the only precedent we have for the payment of a great international debt. The figures we have to deal with today are on a far larger scale than the indemnity exacted from France fifty years ago, but the problem in all essential particulars is the same. We have to discover the capacity of the debtors to pay and to consider the consequences of payment. As the indemnity demanded from Germany is much the greatest of the debts and is the one most urgently in need of a satisfactory settlement I place it in the front of our discussion.

GERMANY'S CAPACITY TO PAY

The first question is, what is Germany's capacity to pay? You are perhaps expecting that I am about to give you an inventory of Germany's natural resources and an estimate of her productive power. All this has been done many times and much industry has been displayed in the inquiry. I have no doubt that the experts who advised the signatories of the Treaty of Versailles that Germany could pay 120 billion dollars had made many careful calculations of this kind. But what we have to investigate is not Germany's capacity to produce wealth but her capacity to pay foreign debt. I cannot help thinking that we have here the source of the error into which the Versailles experts seem to have fallen. Nobody has ever doubted Germany's immense power to produce, but production by itself is not enough. She must find a market for her exports, and the problem thus becomes one of determining the possible extension of German export trade. Nor is this the end. We must remember that an increase in her exports will only provide funds for reparations if there is no corresponding increase in imports. Payment for her indispensable imports must be the first charge upon the proceeds of her foreign sales, and it is only the balance, the exportable surplus, which is available for reparations.



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GERMANY'S EXPORTABLE SURPLUS

In speaking of a nation's exportable surplus we must not forget that other factors may contribute to it besides the balance of exports over imports. Interest received from foreign investments and payment for external services, such as shipping, may be contributory factors. Before the war Germany possessed a very considerable exportable surplus derived from all three sources, but mainly from the interest on her foreign investments which were probably worth not less than $5\frac{1}{2}$ billion dollars. As regards the surplus from the sale of her products and payment for services it is safe to say that it never exceeded 100 million dollars a year. But what is her position today? Most of her foreign investments have gone. Some were sold during the war, others have been seized as enemy property by the



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Governments of the Allied and Associated Powers, and most of what remain have lost their value as in the case of the Russian investments. Her shipping has been largely confiscated, and she has been deprived of some of her most productive areas—Alsace-Lorraine, the Swar Basin, and the Polish provinces. All the sources whence an exportable surplus might have been drawn have been greatly impaired if not wholly destroyed. At no time was Germany's exportable surplus sufficient to enable her to make the annual payments demanded under the London Ultimatum; it is entirely out of the question that she could do so today.

But let us get a little nearer to the problem of Germany's present capacity to pay from the surplus sale of her production. According to a recent statement by the Chancellor of the Exchequer in the House of Commons she has paid money and delivered property altogether to the value of about 2 billion dollars. Of this amount 1645 million dollars represented the value of ships, coal, other payments in kind, property in ceded territories and local payments to Armies of Occupation. The amount in cash has been only 375 million dollars. And yet, with this comparatively small cash payment, observe what has happened. The mark has declined to less than one-seventieth of the value it had when the obligation to pay was imposed upon Germany by the Treaty of Versailles. The means of payment has been found by the sale of marks. After this experience, it is difficult to believe that Germany has any surplus at the present time from the exports of her products.

There is a further consideration in support of this conclusion. It is beyond question that in the last three years Germany has made every effort to develop her external trade. The German workman, whose industry and efficiency are generally admitted, has been fully employed and the factories have been actively at work all over the country. The decline in the mark, which at every stage has been much greater in the



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external than in the internal value, has afforded a very considerable advantage to the German exporter, so much so indeed that there is hardly anywhere a manufacturer, producing goods for export, who does not complain of German competition. Nevertheless the German trade figures show that the exports, long after the immediate deficiency in essential foreign commodities due to the war was made good, are still barely equal to the imports. The conclusion seems irresistible that Germany has no present capacity to obtain a surplus from the export of goods.

EFFECT OF ENFORCED PAYMENT

I am not sanguine enough to believe that those who think they can extract from Germany enough money to enable them to meet the internal liabilities, which they themselves have incurred in restoring devastated areas, will be sat-

ified with the statement I have just made. At the recent Reparation Conference of the Allied Powers held in London proposals were made of punitive measures to be taken with the object of compelling Germany to make immediate cash payments, a policy which could only have been advanced under the conviction that Germany could really pay. For my part I do not believe that it is within her power to do so, but let us suppose for a moment that she can. We have then to consider what the effect of this enforced payment would be upon international trade, and whether it would be to the advantage either of Germany's creditors as a whole or of the rest of the world.

If Germany could pay what is demanded of her, the only method of obtaining the money would be by increasing her exports. Now what are these exports to be? She is essentially a manufacturing nation. Her foreign sale of raw materials is comparatively small. On balance she is obliged to import food, and in consequence of the loss of a large part of her mineral lands she is compelled to import both iron ore and coal for the supply of her factories and furnaces. An increased exportable surplus could only be obtained by extending her sale of manufactured goods. To do this in the teeth of the competition of other manufacturing nations she must work longer hours for less wages, she must cut profits, she must reduce her imports to the indispensable minimum. But her competitors will not consent to stand idle while they lose their trade. They will find themselves faced with growing unemployment and heavy trade losses. So far as German goods seek to invade their own domestic markets they may endeavor to exclude them by tariffs, but in order to retain their hold on neutral markets they too will be compelled to reduce wages and cut profits. And thus Germany's effort to extend her foreign trade must be confronted with the opposition of the whole manufacturing interest of the rest of the world, and could only be successfully

countered by a general lowering of the standard of life.

THE MARK COLLAPSE AND TAXATION

I know it is frequently alleged that the collapse of the mark with the accompanying disorganization of the world's trade might have been avoided if the German Government had acted with firmness and good faith. It is said that Germany has intentionally depreciated her currency in order to induce her creditors to abandon their claims. We are told that her people are not adequately taxed and that if they were subject to the burdens borne in some other countries, the Government would be able to meet its liabilities. It is certainly true that in my own country far heavier taxation is levied than in Germany, but I am inclined to think we are overtaxed and that overtaxation so far from fostering cannot fail to depress national production. But whether I am right or wrong in that opinion I fail to see how additional taxation can stimulate foreign trade and provide a large exportable surplus. The taxes would be paid in marks, and whether the marks are derived from avowed taxation or from concealed taxation through the use of the printing press, they are in neither case a currency which would be accepted in discharge of foreign liability.

In the actual condition of Germany a foreign sale of marks is an inevitable accompaniment of the payment of reparations. Except by such sales there does not appear to be any practicable method for the Government to obtain the necessary foreign currency other than by exacting it from exporters as a condition of their receiving an export license. But the exporter, who often has external obligations of his own to meet, does not want marks but dollars or pounds sterling, as the case may be, and forthwith sells the marks paid him by the Government for the currency he needs. If we add to this regular sale in the course of business the further sale by Germans who mistrust the stability of their own currency, we have a suf-

ficient explanation of the stupendous drop in the value of German money.

GERMANY'S FOREIGN ASSETS

Let me come back now to the question of what German can pay. Certainly she can pay something, though not in the form or under the conditions it is now sought to impose upon her. Many Germans possess foreign assets, whether investments or balances in foreign banks, and it would be perfectly practicable proceeding for them to sell these assets to the German Government, who in turn could hand them over to the Reparation Commission. But it is an essential condition of such a transaction that the owners of the foreign assets should be willing to sell them; no Government in the present situation of Germany could force a compulsory sale. How then could this consent be obtained? I have no doubt that if these assets could be sold for an assured profit the holders would be willing to dispose of them. It must be remembered that to a considerable extent they are the proceeds of sales of marks which have been flung by Germans on the foreign market under the well-founded apprehension that the pressure of reparation payments would rapidly depreciate their value. Relieve this pressure and the mark would immediately improve. It has still a far greater value in Germany than it has outside, and the German holders of foreign assets would have a clear advantage in selling them for marks to their Government.

It is impossible to give any precise estimate of the total value of these assets, but I believe it would be safe to put them at not less than a billion dollars. Whatever the amount may be, however, Germany could pay it, provided the fall in the mark was arrested. More than that I do not think she has the ability to find, at any rate for some years, and it would be a condition of this payment that no more should be demanded of her for a long time to come. I believe that, looking merely at the amount to be received, the creditors



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would gain by abandoning the attempt to obtain other money payments for a period of at least three years, and I am quite sure the world as a whole would be an immense gainer in the general stabilization of exchanges which would ensue upon an arrest of the fall in the mark.

MUST SUBORDINATE POLITICS TO ECONOMIC FACTS

Before I leave this part of my subject there is one observation I should like to make. I have no wish to minimize the just claims of the Allies against Germany, and I recognize the serious political difficulties which stand in the way of their abatement. But no solution of the reparation is possible unless political considerations are subordinated to economic facts. What Germany can pay may not be a simple

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question, but it is a question capable of being answered. Unfortunately the answer runs counter to popular hopes, popular passions, and, more formidable still, a popular sense of natural justice which prescribes that the defeated enemy who planned the war should make good the damage suffered by the victors. And so no authoritative answer is given while Europe slides into ruin.

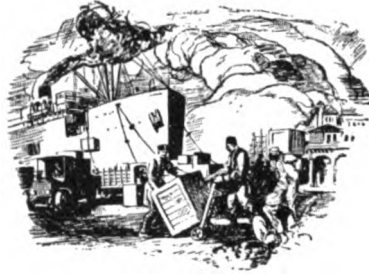
GENERAL ARGUMENT APPLICABLE TO ALL

I have dealt at length with the reparation problem in an endeavor to show that a nation, except in so far as it has exportable surplus, can only pay foreign debt out of the wealth it has accumulated outside its own country. If we pass now to the other international debts we have to recognize that the general argument is equally applicable to them all. Have the debtors an exportable surplus and what are their foreign assets? With regard to the latter question the only debtor possessing any large accumulation of such assets is England. Notwithstanding her immense sale of securities to the United States in the second and third year of the war, a sale which largely furnished the means of paying for the goods of all kinds bought by the Allies, England still owns sufficient foreign securities to cover her debt to the United States two or three times over. But neither France nor Italy has similar reserves of wealth, and I doubt whether either of them has sufficient to meet more than a trifling part of their foreign debt.

There remains to be considered their exportable surplus in the ordinary way of trade. I shall speak later of the circumstances in which an exportable surplus from production usually arises, and I shall give my reasons for thinking that nothing more than comparatively small annual payments can ever be made in this way. But it will be more convenient now to deal with an individual debt and I will ask you to consider the particular case of the debt from France to England, which I can speak about with more freedom as it is a debt in regard to which my own country is creditor. We shall get a clearer view of it if we examine the circumstances in which it was incurred.

HOW FRANCE BECAME DEBTOR

During the war France developed an immense demand for goods of foreign production. As an increasing proportion of her man-power became engaged in her army, her capacity to supply herself was progressively reduced. She had no abundance of foreign securities with which to pay for her requirements and she could obtain the war materials indispensable for the maintenance of the fight in no other way than by borrowing the money to pay for them. Before the United States came into the war France had borrowed 1 billion dollars from the British Government, and this amount was subsequently increased to over 2½ billion dollars. The price of goods bought by France was naturally high. Com-



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modities produced to meet an urgent war need can never be cheap. But France was obliged to have the goods, whatever the price, and a great stimulus was given to American and British trade.

ONLY ONE WAY FOR FRANCE TO PAY

Let us now reverse the process and imagine France paying off this debt. She could only do so by producing goods and exporting them in very large quantities, far in excess of normal trade demands. If the general trade organization of the world permitted of the absorption of this additional French output, I have no doubt that her industry would be capable of the effort necessary to enable her to pay interest and sinking fund on her debt. But would there be any willingness to receive the goods? Neither England nor any other country is prepared today to pay for and consume goods on an exceptional scale. The immense demand created by the war has no parallel in peace. And yet how is France to pay unless an exceptional demand exists? The truth is that her debt is far too great in relation to ordinary international trade possibilities. It was incurred by the purchase of goods required in war and bought at war prices. It could only be discharged by the transmission of goods, not wanted in peace, and sold at no less high prices. We became accustomed in war to talk in billions. Our language was suited to the circumstances of the time, but, if we

carry our minds back to 1914 and return to the ideas appropriate to peace conditions, we shall recognize at once that France has no trade surplus of reserves of accumulated and exportable wealth to enable her to meet the present external liabilities.

There are of course conceivable, though I trust improbable conditions in which the French debt to us might be repaid. If we were at war and the call upon our men to line the trenches was such that many of our mines and factories had to close down; and if France were at peace and at liberty to increase her output to the utmost of her capacity she might pour upon our shores war material and stores equal to the whole amount of her debt to us. But in what part of the globe is there a demand for this additional output in time of peace? The mere endeavor to extend her foreign sales to the necessary degree would disorganize the trade of the world. We have seen the painful effect of an enforced competition by Germany; we should experience precisely the same results from a similar effort by France.

ONLY ENGLAND CAN MEET PRESENT DEBT

The inevitable conclusion is that these international debts are far too great for the capacity of any of the debtor countries except England. She alone in her accumulated foreign investments has adequate resources with which to discharge her liability to the United States. Of the others, France has the greatest

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resources, but they are, I believe, quite insufficient to meet her obligations. The whole subject requires a rational reconsideration by the creditors, who must keep steadily in view the immediate effect of the payment of these debts on the general trade of the world. The creditor countries will obtain greater advantage from trade prosperity, which will ensure full employment in their factories and workshops, than they can ever receive from the precarious payment of these debts. In the last two years we have had experience of the effect upon foreign trade of tumbling exchanges and broken-down credit, and though the consequences may be more serious in England than in the United States, where foreign trade is comparatively only a small part of the total trade, they are still grave enough in the latter country also to warrant the fullest and most careful consideration.

It may be objected that my argument appears to lead to the unpalatable conclusion that no nation, unless it has accumulated resources in the form of foreign investments, can discharge external obligations to anything more than a comparatively small amount. This is an objection which goes to the very root of the question of international loans and forces us to a consideration of the real meaning of an exportable surplus. I cannot do more than touch upon it briefly now without stretching your patience beyond the limit of extreme good nature.

ENGLAND'S EXPERIENCE AS CREDITOR NATION

It seems to me that the most compact form in which I can present the case is by calling your attention to the experience of England as a creditor country. For over two centuries British capital has been lent to other countries. Year by year England produced more than she either consumed herself or could exchange for the products of other nations, and she could not obtain a market for the surplus unless she gave the purchaser a long credit. Foreign loans and foreign issues of all kinds were taken up in England and the proceeds were spent in paying for the surplus production. British factories and workshops were kept in good employment, but it was a condition of their prosperity that a part of their output should be disposed of in this way. Taking the aggregate of the transactions British creditors have received a good return on their investment, but the ability of the debtors to pay has been dependent, speaking generally, on the development of their country being fostered by the receipt of further loans. If we take the whole field of British foreign investment we shall find that every year England has returned in loans more than she received in interest, and the balance of the world's indebtedness to her has been steadily growing.

From this view of loans made to foreign countries they might seem at first sight to be somewhat unremunerative. If the creditor has to go on lending in

order to be paid the interest on previous loans, a bad debt would appear to be the only possible end to the business. But this is by no means the case. While this continuous lending has been true in the past in the aggregate of foreign loans it is not necessarily true in any individual instance, nor does it follow that it will always be true of the loans as a whole. In our experiences as bankers it is not uncommon to see loans to corporations and firms justifiably increasing in amount. The borrower may show by the growth of his business and expanding turnover that such advances are thoroughly warranted, and in spite of his greater total of indebtedness his credit may be improving and his balance-sheet may disclose an increasing surplus. What is true of an individual or corporation may be true of a country, but on a larger scale and viewed over a much more extended period of time. The life of an individual or even of the most successful company is as nothing compared with the life of a nation. Take the case of your own country, the United States has been the greatest external borrower in history. You required foreign capital for your internal development and you took from England alone not less than 8 billion dollars. It is estimated that at the time of the outbreak of the war your external debt had become stationary in amount, and that your exportable surplus of commodities sufficed to pay the whole of the interest. Repayment of the capital, however, would have been beyond even your capacity for a very long period had it not been for the opportunity afforded by the war. As you know there arose then an inexhaustible demand in Europe for American goods which led to an immense increase in your exports. Payment for these exports was largely made out of the proceeds of the sale of the stocks and bonds held in England, and thus a capital liability which had been growing for over two centuries was almost entirely discharged in a few years.



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Portugal.....	33	London.....	1
Brazil.....	9	Paris.....	1
West Africa...15		China.....	1
East Africa...11		Madeira...1	
India.....	4	Belgian Congo 1	
Azores.....	2	Timor.....	1

The State Bank of the Portuguese Colonies

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GENERAL MISUNDERSTANDING OF CONDITIONS

We see then that a debtor nation may in certain circumstances pay off its foreign debt with remarkable ease and rapidity. The indispensable condition for such rapid repayment is that there should be an extraordinary demand for its goods, a demand which is a natural accompaniment of war but does not exist in peace. I cannot help thinking that there has been a general, though very natural, misunderstanding of the conditions under which international payments are made. In its present magnitude the subject is new. In the past we have been accustomed only to the discharge of comparatively small liabilities between nations which has been effected partly by the remittance of gold, and partly by an extension of export trade facilitated by a fall in the

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exchange of the debtor country, and it is not easy for us now to free ourselves from the ideas we have formed in the course of our past experience. Mistaken opinions on these economic questions are not surprising, but they are causing grave disasters throughout the world.

POSTPONEMENT; THEN FRANK CONFERENCE

To sum up: the conclusion to which I am driven is that Germany can only pay now whatever she may have in foreign balances together with such amount as she can realize by the sale of her remaining foreign securities; that this payment is only possible if all other demands are postponed for a definite period long enough to ensure the stabilization of the mark; and that future demands at the expiration of this period must be limited to the annual amount of Germany's exportable surplus at that time. Further, that England has the capacity to pay to the United States interest and sinking fund on her debt; but that the other debtors are none of them in a position to meet more than a small part of their external liabilities, and in the existing condition of Europe a definite postponement of any payment by them is desirable in the interests of all the parties. The actual amount which the other debtors could ultimately pay should, as in the case of Germany, be ascertained by inquiry into their exportable surplus at a full and frank conference between creditors and debtors.

CONCLUSION FOUNDED ON ECONOMIC GROUNDS

I have strictly confined myself to a consideration of the economic aspect of Reparations and International Debts, how they are payable, the general capacity of a debtor country to pay, and the effect of payment. If I have become convinced that an attempt to enforce payment beyond the debtor's ability is injurious to the international trade of the whole world, lower wages, reduces profits and is a direct cause of unemployment, the conclusion is founded solely on economic grounds and is uninfluenced by any political considerations or any regard to the moral obligations of the debtor. I know very well that there are other considerations affecting these debts, but these are matters of statecraft to be determined by the rulers of the creditor countries according to their view of wise policy, which covers many interests besides those of trade and finance. The fact that a debtor cannot pay does not of itself discharge the obligation. The debt may become the subject of negotiation and bargain by which if the debtor obtains relief, the creditor may still recover some advantage to which he may be justly entitled. But I conceive it to be the duty of bankers to help so far as they can in forming a sound public opinion upon the financial and commercial aspects of these international debts, and it is in pursuance of that duty that I have ventured to make these observations.

Great Britain

BUSINESS CONDITIONS

Recent uncertainty as to the situation on the Continent has had an unsettling influence on British affairs, according to a cable to the Department of Commerce at Washington. Exchange irregularities, especially the violent fall in the sterling value of the German mark, have created an atmosphere of apprehension. The new Anglo-Spanish commercial treaty giving Great Britain full-favored nation treatment and special treatment on 100 items is the cause of keen satisfaction in British business circles. Several Colonial railway and electrical contracts have been placed, but weaker exchange sent considerable of the India orders to the Continent.

COAL PRODUCTION INCREASES

The major industries, except coal mining, have remained largely unchanged. Coal production has surpassed the 5,000,000 ton weekly output figure. Cotton and wool trades have been quiet, and the iron and steel industry has been undergoing the usual summer lull. Tonnage launched during August is the largest of any month this year. Unemployment figures on August 20 stood at 1,333,700 as against 1,353,000 on July 31, a drop of 19,300 in three weeks. Approximately £10,000,000 has been allotted to schemes for the relief of unemployment during fall and winter.

The financial situation has been satisfactory notwithstanding a tightening up on the money market. Revenue receipts and expenditures continue to manifest a healthy favorable balance.

France

FAVORABLE DEVELOPMENTS

The French iron and steel industry has shown a steady improvement during the past month in practically all lines, says a cable to the Department of Commerce at Washington. Most plants have orders for several months ahead;

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and export prices are firm, with a rising tendency. Preparations are being made to light additional blast furnaces. The chemical industry shows some seasonable depression, but business is satisfactory and the stocks of several large chemical companies have shown a marked appreciation on the bourse.

The production of cement, lime, tile, bricks, and similar building materials is increasing, and the future is bright for such industries, owing to the resumption of construction work in the devastated regions and to the extensive public works planned in various parts of France. Plate glass finds an excellent demand at the present time, but window glass is much less satisfactory. The glass industries in general are picking up.

While it is unofficially reported that wheat production this year will fall short of requirements by 1,500,000 to

2,000,000 metric tons, reliable estimates concerning this year's crop are not yet available. Other crop prospects are generally good.

Italy

FINANCIAL POSITION BETTER

Some improvement in financial conditions in Italy is reported to the Department of Commerce at Washington. Government revenues for the fiscal year 1921-22 are announced as 12,691,700,000 lire, compared with 11,068,900,000 for the fiscal year 1920-21. The exchange value of the lira was firm during the first three weeks of August at 4.5 to 4.6 cents, dropping about the twentieth of the month to 4.3 and recovering to 4.41 cents by August 30.

Corrected trade figures for the first three months of 1922 are as follows: Imports, 8,682,590,544 lire; exports, 2,055,965,097 lire; excess of imports, 1,626,449 lire. Imports for the three months were 629,538,844 lire less and exports 170,007,318 more than in the first three months of 1921, improving the trade position by 799,546,162 as compared with last year.

The total foreign trade of Italy, however, for the first three months of 1922, is less by 549,580,526 lire than for the corresponding period of 1921.

Germany

ECONOMIC CONDITIONS

"The mechanism of German economic life", says the bulletin of the Disconto-Gesellschaft, Berlin, "has been completely put out of gear as a direct result of the present exchange crisis. Apart from the limit of depreciation our currency has now attained to is the abnormal bounce in prices together with the nervous up-and-down movements, the constant changes, not only from day to day, but even from hour to hour, which are shaking the German economic structure to its foundations.

"But whoever is convinced that a stabilization of currencies in general and of the German one in particular must form an indispensable preliminary to the restoration to a healthy condition of the world's economic situation, will, even from an international point of view, much regret the events which occurred during the last few weeks on the German foreign exchange markets.

REASONS FOR MARK DEPRECIATION

"The reasons for this depreciation of the mark, hitherto unprecedented and thought impossible by many people up to a little while ago, are quite evident. It is not so much economic prospects as the humors of the public or rather the panicky feeling produced by political events, which weighed upon the mark exchange and finally led to its collapse. Besides, it had been generally anticipated that some sort of agreement might be arrived at regarding the vital reparation problem; but this expectation proving once again a forlorn hope, no doubt considerably aggravated the position.

"While thus the mark quotation was suffering by lack of support within the country, its downward course was assisted by the attitude of the foreigner, whose confidence in this country's economic future, pledged as to its obligations which, with the best will in the world, are utterly impossible of fulfillment, is steadily abating."

Netherlands

THE COMMERCIAL OUTLOOK

The bright spot in the Dutch commercial outlook, says a cable to the Department of Commerce at Washington, is the settlement of the long drawn out strike in the Rhine coal shipping industry. The settlement of this strike has caused a feeling of relief in Rotterdam, since the uncertainty of coal shipments has seriously curtailed the position of that port, and has assisted in driving up the figures of idle tonnage in the

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Foreign Exchange

Letters of Credit

Cable Transfers

Dutch merchant marine to the high point of 331,000 tons on August 15.

BOND ISSUES AND QUOTATIONS

Bond quotations are lower, while bond issues during August have suddenly fallen off, doubtless due to the large Government loan installment (100,000,000 gulden) floated during the previous month. The New York exchange rate for the gulden maintained a steady rise during the month followed by a downward movement in early September. There has been slight increase in the volume of the note circulation.

Belgium

BUSINESS IMPROVES

The reflex of the industrial disturbances in the United States is beginning to make itself apparent in the Belgium metallurgical industry in a considerable increase in export orders and consequently in the amount of production

facilities says a cable to the Department of Commerce at Washington. The number of blast furnaces now in operation is greater than at any time since the Armistice. At the same time prices, both of pig iron and of finished and semi-finished steel products, are rising. Some labor unrest is apparent, and it is probable that if the present favorable conditions continue to prevail in the industry, the most recent ten per cent. wage reduction may be cancelled.

THE COAL SITUATION

The industrial coal situation has been relieved by British shipment to the United States and consequent diminished competition, while increased factory and household demand is causing advanced prices and lessening stocks at the mine. Deliveries of German coke have been cut and the deficiency of German shipments, which has renewed maximum production at the local coke ovens, all of which are now fully occupied, is likely to bring about a further advance

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in Belgian prices of blast furnace products on account of the higher cost of native coke.

Scandinavia

GENERAL IMPROVEMENT

A cable to the Department of Commerce at Washington indicates that the general improvement in Scandinavian conditions has become more pronounced during the past month. It is still questionable, however, whether the improvement now in evidence is of so permanent a nature as to be able to counteract the adverse influences of the coming winter season.

OUTLOOK BRIGHTER IN NORWAY

The general outlook in Norway has become brighter during the past month with increased activity in the export industries as the most encouraging indication. An improved exchange rate for

the Norwegian crown and an improved freight market, decreased unemployment and increased activity in shipping circles are additional signs of an improved tone in industry and commerce.

State enterprises continue to show a profit from operation and the budget situation for the current fiscal year becomes more promising.

The crop yield promises to be slightly under average while the freight market is reported to be slightly improved owing to American coal shipments. Building activity is increasing.

GENERAL CONDITIONS IN SWEDEN

On August 1 the Swedish national debt amounted to 1,532,300,000 crowns of which the amount of 1,450,000,000 crowns is on a funded basis.

The note circulation of the Swedish Riksbank on August 5, amounted to 530,200,000 crowns as compared with a note circulation of 594,183,000 crowns on July 1, on which date the

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gold reserve amounted to 278,985,000 crowns.

The Riksbank clearings for July totaled 1,867,000,000 crowns.

Industrial activity is increasing except in the iron and steel industry and the machinery industry which still suffers from German competition. While the iron and steel industry is still inactive, conditions in this field are not growing worse. Orders are becoming more plentiful and the number of employees in this industry is increasing.

Exports for June totaled 104,200,000 crowns, while imports were valued at 98,100,000 crowns. The June export balance of 11,100,000 crowns is the first monthly export balance to be recorded for the current year.

Czecho-Slovakia

ECONOMIC CONDITIONS

The general economic condition of the country is characterized by a steady de-

flation, according to a cable to the Department of Commerce at Washington. Retail prices during the past six months have fallen slightly but continuously.

Note circulation at the end of August was somewhat above that of the previous month, but was over a billion crowns below the legal limit, while the metallic reserve increased 30,000,000 crowns during the month.

Other reserves, comprising foreign accounts receivable, foreign currency holdings, advances on collateral, discounted securities, and discounted bills increased 800,000,000 crowns. Total notes outstanding August 23 were 9,273,000,000 crowns. The exchange value of the crown improved sharply during August to 29.95 crowns to the dollar on August 31, the highest point since the fluctuations of the crown began.

Publication of the 1921 trade returns show an excess of exports over imports of 4,877,000,000 crowns, and the minister of finance estimates that the 1922

figures will show an equal, perhaps a greater, favorable balance.

The grain crops are excellent, also those of potatoes, sugar beets, hops, and fruits.

Poland

POSITION LITTLE CHANGED

The financial and currency conditions in Poland have not changed much, according to a cable to the Department of Commerce at Washington. The Government has been forced to continue the issue of considerable quantities of paper money to cover current deficits and further large sums have been issued for the purpose of loans to industry.

The total amount of currency outstanding increased from 885 billions at the end of July to nearly 886 billions at the end of August, the increase of 50 billions being the greatest ever shown for any month, although the ratio of increase, 15 per cent., was somewhat less than during the late summer and fall of 1921. Of the new issues, about three-fifths were for loans to industry.

The Government debt to the State bank, representing substantially the amount of paper money issued for Government expenditures, increased during August from 260 billions to 281½ billions, or about 8 per cent.

These marked increases in the currency circulation, as well as the indirect influence of the continued rapid fall of the German mark, dragged down Polish exchange to new low levels. The lowest rate reached during the month was 9200 marks to the dollar (on the Warsaw exchange). At the end of the month, the rate stood at 8450, as compared with 6030 at the beginning.

Spain

SIGNS OF PROSPERITY

Distinct indications of a revival of prosperity in Spain are contained in a cable to the Department of Commerce at Washington. The financial situation is considerably improved, despite the

fall of the peseta during the past month from 15.65 cents to 15.44.

Prices of public securities are somewhat higher than a year ago, and sales on the Madrid exchange have been considerable. The Spanish Mortgage Bank had a successful season and declared a dividend of 10 per cent., at the same time increasing its reserves by 2,500,000 pesetas.

The revenues of the Spanish Treasury for the first four months of the present fiscal year (April-July, inclusive) amounted to 679,000,000 pesetas, an increase of 70,000,000 pesetas over the same period of last year. The principal increases are in the customs receipts on chicory, alcohol, beer, sugar, and tobacco.

South Africa

INDUSTRIAL INCREASE

The New York agency of the National Bank of South Africa has received a cable from the Cape Town office of the bank reading in part as follows:

Preliminary unaudited results of the Union of South Africa's industrial census taken in 1922 in respect of period 1920 to 1921 have been announced. Taking all industries, the following increases are recorded in comparison with the preceding year:

Number of establishments.....	116
Number of employees.....	3818
Salaries and wages.....	£2787
Fuel and materials used.....	£4404
Gross value of output.....	£5388

The total value of South African materials used shows a decrease of £2380. The number of establishments engaged in the preparation and treatment of food and drink has increased by sixty, while those producing clothing and textiles have decreased by thirty-eight.

Taking the average of nine of the principal towns the level of food prices for June is below that of May.

Unaudited trade figures of the Union of South Africa for the month of July show imports £5,250,000, and exports £4,000,000.

Business generally, though in some quarters reported slightly better, revealed no marked improvement, and larger centers report the situation as quiet. Seasonal



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sales have slightly stimulated retail trade, but turnover has been small.

India

MARKED BUSINESS GAIN

Marked improvement in conditions in India is reported in a cable received by the Department of Commerce at Washington.

India's exports for July were valued at 231,400,000 rupees, imports at 181,500,000 rupees, and re-exports at 12,600,000 rupees, thus producing a favorable balance of 62,500,000 rupees as contrasted with 19,000,000 rupees for the preceding month, 4,405,582 rupees for July, 1921, and 61,680,900 for July, 1918.

Bank rates remain the same, 4 per cent., as reported for June 6. Money is easy and, because of the holidays in September, expected to remain so until October 1 when the cooler weather results in a general return to business.

The rupee exchange as quoted in New York has shown a slight fluctuation during August, the month opening at \$.2898. August 16 it rose to \$.291 then declined and closed August 29 at \$.2894.

Turkey

TRADE WITH UNITED STATES

Trade of the United States with Turkey and the Turkish people amounts to over \$100,000,000 a year. This figure, says the *Trade Record* of the National City Bank of New York, is based in part upon our own official records and in part upon those of the Turkish Government, which puts its imports of United States merchandise in 1920 (the latest year for which its reports are available) at 25,958,000 Turkish Pounds Sterling. The value of its exports to the United States in the latest available year are put at 4,981,000 Pounds Sterling.

FIGURES OF TRADE

Figures of trade between the United States and Turkey, which are based upon trade with the Turkish area outlined by the Treaty of Sevres (not yet ratified), are much less than those of the Turkish Government, which presumably accredits to the United States many articles of American origin entering Turkey through other countries, while our own figures only include those

of the direct trade with the newly outlined and greatly reduced area now officially known as Turkey. Our own records of the fiscal year 1922 put the imports from "Turkey in Europe" at \$8,627,000 and the exports thereto \$19,217,000. The 1922 figures of trade with "Turkey in Asia" no longer include Hejaz, Arabia, Mesopotamia, Armenia, Kurdistan or "Greece in Asia" (all of which are separately stated) and as a result the official total of imports from Turkey in Asia is only \$1,372,000 and exports thereto \$760,000. The figures of our trade with "Greece in Asia", which apparently has now again fallen under Turkish control, are, imports therefrom \$10,802,000 and exports thereto \$3,156,000.

FIGURES JUSTIFY CONCLUSION

While all of these figures, says the *Trade Record*, are of course "subject to revision" by reason of the recent developments in Smyrna and the Asiatic area formerly controlled by Greece, they at least justify the conclusion that our trade with the area now claimed by the Turks is in the vicinity of \$100,000,000.

TRADE MORE THAN HALF IMPORTS

Considerably more than half of our trade with the Turkish people consisted of imports, for the "trade balance" with that country has always been against us. We buy freely its tobacco, fruits, nuts, wool, mohair, coffee, and rugs; and while it wants manufactures in exchange for its raw products it quite naturally finds it more convenient to buy them from nearby Europe, with which it has been accustomed to trade for generations. Yet we do export limited quantities of certain manufactures to Turkey, including cottonseed oil, oleo oil, illuminating oil, cotton cloths, refined sugar, and miscellaneous manufactures. Tobacco is one of the largest of our imports from Turkey, amounting to about \$5,000,000 in 1922 from Turkey in Europe and \$8,000,000 in 1921 from the area then designated as Turkey in Asia. The fruits and nuts from that

area are also important and include figs, dates, and almonds in large quantities.

Japan

THE ECONOMIC SITUATION

There is no doubt that the high prices in Japan, reflected in the expensive processes of production, are affecting adversely Japan's ability to compete in the world's markets, says a cable to the Department of Commerce at Washington. The business world of Japan is feeling more and more the pressure imposed by the country's persistent adverse trade balance, relieved only in July after twenty consecutive months of excess of imports. But in August the tide turned back again with an adverse balance for the month of 33,500,000 yen. Total imports for August were, in value, 137,000,000 yen compared with 142,229,000 in July. Total exports, 103,500,000 yen, compared with 144,786,000 in July.

RAW SILK EXPORTS

Raw silk exports during August amounted to 33,000 bales of which 29,000 bales went to America and 4,000 bales to Europe. This compares with exports during July amounting to 31,000 bales of which 26,000 bales went to America and 5,000 bales to Europe, and with exports during June of 27,000 bales of which 25,000 bales went to America and 2,000 bales to Europe.

China

BIG LOAN CONFIRMED

The outstanding features in the China field for the current month, as cabled to the Department of Commerce at Washington, are the confirmation of the new ninety-six million dollar, silver, loan on the security of the Salt Gabelle surplus, and the practical completion of the Chinese Tariff revision.

Of the \$96,000,000, silver, loan Japan is holding some thirty-nine mil-

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lion, which is on deposit in Japanese banks, as further security for earlier loans; ten million has been pledged for administrative expenses and forty-seven million is to be turned over to the Chinese Bankers Group to cover their railway loan advances with interest. The Chinese government is apparently making every effort, with limited financial resources, to meet native and Japanese obligations due.

The committee on Chinese Tariff Revision which has been in session at Shanghai expects to complete its work on October 1, and it is expected that the new tariff will be made effective as of December 1, 1922. It is estimated that this tariff revision will bring an increased revenue of fifteen million dollars Mex. to the Chinese national treasury.

Australia

MARKET ENCOURAGING

The general tone of the financial and commercial conditions in Australia is healthy and distinctly encouraging, according to a cable to the Department of Commerce at Washington.

Total bank clearings for Melbourne and Sydney from January 1 to September 4 were £907,000,000, an increase of £4,000,000 over the corresponding period in 1921. Both checking and savings deposits increased, showing the financial position to be relatively strong.

Imports for July (latest official statistics) totalled £9,700,000 as com-

pared with £10,230,000 for June. Total exports for July were £8,180,000, a decrease from the June exports which were £10,690,000. Imports slightly exceeded exports for July but this is a seasonal condition. Wool plays the most important part in Australian foreign trade and the wool season officially ended in June.

TRADE WITH UNITED STATES

Trade with the United States for June (statistics for specific countries are always a month later) showed an increase over the May figures. Total imports from the United States for June were £1,460,000 as compared with £1,790,000 for May. Total exports to the United States increased from £790,000 in May to £1,580,000.

The significant commodities imported during July were: textiles not apparel; knit apparel; agricultural implements and machinery; all other machinery; motor vehicles; girders, beams, and channels; iron and steel plates and sheets; galvanized iron plates and sheets; iron and steel wire. Significant exports were: wheat, butter, gold, and wool.

Philippines

ADVERSE BALANCE FOR JULY

From the estimated totals it will be seen that in the foreign trade of the Philippine Islands for July relation of exports to imports has been practically

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reversed, compared with the previous month. Imports in July amounted to approximately 17,000,000 pesos, against 11,888,484 pesos in June, and exports to 12,000,000 pesos, against 17,152,127 pesos. The favorable trade balance of June of over 5,000,000 pesos is, therefore, replaced by an adverse balance of a similar amount. The decline in exports was chiefly noted in the case of sugar.

THE TEXTILE MARKET

The textile market is somewhat overstocked on prints and fancy piece-goods, while other lines are practically normal in supply and demand, although auctions and other forced sales are taking place. Considerable grey goods and colored yarns of cheaper grades are being imported from Japan, while importations from England are below normal.

Cuba

ECONOMIC CONDITIONS

The actual economic situation in Cuba has not changed greatly, but developments during the month of August continued to encourage a feeling of optimism for the future the Department of Commerce in Washington is informed.

The first results of governmental economies, and the continued efforts of the administration to place the national finances on a sound basis, have produced an atmosphere of increased confidence

throughout the island. The firm sugar market, notwithstanding the news of the proposed increase in the American tariff, has been another important factor making for an improved outlook, while the extension of the time limit for the re-exportation of merchandise in bonded warehouses has acted as an immediate relief of importance.

In July, the new Cuban budget went into effect and the governmental expenditures were reduced to a better basis than for several years. Leaving for subsequent settlement the floating debt; the government has proceeded to pay current expenses from current income.

Prominent before the administration during the month has been the means of retiring the current indebtedness, known as the floating debt. Discussion of this question has been practically reduced to the consideration of an exterior loan of \$50,000,000.

Central America

THE VENEZUELAN SITUATION

A cable to the Department of Commerce at Washington states that firm export markets for the principal Venezuelan products supplied the most favorable element in the economic situation of that country. The rising dollar exchange, the government reserve for public works, and the existence of satisfactory funds in the banks, are other favorable contributing factors. However, the Consul says, there are still

TRADE WITH FINLAND

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considerable stocks of high-priced merchandise to be disposed of, and unemployment remains an unsolved problem.

FINANCE—GOVERNMENT AND COMMERCIAL

Neither the government nor private interests have announced any large financial undertakings, but there is a report current that the Government has an important credit balance in local banks that must be increased before extensive public works projects are executed. The Government has authorized the coinage of fourteen million gold bolivars, seven million in silver, and two hundred thousand in nickel. The banks are in possession of sufficient funds for necessary loans, but they are exercising great caution in extending credit, and are granting loans on ample security only to the most reliable firms. Very few cases of bankruptcy have been reported, it having been more satisfactory to all concerned to make compromises with creditors.

South America

THE ECONOMIC SITUATION IN ARGENTINA

By OWEN ROBERTS, F. R. G. S.

During the last two years the country has passed through very difficult times, to recover fully from which will be the work of an equally extended period.

The tone of markets generally is now more hopeful, and though the improvement will be very gradual, it is believed that the worst phase is over, and the movement in the future will be an upward one. The commercial failures for June, 1922, show a very decided improvement over a similar period in 1921:

	Assets	Liabilities
1919	\$2,075,200	\$1,911,460
1920	1,650,268	1,498,156
1921	13,782,494	16,858,491
1922	7,139,506	8,141,550

To pass on to a closer examination of some of the more important economic



Banking Service in the Far East

BRANCHES

BURMA
Rangoon
Tavoy

CEYLON
Colombo

CHINA
Canton
Hankow
Hongkong
Peking
Shanghai
Tientsin

**FRENCH
INDO-CHINA**
Haiphong
Saigon

INDIA
Amritsar
Bombay
Calcutta
Cawnpore
Delhi
Karachi
Madras

JAPAN
Kobe
Yokohama

JAVA
Batavia
Sourabaya

SIAM
Bangkok
Puket

SUMATRA
Medan

PHILIPPINES
Cebu
Iloilo
Manila

MALAY STATES
Ipoh
Klang
Kuala Lumpur
Penang
Seremban
Singapore
Taiping

Chartered Bank of India Australia and China

Head Office
London

New York Agency, 44 Beaver Street
William Baxter, Agent

Capital and Reserve
Over \$30,000,000

features of the country. For many years past no budget for the Province of Buenos Aires has been passed by the Legislature—the preëxisting budget merely being put into force—with the result that matters have become so serious as to warrant an application being made to the Legislature to sanction a loan in order to put the finances on a sounder basis. The floating debt of the Province is now more than \$50,000,000. The loan it is proposed to raise—probably in London—will be £5,500,000. If it should be found that the London market is unable to absorb this loan, provision has been made for its issue elsewhere.

LITTLE INTEREST IN NEW ISSUE

In view of the little interest shown there in some of the new loan issues, as evidenced by the reception recently accorded the New South Wales loan, this proviso may not be entirely unnecessary. Interest will be at the rate of six and one-half per cent.

The revenue of the City of Buenos Aires has produced a surplus of \$40,768 over the original estimate of \$67,700,000, which may be termed very satisfactory. Of this sum the charges on the floating and consolidated debt (at present amounting to \$118,806,827) alone absorbs more than \$14,000,000 annually.

RAILWAY TARIFFS INCREASE

The recent action of the government after prolonged negotiations in sanctioning an increase in railway tariffs has already had a reassuring effect on Argentine rails, and will undoubtedly be reflected in the next published balance sheets of the respective companies.

The government action has had another effect. It has turned the eyes of the investing public once again to Argentina as a field for the employment of capital. How could foreign investors contemplate with equanimity the introduction of further capital for the development of the country's resources

Kjöbenhavns Handelsbank

Established 1873

Copenhagen

Telegraphic address: Handelsbank

Capital fully paid up: Kroner 50,000,000

Reserve Funds: " 29,000,000

Branches:

Aabenraa, Aarhus, Esbjerg, Graasten, Haderslev,
Horsens, Kalundborg, Odense, Randers, Rønne,
Sønderborg, Toftlund, Tønder, Viborg.

Collections. Commercial Credits. Travellers Letters
of Credit. Danish Securities bought and sold, etc.

knowing that the time might come when domestic politics would step in and restrict the liberties and activities of the foreign capitalized concern to such an extent that it became no longer a dividend-paying proposition.

By their arbitrary action in the early days of the dispute, the government certainly created this feeling. Happily this spectre is for the time being laid to rest.

FOREIGN TRADE

In regard to foreign trade generally, shipments of wheat for the first half-year of 1922 show a pronounced improvement over 1921. In the former they totaled 2,510,273 tons against 1,811,600 in the latter half-year. But it is very clear that a further effort is needed if the 4,198,680 tons shipped in the first half-year of 1920 is to be equalled, still less surpassed. With other cereals the position is not so satisfactory.

In the wool market there has been greater activity during the last few months and the prospects are decidedly much brighter than they were a year ago. The half-yearly exports have been considerably in excess of the preceding years, and the general maintenance of prices may be taken as a fairly healthy sign for the future.

IMPROVEMENT IN CHILE

Improvement in the general economic condition of Chile, signs of which became apparent several months ago, has developed with surprising rapidity during July and August, according to cable dispatches to the Department of Commerce at Washington. The continued sales of nitrate during the past month, the negotiation of the pending government loan which would permit disbursement of current obligations, the gradually increasing employment in the copper, nitrate, and agriculture industries, have contributed to the confidence that

this improvement will be sustained. From a purely industrial and commercial standpoint, Chilean business has not been in such a promising condition since August, 1920.

This confidence is amply evidenced in the rapid appreciation of exchange, which has recently reached \$0.14½, its highest point since March, 1921. The average for the first twenty-four days of August was \$0.13¾, compared with \$0.12¾ during last month and \$0.10 for August of last year.

FAVORABLE OUTLOOK IN PERU

The past month has marked steady progress in the gradual improvement of economic conditions throughout Peru, according to a cable just received at the Department of Commerce at Washington. Business has been proceeding quietly on an apparently firm conservative basis. Exchange remained firm at about the average reached the preceding month—August averaging \$4.06 for the Peruvian pound compared with \$4.07 for July.

The production of sugar cane and cotton is normal, while the rice crop, the export duty on which has been suspended, is reported to be large. The local market continues to be dull with very few sales.

Encouragement and assistance to the live stock industry, long contemplated, has resulted in a definite plan being taken under consideration by the government for the establishment of three experimental stations, at points to be later designated, and by the importation of some of the better grades of Argentine cattle.

The total exports for the first six months of the present year is valued at 7,929,220 Peruvian pounds. June exports show a steady increase over those of previous months; the progress is explained by these figures of export shipments: April, 1,236,879; May, 1,401,686; and June, 1,573,534 Peruvian pounds.

Imports for the first six months of

this year have amounted to a total value of 4,780,000 Peruvian pounds.

BOLIVIA AIDED BY AMERICAN CAPITAL

The investment of American capital in Bolivia was one of the contributing factors in the betterment of the general economic situation in that country during the month of August says a cabled report to the Department of Commerce at Washington. The recent loan for \$33,000,000 obtained by the Bolivian Government from American interests caused a rapid advance of Bolivian exchange.

Due to the bettered exchange and the depletion of stocks the market for American merchandise is very good.

Although there are no statistics obtainable for the import trade, considerable activity is manifest. The sale of cotton goods is heavy. American flour and canned goods are in demand. The market for mining machinery, iron and steel, and hardware is poor, industrial chemicals and lumber are fair, while the demand for paper and electrical goods is only average.



International Banking Notes

The offices of J. Plastropoulos, representative in New York of the Bank of Athens have been removed to 25 Pine street.



Dr. Georg Solomonsohn and Dr. Ernst Mittendorf, directors of the Disconto Gesellschaft, Germany's second largest bank, arrived recently in New York, and are reported to be negotiating with New York bankers for private loans to German manufacturers.

The Disconto Gesellschaft is heavily interested in the German textile industry. The visit of the two bankers is intended to bring about a credit arrangement for German buyers of cotton materials.

The bank is represented in New York by A. Koehn at 25 Broad street.



Barclays Bank, Limited, London, has sent H. P. Alton to this country to represent the

Banque Francaise de L'Afrique Equatoriale

Head Office; 2, Rue Meyerbeer, Paris

ESTABLISHED 1904

Capital Frs. 15,000,000.00

Reserve Funds " 6,250,000.00

BRANCHES

Bordeaux (France)	Dakar (Sénégal)	Cotonou (Dahomey)	Lome' (Togo)	Port Gentil (Gabon)
Douala (Cameroun)	Brazzaville (Congo Français)	Kinchassa (Congo Belge)	Grand Bassam (Cote d'Ivoire)	

Every description of banking business is transacted

Special facilities for discounting or collecting clean or
Documentary Bills on or from French West
Africa and French Congo

bank, and to bring about closer and more practical coöperation between New York and London bankers. Mr. Alton is at 60 Wall street, New York.

⊙

The statement of condition of the Commercial Banking Company of Sydney, Limited, Sydney, for the year ended June 30, 1922, including the amount brought forward from previous year, shows a net profit of £335,735. A dividend at the rate of 10 per cent. per annum was declared for the last half-year.

⊙

The statement of condition of the Bank of New Zealand, Wellington, for the year ended March 31, 1922, shows a net profit available for distribution, including the balance brought forward from the previous year, of £790,198. This sum has been distributed as follows:

To dividend on preference "B" shares, making £62,500 for the year, equal to 2/- per share	£ 40,625
To dividend on ordinary shares, making £300,000 for the year, equal to 2/8 per share	168,750
Transferred to reserve fund	150,000
Balance carried forward	430,818

During the year branches have been opened at Hamilton North and North-End (Wellington), an agency has been re-opened at Avondale, and the agency at Normanby has been closed.

⊙

The statement of condition of the Australian Bank of Commerce, Limited, Sydney, for the year ended June 30, 1922, shows a net profit of £137,195. This sum has been distributed as follows:

	£
To reserve fund	40,000
To reduction of bank premises account...	10,000
To an interim half-yearly dividend at the rate of 7 per cent. per annum paid January last	42,000
To a final half-yearly dividend at the rate of 7 per cent. per annum	42,000
Brought forward from last year.....	30,391
To be carried forward	33,586

During the year branches of the bank have been opened at George Street North, Sydney, and at Proserpine in Queensland. Receiving offices have been opened at Punchbowl and Willoughby Junction in N.S.W., and the receiving office at Coutt's Crossing has been closed.

The Bank of Central and South America, Inc., 44 Pine street, New York City, has issued and distributed its first statement of condition, as of September 30, 1922, showing total assets of \$8,382,975; capital of \$5,000,000; and surplus of \$2,500,000. The condensed statement reads as follows:

ASSETS	
Cash and U. S. Treasury certificates.....	\$3,013,942.86
Loans payable on demand	452,000.00
Due from foreign banks	523,411.45
Accrued interest and accounts receivable	246,263.63
Due from branches and affiliated banks	2,200,848.54
Stock of affiliated banks	1,936,508.48
Real estate	10,000.00
Furniture and fixtures	1.00
	\$8,382,975.96
LIABILITIES	
Due to customers	\$ 407,190.70
Due to foreign banks	2,803.93
Letters of credit	5,115.85
Miscellaneous liabilities	368,199.26
Due to agencies and affiliated banks	92,221.47
Unearned interest received	553.33
Capital	5,000,000.00
Surplus	2,500,000.00
Undivided profits	6,891.42
	\$8,382,975.96

Besides the bank's affiliated institutions in Colombia, Costa Rica, Nicaragua, Peru and Venezuela, the bank maintains an office in Germany. The bank's principal correspondents in Europe are as follows: London, England, Guaranty Trust Company of New York, Brown, Shipley & Co.; Paris, France, Guaranty Trust Company of New York; Milan, Italy, Credito Italiano; Madrid, Spain, Banco Urquijo; Barcelona, Spain, Banco Urquijo Catalan.

F. C. Harding, vice-president has recently left for an extended trip through Central and South America in the interest of the bank. He will visit the head office of their affiliated banks, Banco Mercantil Americano de Colombia, head office at Medellin, Colombia with branches at Barranquilla, Bogota, Cali, Cartagena, Girardot and Manizales, as well as the following: San Jose, Costa Rica, Banco Mercantil de Costa Rica; Managua, Nicaragua, National Bank of Nicaragua; and branches at Bluefields, Granada, Leon; Lima, Peru, Banco Mercantil Americano del Peru, and branches, Arequipa, Callao, Chiclayo, Piura, Trujillo; Caracas, Venezuela, Banco Mercantil Americano de Caracas, and branches, La Guayra, Maracaibo, Valencia, and probably the principal agencies in the aforementioned countries.

The officers and directors of the Bank of Central and South America are: R. F. Loree, president; F. C. Harding, vice-president; Philip Tillinghast, assistant manager; J. Bloom, treasurer; William Todd,

assistant secretary; Colin S. Macdonald, assistant treasurer. Directors: Arthur M. Anderson, J. P. Morgan & Co.; James Brown, Brown Brothers & Co.; W. Palen Conway, vice-president Guaranty Trust Co.; Walter E. Frew, president Corn Exchange Bank; R. F. Loree, president; H. F. McCreery, president Hard & Rand, Inc.; Gates W. McGarrah, chairman of board Mechanics & Metals National Bank; John McHugh, president Mechanics & Metals National Bank; H. Esk. Moller, secretary and treasurer Cerro de Pasco Copper Corp.; Maurice A. Oudin, vice-president International General Electric Co.; William C. Potter, president Guaranty Trust Co.; J. Louis Schaefer, vice-president W. R. Grace & Co.; S. Stern, vice-president Columbia Trust Co.; E. R. Stettinius, J. P. Morgan & Co.; Albert Strauss, J. & W. Seligman Co.

©

Norman C. Stenning, New York agent at 68 Wall street, N. Y., of the Anglo-South American Bank, Ltd., has received a cablegram from the head office of the bank at London announcing that a final dividend of six shillings per share has been declared, making a total distribution of 12 per cent. for the year ended June 30, 1922. A sum of £300,000 has been placed to contingency account, to provide for such debts as may not be readily recoverable owing to the world-wide trade depression, an amount the directors consider ample for the purpose. A further £25,000 has been added to the staff pension fund and £257,000 carried forward. The bank has a subscribed capital of £8,733,400, of which £4,866,700 is paid up, and a reserve fund of £4,000,000.

©

André Hess has recently been appointed manager of the Banco di Roma Representative Office in New York at 1 Wall street.

The Banco di Roma is not planning to establish an agency in New York. The purpose of the representative office is to furnish information to interested American bankers on business opportunities in Italy and the Mediterranean countries. Mr. Hess will be glad to meet or correspond with bankers desiring to establish banking connections with the various countries in which the Banco di Roma is represented.

©

The statement of condition of the Queensland National Bank, Limited, of Brisbane,

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed  .. Yen 100,000,000
 Capital paid up  .. Yen 100,000,000
 Reserve Fund  .. Yen 57,000,000

(\$0.50=1 Yen)

Branches and Agencies

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

Agencies in United States

New York San Francisco Los Angeles Seattle

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

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

NEW YORK OFFICE - - 120 BROADWAY

shows a net profit for the year ended June 30, 1922, including balance brought forward from previous year, of £145,778. A quarterly dividend at the rate of 10 per cent. per annum was declared, making a total dividend of 10 per cent. for the year.

©

The statement of condition of the Commercial Bank of Australia, Limited, Melbourne, for the year ended June 30, 1922, shows a net profit, including the amount brought forward from the previous year, of £105,997. This sum has been distributed as follows:

	£	s.	d.
To a dividend for six months on the preference shares at 4 per cent. per annum.....	42,347	0	0
To a dividend for six months or from the due dates of instalments on the ordinary shares at 15 per cent. per annum.....	21,341	6	0
Carried forward to next year.....	42,208	17	8

During the year branches have been opened at Lonsdale street, Melbourne, Bankstown and Leichhardt in New South Wales, and at Hamilton, Napier and New Plymouth in New Zealand. The receiving office at Woy Woy in New South Wales

has been converted into a branch, and the branches formerly conducted at Cygnet, Longford and Whitemark (Flinders Island) in Tasmania have been closed.

©

The statement of condition of the Royal Bank of Ireland, Limited, Dublin, for the year ended August 31, 1922, shows a net profit including balance brought forward from previous year, of £59,860. A dividend at the rate of 12 per cent. was declared for the six months ended August 31.

©

The statement of condition of the Punjab National Bank, Limited, Lahore, for the half-year ended June 30, 1922, shows a net profit of Rs. 2,96,214. An interim dividend of Rs. fifteen per cent. per annum was declared.

©

The statement of condition of the Fifteenth Bank (Jugo Ginko), Limited, Tokyo, on June 30, 1922, shows total assets of yen 543,676,231; capital of yen 1,000,000; reserve fund of yen 23,873,817; and total

The Bank of the Philippine Islands

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

Capital fully paid-up .

Reserve Funds



(\$0.50 = 1 Peso)

. (Pesos) 6,750,000.00

. " 5,972,500.00

William T. Nolting *President*
 F. Borromeo *Vice-President*
 P. J. Campos *Mgr. Iloilo Branch*
 J. M. Browne. *Mgr. Zamboanga "*

R. Moreno *Secretary*
 D. Garcia *Cashier*
 E. Byron Ford *Chief For. Dept.*
 S. Freixas *Accountant*

1851 -- Seventy-one year's service to Commerce, Agriculture and Industry -- 1922

Transacts general banking business. Buys and sells exchange on all the principal cities of the world

Correspondents

London: Nat'l Bank of Scotland, Ltd.
 Spain: Banco Hispano Americano
 Hongkong: Netherland India Com'l Bank
 San Francisco: Wells Fargo Nevada Nat'l Bank
 New York: National City Bank, The Equitable Trust Co. and Irving National Bank

Paris: Comptoir Nat'l d'Escompte
 Australia: Bank of New South Wales
 Shanghai: Bank of Canton, Ltd.
 Chicago: Continental & Commercial Nat'l Bank
 Japan: Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

deposits of yen 364,973,370. The balance sheet reads as follows:

LIABILITIES

	Yen
Capital	100,000,000
Reserve funds	23,873,817
Deposits	364,973,370
Call money	1,800,000
Due to Bank of Japan, other banks and agents	27,525,812
Acceptances	13,258,749
Dividends unpaid	9,184
Rebate on bills discounted and interest unpaid	4,469,367
Accounts en route	1,310,978
Profits	6,454,950
	543,676,231

ASSETS

	Yen
Capital unpaid	50,250,000
Loans on securities, bills discounted, etc.	351,014,632
Call loans	5,702,646
Due from other banks and agents	3,455,879
Credit Account (per contra)	13,258,749
Government bonds (face value yen 57,538,940.00)	47,740,517
Other securities	24,283,224
Bank premises	12,859,086
Accounts with Bank of Japan and other banks	4,681,047
Cash	30,430,446
	543,676,231

©

The statement of condition of the Bank of Mysore, Limited, Bangalore, for the half-

year ended June 30, 1922, shows a net profit of Rs. 3,40,388. This sum has been distributed as follows:

	Rs.
In payment of an interim dividend at the rate of 12 per cent. per annum with a bonus of 2 per cent. per annum free of income-tax on the paid-up capital absorbing	1,40,000
Transferred to reserve fund account raising it to Rs. 9,00,000	1,00,000
Transferred to building fund raising it to Rs. 2,00,000	65,000
Carried forward to next account	35,388

A branch of the bank has been opened at Hindupur and an agency at Nyamti.

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Huth and Company, 30 Pine street, New York, now issue an International Investment Review, giving this firm's market opinion on the present condition, and covering the subjects of low money rates and the European situation very thoroughly.

©

The statement of condition of the National Bank Limited, London, for the half-year ended June 30, 1922, shows a net profit, including the amount brought forward from



NEW YORK AGENCY, Woolworth Building
L. N. LAU, Agent

The CHINESE MERCHANTS BANK LTD.

OF HONGKONG

The First Chinese Bank in New York



Profitable Trade Relations

are always based on a thorough understanding of each transaction. In the development of the great Chinese market this phase is especially important in view of the wide differences in Chinese and American languages and customs.

The Chinese Merchants Bank of Hongkong is a large, influential, native Chinese institution. All transactions handled through their branches and agencies are understood and respected by the Chinese Merchant.

Inquiries Invited from Responsible American Business Houses

Head Office
Hongkong

NEW YORK AGENCY
Woolworth Building

Branches
Canton, Saigon, Shanghai

the last half-year, of £168,235. An interim dividend at the rate of 12 per cent. per annum was declared.

Branches have been opened at Ardara, Ballinlough, Glenties and Virginia, and a sub-office at Toomebridge. The sub-office at Portumna will shortly be constituted a permanent branch.



The Irving National Bank of New York has issued a new commercial map of the Near East the third of a series prepared for use in foreign trade. While the map is designed primarily for the benefit of importers, exporters and others interested in American foreign commerce, it possesses unusual interest at this time because of the tense political situation in Asia Minor, and along the Dardanelles.

The map embraces southeastern Europe, including the Balkan countries and southern Russia, Egypt and Asia as far eastward as the border of India. The territory surrounding the shores of the Aegean Sea and the Sea of Marmora are graphically portrayed. Places like Smyrna, Ezine, Chanak, Bigha and Mudania, the location of which is hazy in the mind of the average American,

are clearly shown. The territorial boundaries given are those fixed by the various peace treaties between the Entente Allies and the countries in the former Austro-Germanic coalition.

Not only is the map an accurate chart of the entire Near East; it is also a travel and shipping guide, and it gives a graphic summary of this region's natural resources and trade possibilities. All the principal steamship routes are set down, with the distances between ports. All the harbors, important commercial centers, railroads, navigable rivers, caravan routes, cable lines, wireless stations and consular offices and agencies are shown. Five small insert maps present the character and vegetation of each country, its resources and products, population and rainfall in both winter and summer seasons.



Particulars of the Anglo-Czechoslovakian Bank were filed at Somerset House on September 2, 1922.

The capital is Kr.120,000,000, in 300,000 shares of 400 Cz. kronen each. The company was incorporated in Czechoslovakia in 1922 to carry on the business of counters

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E. C. 2, LONDON

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 9 Rue du Helder

Antwerp Branch: 22 Place de Meir

Lisbon Branch: 32 Rua Aurea

(\$5=£1.)

CAPITAL (Authorized)	-	-	-	-	-	\$20,000,000
SUBSCRIBED CAPITAL	-	-	-	-	-	15,000,000
PAID-UP CAPITAL	-	-	-	-	-	10,200,000
RESERVE FUND	-	-	-	-	-	10,500,000

DIRECTORS

E. ROSS DUFFIELD, Esq.

KENNETH MATHIESON, Esq.

RICHARD FOSTER, Esq.

J. W. BEAUMONT PEASE, Esq.

FOLLETT HOLT, Esq., M. Inst. C. E.

HERMAN B. SIM, Esq.

ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.; LONDON COUNTY WESTMINSTER AND PARRS BANK, LTD.

BRANCHES IN SOUTH AMERICA

BRAZIL:—Para, Macelo, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus.

URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu, Salto and Rivera.

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

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

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, Agent

of bills of exchange, promissory notes and other commercial bills, and bankers. The British address is at 24-28 Lombard street, E.C.3, where R. McLaren and M. M. Turnbull are authorized to accept service of process and notices.

The directors are: K. Sountag, E. Englis, J. Rychteva, J. Botto, M. Benies, H. Peter, J. Petschek, L. Bloch and H. Schicht, all of Prague; G. M. Young and Dr. W. Rosenberg, of Vienna; M. S. Spencer-Smith, Norman House, Stansted, Essex; P. Bask, 13 Palacgate, W.; and Sir Henry Strakosch, 45, Chester square, W.

Cable advices from Den Danske Landmanskbank, Copenhagen, announces the appointment of Ernst Meyer, president of the Merchants Guild of Copenhagen, as manager of the bank, owing to the resignation of Mr. Harhoff who has been manager since 1872.

Ministerial sanction has been obtained for a scheme to reconstruct the Industrial Bank of China, and instructions have been sent for reopening the Far Eastern branches of

that institution. The Paris offices will be opened almost immediately afterwards. The reconstruction plan is based on the coöperation of several large Paris banks.

The Federal Reserve Board has issued a preliminary permit authorizing the organization of "The Federal Pacific Banking Corporation," with a capital of \$2,000,000, under provisions of Section 25a of the Federal Reserve Act and the regulations of the Reserve Board. During the period of organization, and for the purpose of maintaining close touch with the Federal Reserve Board and other Governmental agencies, a temporary office will be maintained in Washington, at Room 350 Munsey building. On receiving the final permit to begin business, the head office will be located at San Francisco, and permission will be sought to establish agencies at other cities in this country having trade relations with the Far East, and foreign branches in the principal ports of China, Japan, the Philippines and other countries of the Far East. The Continental Trust Company, Washington, will act as trustee for the receipt of subscriptions to the capital stock during organiza-

tion. Subscriptions are conditioned upon the procuring of subscriptions for the full amount of the authorized capital stock, and are callable only after receipt of notice that the full amount of \$2,000,000 has been subscribed. The official announcement regarding the new organization also says:

Corporations organized under the Edge Act, in their foreign operations have not only the powers of commercial, savings and exchange banks, but are also empowered to do an investment banking business. They have the following advantages: (1) They are authorized to act as fiscal agents and depositaries of the United States Government; (2) they have the prestige of a Federal charter; (3) they may grant long-term acceptance credits; (4) their activities are supervised by the Federal Reserve Board; (5) they are subject to periodic audits by Federal Reserve examiners; (6) they may have as their directors and officers the directors and officers of other established banks; (7) they may have the cooperation of foreign capital.

The Federal Pacific Banking Corporation, in addition to the foregoing, will have the following special advantages: (1) It will be the first Edge bank with offices on the Pacific Coast; (2) it will be the first American bank having a Federal charter to enter the Far East; (3) it will be the first Edge bank to deal in foreign securities, affording an investment banking service and assisting the financing and sale of American products in the Far East; (4) it will

be the first Edge bank incorporated with foreign capital participating; (5) it will be the first Edge bank to open foreign branches.

The corporation will be especially serviceable to Webb Law export combinations and agricultural coöperative marketing associations, by providing a method of increasing their foreign sales—namely, by long term financing through purchase and sale of foreign securities, or through the granting of acceptance credits.

To American banks subscribing to its capital it will offer all the facilities of foreign branches and direct representation in China, Japan and other countries of the Orient. To manufacturers it will offer a method of financing the foreign purchaser who requires long term credit, thus increasing the sale of his products in the Far East. The corporation will sell the securities of foreign industrial or other enterprises whenever their sale is necessary to raise capital to buy American machinery or other equipment. It will also offer to manufacturers as well as to exporters and importers accurate and up-to-date trade and credit information regarding Far Eastern markets and customers.

The corporation will seek to secure as its Chinese shareholders native banks desiring American connections, Chinese manufacturers desirous of securing help in financing the purchase of American machinery and equipment for their plants; and Chinese merchants desiring to make connections with American manufacturers or exporters or importers.

The activities of the corporation, it is hoped, will bring added business to American ports and provide increased tonnage for American ships plying between the ports of the United States and the Orient.



Anglo-Austrian Bank, Limited

THE reorganization of the old Anglo-Austrian Bank has taken place in two ways. The former head office in Vienna and all the branches, except those contained within the present Republic of Czechoslovakia, have been taken over by the new Anglo-Austrian Bank Limited, which is a British bank with its head office in 24-28 Lombard street.

The bank was registered on March 27, 1922, with a capital of £2,000,000, of which £1,406,370 has been issued, and has taken over the business, as a going concern, of the former bank.

Shareholders in the old institution will receive shares in the new at the rate of 15/- per 240 kronen share.

Before the war, the Anglo-Austrian Bank had a London branch, and through that branch incurred large liabilities in sterling. These debts consisted chiefly of sums due to the Bank of England on account of pre-moratorium bills dis-

counted at the bank. This liability has been offset by the issue of certificates of indebtedness held by the bank, and also by the creation of a certain number of ordinary shares. A considerable measure of control is, therefore, secured to the Bank of England, who retain certain powers of nomination to the board.

The British directors include: Gen. the Hon. Sir H. A. Lawrence, managing partner banking firm of Glyn, Mills & Co.; M. Spencer-Smith, D.S.O., M.C., partner in H. S. Lefevre & Co., merchant bankers, director Bank of England, and London Assurance Co.; Peter Bark, formerly Finance Minister of the Russian Empire; E. W. H. Barry, director Bank of Rumania, member London Committee of the Imperial Ottoman Bank; Sir Ernest M. Harvey, K.B.E., of Allen, Harvey & Ross, bill brokers; Sir J. G. Nairne, Bart., comptroller Bank of England; Sir Henry Strakosch,

managing director Union Corporation.

The Austrian directorate includes Dr. Wilhelm Rosenberg, who has undertaken important financial work for his Government, and several of the leading industrial men of the country.

The bank has branches in the following places:

Austria: Vienna, Baden b/Wien, Bregenz, Bruck a/d Mur, Frohnleiten, Gmünd, Graz, Hainburg, Horn, Innsbruck, Kornenburg, Krems, Kufstein, Las, Linz, Mariazell, Mürrzuschlag, Retz, Schwechat, St. Pölten, Steyr, Villach, Wels, Wr. Neustadt; Hungary: Budapest; Jugoslavia: Marburg (Maribor); Italy: Trieste; Roumania: Czernowitz (Cernauti), Oradea-Mare (Nagyvarad), Suczawa (Suczava).

Those branches of the old Anglo-Austrian Bank, which are contained in the present State of Czechoslovakia, have been taken over by a new concern—the Anglo-Czechoslovakian Bank, with a capital of 120,000,000 Czech crowns, all paid up. Its head office is in Prague, and a branch was opened in London at 24-28 Lombard street, on September 12, 1922.

The chairman of the bank is Dr.

Kunes Sonntag, who has already made his mark in the country, and the board includes:

M. Spencer-Smith, D.S.O., M.C.; Peter Bark, Sir Henry Strakosch, and several leading Czech business men.

The bank has branches in:

Usti n/L (Aussig), Podmokly (Bodenbach), Brno (Brünn), Most (Brüx), Cheb (Eger), Falknov (Falkenau), Frant Lazne (Franzensbad), Cmunt (Gmünd-Böhmzeil), Janske Lazne (Johannisbad), Kaden (Kaaden), Chabarovice (Karbitz), Karlovy Vary (Karlsbad), Karlin (Karolinental), Kralove Hradec (Königgrätz), Chomutov (Komotau), Litomerice (Leitmeritz), Lovosice (Lobositz), Mar. Lazne (Marienbad), Olomouc (Olmütz), Pardubice (Pardutitz), Pizen (Pilsen), Prostejov (Prossnitz), Zatec (Saaz), Teplice (Teplitz), Decin (Tetschen), Trutnov (Trautenau), Vypřty (Weipert), Znojmo (Znaim).

It will be seen that both banks are going concerns, with a large existing clientele, and branches established throughout Austria and Czechoslovakia. They are prepared to undertake all classes of banking business.



Southern Commercial Congress

THE fifteenth annual convention of the Southern Commercial Congress is to be held in Chicago November 20-22, under the auspices of the Chicago Association of Commerce and the Illinois Manufacturers' Association.

Former Secretary of War Jacob M. Dickinson is chairman of the executive committee of 100 prominent Chicago business men who are in charge of the details of the convention, Julius Rosenwald is honorary chairman, and George Woodruff, vice-president of the National Bank of the Republic, is treasurer of the committee.

The theme of the convention is trade relations between the South, the Middle

West, and the Mississippi Valley. Many thousands of representative business men from the South, the Middle West, and the Mississippi Valley will attend the Chicago Convention.

Immediately after the Chicago convention ends the Southern Commercial Congress will hold a conference in a Texas city, to be announced later, the theme being commercial relations between the United States and Mexico, and when that conference ends the congress will take a trade mission of American business men to Mexico City, on invitation of the Mexican Government, to study business conditions in the Southern Republic.

Members of the commercial organizations of the country will attend both the Chicago and Texas meetings, and some will participate in the Mexican Trade Mission. The Mexican Trade Mission will be the seventh foreign trade mission of the Southern Commercial Congress in the past fourteen years. The Southern Commercial Congress now has a large trade commission in Europe, headed by its president, Dr. Clarence J. Owens. This commission appointed by the governors of the Southern States and the Pan-Pacific Union, is studying the possibilities of the extension of American trade in seven of the European countries. It has the cooperation of the State Department and the Department of Commerce, and is working with American diplomats, consuls and trade agents stationed in Europe. This commission will make a report to the Chicago convention and the Texas con-

ference after its return to the United States.

In November, 1923, the Southern Commercial Congress will open a Southern States Exposition in the Chicago Coliseum, where Southern products and manufactures will be on display. Any business men interested in having an exhibit during this exposition is invited to write the Southern Commercial Congress, Southern Building, Washington, D. C.

The congress, in order to knit closer all Southern commercial organizations and Southern business interests is now organizing an advisory council, consisting of the presidents of the commercial organizations throughout the South.

Col. Winfield Jones, secretary-treasurer of the Southern Commercial Congress, is in communication with all the commercial organizations in the United States.



How Banks Protect Their Depositors' Money in Vaults

By Alfred C. Bossom

This talk by Mr. Bossom was broadcasted from Station WJZ, on October 5, 1922, during the Bankers Convention.—EDITOR.

PROBABLY everyone who is hearing this short talk on "How Banks Protect Their Depositors' Money" possesses a bank account, and will be interested to hear the special means that are adopted to safeguard their money.

The United States Government keeps vast quantities of gold and silver in its possession, and under its absolute control, and on account of this actual possession issues the paper dollar bills which are in universal use.

The idea of this is that should these bills be presented to the United States Government for payment the Govern-

ment has real money in gold and silver with which to redeem them. Thus these bills really are a promise of the Government to pay to the owner of the bill its face value in gold or silver.

As the Government stands behind money, so every time you deposit it in a bank, the bank has to protect it just as if they had the actual gold or silver itself, and the banks under the rules of the Federal Reserve Bank and the National Banking Law, are compelled to keep in their vaults a certain proportion of the money that is deposited with them at all times, so that the bank can, when any of the depositors demand their money, immediately give it to them.

The question naturally arises with

every owner of a bank account, how does the bank provide this protection, for thieves come and mobs attack banks, and under such conditions as existed in Boston when the police went on strike, if the banks themselves had not the right form of protection all of the depositors' money would have been at the mercy of the thieves.

The general principle that the banks



ALFRED C. BOSSOM

New York architect and engineer

have adopted is to build a large strong concrete or brick room reinforced with heavy steel rods on all sides, and inside of this there is a vault built, which is made of steel that can neither be drilled or burnt through, and is specially constructed at all angles so that explosives cannot be used to blow off the corners, and thus give access to the inside of the vault and the money. Also, in the great majority of cases there is a tremendously strong roof over these vaults so that if the building above, or

building adjoining should collapse, or have a fire it could not crush the vault even if it fell down upon it.

The weak point in the past about vaults used to be the door, and it was through this attacks were usually made, but this has now been brought to such a state of strength that it is almost impossible to successfully burglarize a vault through the door.

The largest and strongest actual vault door existing in the world at the present time is in the Federal Reserve Bank at Cleveland, which door with its vestibule weighs approximately 195 tons, and is about four feet thick of solid steel. The new vault that is being built for the Federal Reserve Bank of New York is even heavier and larger than this, and is being specially made at York, Pa., by the York Safe & Lock Company, and it will be when completed the strongest vault in the world. No very strong vault with a heavy steel lining and a door of six inches of solid steel has ever been successfully burglarized, but in large banks so much money is stored that special provision has to be made to guard it under all possible conditions. In the present Federal Reserve Bank of New York today there is a vault whose door and vestibule weigh approximately 100 tons, so that should the thieves or burglars get new methods they would yet be unable to break into this mammoth vault.

The state of New Jersey is unique in having in Governor Edwards' First National Bank of Jersey City a vault practically as strong as that in the existing Federal Reserve Bank of New York, the door and vestibule alone weighing about ninety-six tons. Taking this vault of the First National Bank of Jersey City, as an example, not only are there several inches of steel to form the inner vault, but within this again are special vaults for holding money. Heavy concrete walls in which are mixed certain ingredients so that the concrete cannot be burned or cut through, surround the vault. Should anybody interfere with the door at a time when they are not supposed to, boiling steam

will envelop them and scald them severely. In addition to this should anyone tamper with any part of the vault there are electric alarms and signals which give a warning that would startle the entire neighborhood. This is the highest type of bank vault put in a national bank, the same as all the New York banks have, such as the Seaboard National, but even in somewhat smaller banks today, like the First National Bank of Bound Brook, which is directed by George M. Lamonte, similar principles are adopted.

Two forms of door are practically used in every vault. Either a square door that shuts like an ordinary door to a house, or a large circular or wheel door, which is pulled into position with a crank and has great bolts to hold it in place on all sides, and which fits so tightly into the door jamb that it is impossible to even force water between the door and vestibule, as the side of the vault is called. The steel lining of vaults vary from half an inch thick of steel up to five inches, such as is used in the Philadelphia Reserve Bank, and in this case the concrete walls are four feet thick and heavily reinforced down to about one foot of concrete.

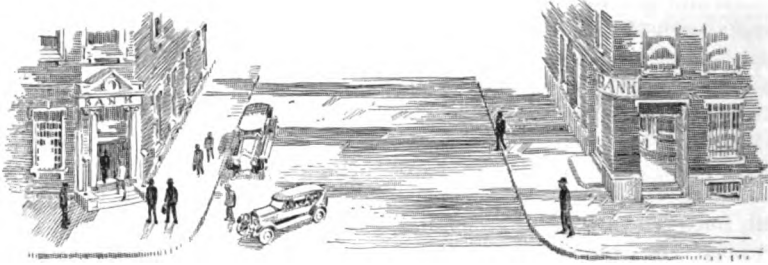
In addition to this steel and concrete the vaults provide every form of protec-

tion they can think of in the way of personal supervision, so that it may be summarized that once the money has been given to a bank for its safe keeping, and the bank has decided to keep the same in its vault that it is protected: first, by the personal integrity and watchfulness of the bank officials; next, by heavy concrete walls in which are imbedded steel protection bars, and in many cases reinforced by electric wires that give alarms as warning if any tampering is done to the bank. Next, there is inside this a steel lining which can be made nondrillable, noncuttable and nonburnable, and inside this again are special compartments inside other smaller steel vaults in which the money itself is contained. The door is closed with a time lock, which prevents its opening until the bank opens at some certain fixed time the next day, and in addition to this again there is the combination which is known only to a certain very few of the most important and trusted officers of the bank.

Under the circumstances, today it is a matter of great congratulation to all the banks of America that not one of them that has been equipped with the very latest form of vault construction has been unable to resist the attacks of a burglar or a thief.

A GREAT part of popular extravagance is due to the failure to induce more people to become bank depositors. We all know—nobody indeed knows so well as bankers—that people are much more apt to spend thoughtlessly the money they are carrying in their pockets, than the money they have to their credit in the bank. There is no need to argue on this point; it is one of the most obvious bits of business experience within the observation of every business man. The aggregate of money that people are every day carrying quite needlessly, and at heavy risk, in their pockets, would be a cash reserve of great value to national business, if deposited in the banks, so that it could be utilized.

And, just as the habit of wasteful and useless spending is encouraged among people who carry their money in their pockets, so the habit of useful expenditure, of substantial and profitable investment, is encouraged among those who keep their surplus funds in bank.—*D. R. Crissinger.*



Where Two Banks are Bidding For the Same Business

WHEN one merely tells the public through publicity of its desirable points and the other through the same medium demonstrates so that the public can see for itself, all the advantage is with the bank that demonstrates. Its advertising, being more convincing, is more resultful.

It is more dignified as well, and dignity is a quality required in bank publicity. The banker renders the most responsible service of a commercial character in his community. And if people are to come to him, they must come because they feel that funds can be placed on deposit with confidence, that acceptable credit, or dependable advice, is available when desired.

It would be contrary to the very nature of his service for the banker to make a too urgent, suppliant or facetious appeal for business. It might easily indicate a lack of those very qual-

ities which characterize a desirable bank.

But by taking as the keynote of his advertising campaign, the giving of information, the extending of service to further prosperity and happiness, he builds a reputation for his institution and demonstrates that his is a bank of responsible, helpful service. He has his readers in a frame of mind which makes them particularly susceptible to a direct message from him with reference to one of those phases of his service to which otherwise they might be indifferent in the hurry and bustle of daily life.

*For the most efficient advertising that
embodies community service consult*

The Collins Service

The Recognized Standard of Financial Advertising

Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

NOVEMBER 1922

Direct Mail — Its Use And Misuse by Banks

By J. Vincent Corrigan

Manager of Publicity Liberty Central Trust Company, St. Louis

IT MATTERS not how attractive or how costly a piece of advertising literature may be—if it doesn't reach the prospect it cannot be expected to produce results.

Too often, expensive literature is side tracked or forgotten, only to be found at a later date, too late perhaps to serve its purpose.

Particularly is this true of bank literature because a vast amount of it bears the names of the officers or directors of the institution.

No institution likes to send out advertising matter that is not fresh and up to the minute.

The progressive advertising manager, after he has mapped out an attractive folder, booklet or blotter, should see that it receives 100 per cent. distribution and by 100 per cent. distribution I mean not only that the stuff is gotten out—but that it reaches those who are and those who might be interested in his message.

Go through the locker bins of your department at least once a month and clean house—help your investment in direct publicity produce results. The best advertisement written, if it does not receive the proper circulation will not produce sales.

Quite often financial literature is timely, such as safe deposit advertising soliciting storage business. Such literature must reach people who are going away—who have valuables to store—and reach them before they have made arrangements with some other company.

The same is true with investment literature and nearly all other publicity material prepared by financial institutions.

Many possibilities lie in the use of direct publicity if such opportunities are taken advantage of.

When the bond department purchases a new bond issue it invariably sends out a circular on it to a long list of present and prospective investors. By enclosing an advertisement of some other department, it fur-

nishes not only the best list obtainable but it doesn't cost a penny for postage.

Take for another instance, trust department advertising. This department, as much or more so than any other department, needs booklets as a drawing card.

Recently a single advertisement placed in three newspapers produced a total of 146 requests for a new trust booklet. Without this booklet there would have been no definite way of getting in touch with prospects interested in making a will. Booklets, particularly in trust advertising help bridge

(Continued on page 807)



It's a Good Plan

to save the pennies,
nickels and dimes.

Many a bank account
has been built in that
way.

BUT in the long run the man who gets ahead puts the *First* few dollars from the pay envelope in the bank, and lives on the balance.

TRY THIS PLAN.

MARSHALL & ILSLEY BANK
MILWAUKEE WISCONSIN
415 EAST WATER ST. 374 NATIONAL AVE.
75 YEARS OF SERVICE

A good argument for small savings accounts. This type of business is not sought after consistently enough in bank advertising

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

NOVEMBER 1922

PROBABLY in no other civilized country is the "loose change" habit so highly developed as here in the United States.

Certainly in no other country is the competition to separate nickels and dimes from the pockets of the public so keen.

Vast enterprises have sprung up and been developed out of small change.

Two of the greatest monuments to business success in existence, namely the Woolworth Building in New York, and the Wrigley Building in Chicago, were erected on nickels and dimes.

You can scarcely walk a block in any town between Bangor and Seattle without being forcibly reminded of at least one of the products of small change enterprise. These products clamor for your attention at every street corner, and from every billboard.

While the methods of advertising these products may be neither conservative nor dignified—they certainly do produce the business.

Small change business in the United States is a veritable gold mine. "After all", says Mr. Average Man, "what's a nickel"?

Savings banks and sav-

ings departments of all other banks are not getting their share of the nation's small change.

There is still much missionary work to be done in the educational field to hammer the value and importance of thrift into the public mind. For one thing, more organization, and more sustained coöperative effort is needed on the part of banks throughout the country.

But not until the banks meet competition on the competitors' own field of battle will the fight be waged on anything like even terms.



CHEWING GUM is distinctly an American institution. The taste for chewing gum is not inherent. It is an acquired taste. People's taste for it had to be educated before it became a habit.

Mr. Wrigley of Spearmint fame has worked hard and intelligently for his nickels, and his success is well deserved. He has won his present market by concentrating his fire with undiminished intensity, uninterruptedly and over a considerable period of time. And what is perhaps still more important, he has brought his product to the people.

Whether you do or do not chew gum, it's there for you wherever you go, and at all times. You can't, figuratively speaking, get away from it.

Mr. Wrigley at the pres-

ent time is making a vigorous effort to convert the public in Great Britain, to educate its taste for chewing gum. In time he may succeed. He probably will, because his methods of going after business are singularly productive of results. But it will take time.

Meanwhile the chewing gum habit is firmly established in this country. The question of its merit is neither here nor there. People will continue to invest their nickels in chewing gum in preference to placing them in savings banks just so long as five cents invested in chewing gum has a stronger popular appeal than five cents in the bank.

The "loose change" is there—and whoever wants it most, and goes after it hardest, gets it.



THERE ARE few people who would not like a good fat bank balance. They will get it if they can—but not in your bank unless you tell them some good reasons for selecting your bank.

Your savings department needs selling. To most people it is a good deal more fun to spend money than to save it, and unless you show them an ultimate advantage in doing the less pleasurable thing, don't blame them if they shy away from your savings window.

Safe deposit boxes have to be sold. The desk drawer or the old bureau drawer at home is handier than a safe deposit box, and it does not cost "\$3 and upward per year". You must sell the idea of safety.—*Fred M. Staker in the bulletin of the Financial Advertisers' Association.*

Direct Mail — Its Use And Misuse By Bankers

(Continued from page 905)

the gap and produce inquiries at a cheaper cost than they can be gotten in any other way.

One of the most effective mediums for advertising the safe deposit department is the advertising blotter. In the first place, customers of this department to a large extent are business men and women who have their offices in nearby buildings. Therefore, besides circularizing your own customers, such blotters can be successfully and economically used for distribution in office buildings within a radius of your vault.

Preference should be given to the blotter that carries a monthly calendar as this helps to make it more useful to its recipient. Cost of such distribution is less than a third of the cost of postage to say nothing of the cost of envelopes and addressing which is eliminated.

Many remarkable successes have been recorded by the use of direct mail advertising in the cultivation of dormant savings accounts. In most cases the accounts are made up of depositors who have not made a deposit within the last four months or longer.

A Kansas City bank recently organized a follow up campaign for the cultivation of such accounts in a big way. The results were surprising in that the first piece of literature, a four-page folder illustrating the amount of money that should be set aside for various expenses, allowing a saving of ten per cent. of one's salary—produced thirty per cent. results. This means that thirty customers out of every hundred who received this piece of direct mail advertising made a deposit before the second folder was mailed. The second one produced a little less than twenty-eight per cent. and

Who's Who in Bank Advertising



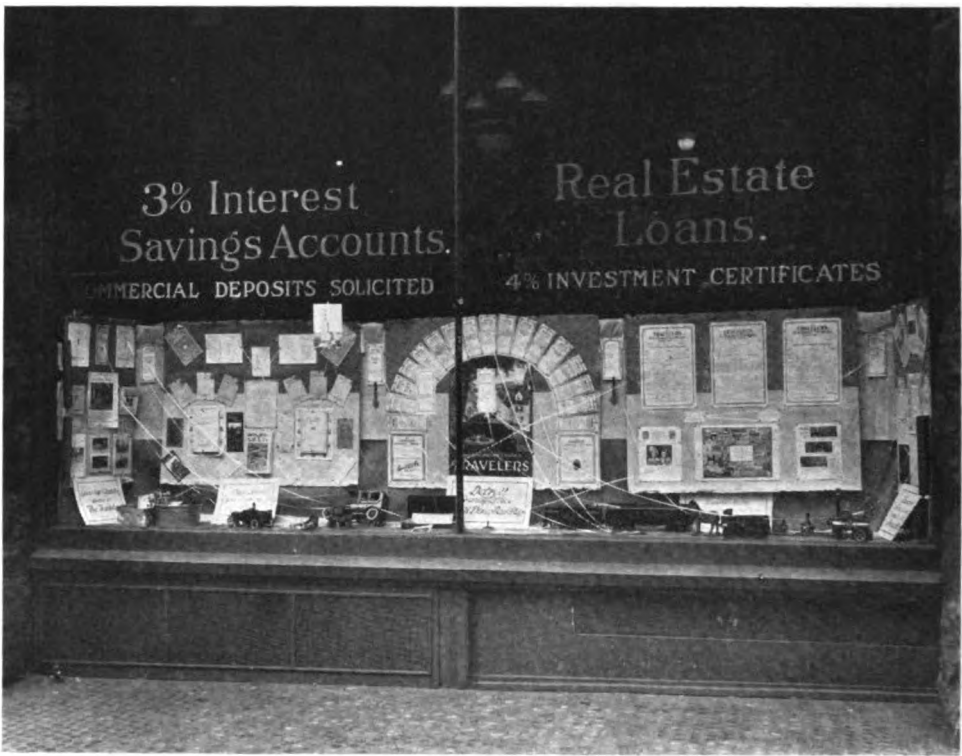
W. W. DOUGLAS

Vice-President Bank of Italy, San Francisco

MR. DOUGLAS is one of the most prominent figures in financial advertising today. As head of the business extension department of his institution, he directs the publicity and advertising program and plans the various new business campaigns to be undertaken. As the first man to originate and carry through a daily newspaper bank advertising campaign on the Pacific Coast Mr. Douglas won recognition several years ago as one of the leaders in the field of financial publicity.

At the annual convention of the Financial Advertisers' Association at Milwaukee last June, Mr. Douglas was unanimously chosen president for the coming year. He has been identified with the work of the association since 1918, when he became one of its directors, following the San Francisco convention. In 1920 he was elected to a vice-presidency of the association and held that office up to the time of his elevation to the presidency. During his connection with the Financial Advertisers' Association Mr. Douglas has consistently exhibited Bank of Italy advertising. The success of the various bank advertisements conceived by him has received nationwide attention, and at the last four association conventions, his displays have been invariable prize winners.

This year at the annual meeting in San Diego, June 25 to 30, of the Pacific Coast Advertising Clubs' Association Mr. Douglas captured three trophies for the Bank of Italy. In addition to his national prominence, Mr. Douglas is active in the affairs of the San Francisco Advertising Club, of which organization he is treasurer.



This display, installed in the window of a Detroit bank located on a busy corner, portrays typical accidents through showing toy automobiles in collision, an interurban car wrecked, and other machines that are frequently involved in accidents. The passerby is reminded of the advantage of having something in the bank for such emergencies

the third a little better than twenty-eight per cent.

This is really remarkable and something that every savings department should at least try out.

Monthly reviews are particularly good advertising when they reach customers and prospective customers who are interested in them. Otherwise they will merely go into the wastebasket. One bank has successfully used a monthly review among its correspondent banks, both customers and prospects and at the present time is contemplating the enlargement of the publication to be mailed to its commercial customers and also big commercial prospective customers.

This is true in most cases in large cities, because the circulation of such a publication

must be large enough to justify its cost—and such cost should rightfully be figured down to a minimum. Hence this bank by

increasing the circulation of the publication will not spend, per name on its list, any more than it has been spending.

Window Displays in Savings Bank Attract New Accounts and Promote Goodwill

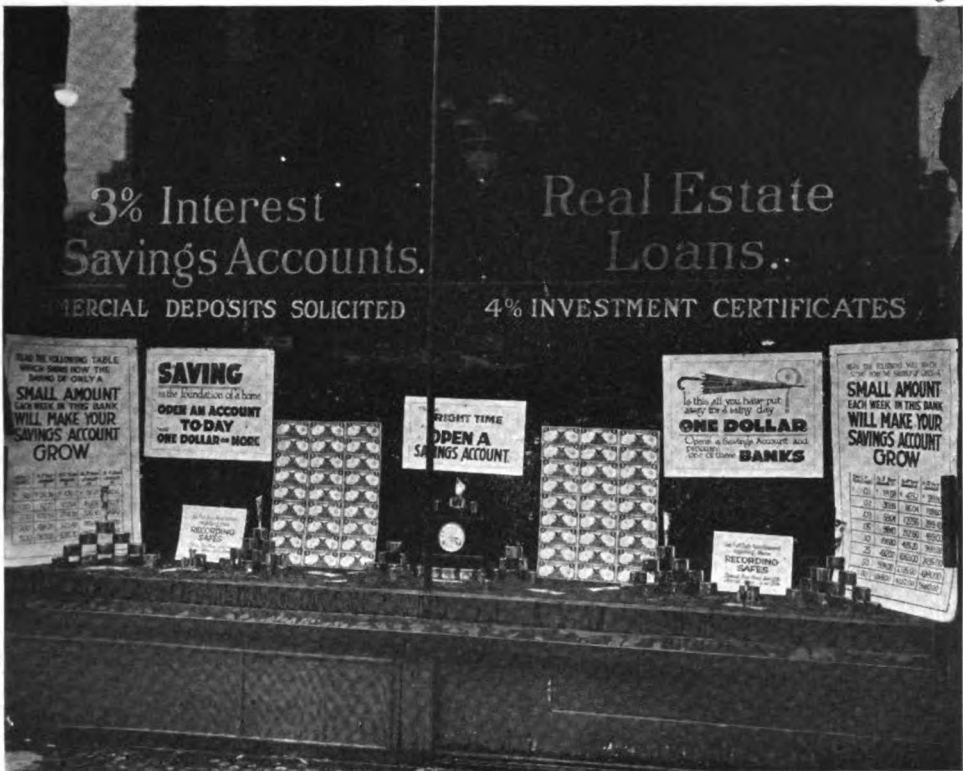
By D. G. Baird

CAN A bank by adopting some of the display methods of the department stores accomplish an opposite result—lead people to save their money instead of spending it?

That the display window is the most effective as well as the least expensive medium of advertising for retail stores has many times been attested by leading merchants in every line. William Filene's Sons Company,

of Boston, for example, have frequently been quoted to the effect that they value their display windows at \$100,000 a year; Lord and Taylor, of New York, are said to consider their windows worth \$150,000 a year, and the J. L. Hudson Company, Detroit department store, believes that each of its many display windows is worth at least \$10 a day.

These firms spend large sums



This display, described in the accompanying article, proved unusually productive of results and brought in a large number of new savings accounts

of money to keep their window displays attractive. Long experience has taught them that it pays to do so; that attractive displays draw shoppers into the store to spend their money.

Very few banks have ever experimented with window displays, with the exception of putting a sign or a few small coin banks in a small window. A bank has very little display material, of course, and it is probably for this reason that no more attention has been given the subject than has.

The Commonwealth Federal Savings Bank, of Detroit, has found a way to get adequate material for window displays and has proved that such displays may be used to induce people to save their money equally as well as to induce them to spend it.

This bank, located on one of the busiest downtown corners, has a very valuable display window that is seen by thousands of people each day. Several times the bank has been offered large sums by others for the use of the window, but up to the present time it has preferred to use the space itself or else to lend it to customers or to prospective customers.

Lending the display space to customers, the bank has found, not only promotes considerable goodwill, but actually increases business for itself. The displays are always attractive and interesting, and the bank profits by the attention that they draw and by the talk that they occasion.

All display matter shown in the window must, of course, be meritorious. Officials of the

bank always inquire carefully into this matter and anything that might in any way be objectionable is barred.

Saving life and property is of course laudable. One of the accompanying illustrations shows a display put in this window by the Travelers' Insurance Company, in which typical accidents are portrayed by means of showing toy automobiles in collision, an interurban electric car wrecked, and other miniature machines that frequently are involved in accidents. The display is a very good one and it attracted a great deal of interest. Incidentally, such a display reminds one of the advantage of having something in the bank for use in such emergencies.

The Detroit Board of Health also arranged a very interest-

ON PAGE 19—
 In our free booklet, "Little Life Stories from the Ledger," an interesting account is given of an unnecessary family disagreement over an estate. Call, or write for a copy.

DETROIT TRUST COMPANY
 Opposite Post Office, Detroit, Michigan

"TRUE TO ITS TRUSTS"

Safe deposit boxes for rent,
 \$4.00 a year and up
 Detroit Trust
 Safe Deposit Company

The headline in this trust advertisement is of the attention compelling variety

ing display in this window which it featured the food value of milk in comparison with other kinds of food. A prominent feature of this display was that of milk running into a glass container continually, while the container never became quite full to the running-over point. This was accomplished by the use of several glass tubes, arranged on the same principle as is often used in displays of beverages. The display was very instructive and gave the bank considerable publicity.

There is always a waiting list of customers who desire to use the display space, and the bank lets them use it much of the time. One of the accompanying illustrations shows, however, that the bank also makes very good use of the window itself.

Savings banks commonly spend considerable sums in ad-

vertising for new savings accounts. Here is a window display that costs only a few cents and that, during the week that it was featured, more than doubled the usual number of savings accounts received.

The display is strikingly attractive and is well balanced. The sight of money interests almost every one, and considerable money is used here; the two cards of dollar bills flanking the clock in the exact center of the display and the piles of coins on the floor in front of the pyramids of coin savings banks at each end, all being shiny, new money. The card above the clock assures one that "This is the right time to open a savings account". Two larger cards against the background near the ends of the window balance each other and contribute their messages of thrift. "Saving is the foundation of a

home", one of the cards reads, and urges the reader to, "Open an account today with one dollar or more". The other pictures an umbrella and asks: "Is this all you have put away for a rainy day? Open a savings account and procure one of these banks". The smaller cards call attention to advertisements in local papers of the recording coin safes shown. At each end of the window is a large card on which is shown a table of how savings accounts grow; one giving a table of daily savings, the other of weekly savings.

Similar displays are featured from time to time and always result in greatly increased numbers of new accounts opened during the time the display remains in the window and immediately afterward.

One of these displays was very helpful last season in securing members of the bank's Christmas Club which is one of the largest in the city. Card-board cut-outs were used, showing Santa Claus extending to Mrs. Member Claus an enlarged facsimile of one of the Christmas Club checks. The different classes of the Christmas Club were illustrated by pyramids of different sizes, with a descrip-

LOAN — SERVICE

You'd be surprised to know how seldom a borrower falls down in meeting the terms of a Morris Plan loan.

The terms are so reasonable.

The Chicago Morris Plan Bank
 21 North La Salle Street
 Capital \$1,000,000.00

A sample of Morris Plan Advertising by Chicago Morris Plan Bank

tion of the class represented painted on each figure.


While exact results could not be determined, executives of the bank express confidence that the display was a very important factor in their securing so large a Christmas Club last season.

"There can be no doubt of the value of the window displays", declared H. P. Parshall, assistant cashier, who exercises a general oversight of the displays, and who furnished the accompanying photographs. "We have found that every time we put in a display ourselves our usual number of new accounts received from week to week immediately takes a big jump, and when others have their displays in the window we hear of considerable comment which, of course, always includes the name of the bank. This word-of-mouth advertising serves us well in keeping us before the people of the city, so that when they think of a savings bank they think of Commonwealth Federal.

"Lending the window to our customers and prospective customers also promotes considerable goodwill. Each display is allowed to remain in the window for one week only, and there is always a waiting list of

IF YOU'LL set aside a part of your pay-check regularly for Savings, at the end of a year you'll have something more important than the money saved ---you'll have the *Savings habit.*

Why not start by making a deposit in our Savings Department before October 10th? Interest will begin on October 1st.



Wells-Dickey Trust Company
Second Avenue South at Fifth Street
Member of the Federal Reserve System
MINNEAPOLIS

A sound and persuasive savings argument. Unusually good

This Bank is as Near As Your Mail Box

MANY of our city depositors bank by mail to save making a trip to the bank.

MAIL us your check with your pass book and we will deposit such portion as you wish, returning the balance.

DEPOSITS made by Oct. 10th will earn interest from Oct. 1st.

Prorate **4 1/2%** compounded quarterly.

FARMERS & MECHANICS SAVINGS BANK
100 SOUTH 4TH ST. MINNEAPOLIS

Good head-line and arrangement of copy in this banking by mail advertisement

those who want to use the space.

"We have several times been offered considerable sums for the use of the window, but so far we have thought best to use it ourselves or else to lend it free of charge."



How Banks Are Advertising

THE BANK of America, New York, has recently issued a booklet under the title "A National Survey of State Debts and Securities". The booklet, which contains a profusion of well-prepared charts and tables, is an exhaustive survey and analysis of state indebtedness of all state governments within the United States.

THE NATIONAL BANK of the Republic, Chicago has issued a folder under the head of "The Country Banker's Friend in Deed", recording the bank's reaction to various periods of financial stress such as 1898, 1903, 1907, 1914, and 1920. For instance the bank says of the panic in 1907:

During the strenuous period

Banks of Yesterday and Tomorrow

THE history of the Bank of New York, founded by Alexander Hamilton, is contemporary with that of the nation itself. From Revolutionary times to the present the institution has preserved and intensified the vitality with which its founder endowed it.

Almost a century of experience lies behind the New York Life Insurance and Trust Company. Ahead of these two institutions, now merged, lies the opportunity for a larger service in the transaction of a general banking business and the execution of personal and corporate trusts.

Bank of New York & Trust Co.

Capital, Surplus and Undivided Profits over \$13,000,000

Banking Office—48 Wall St.

Trust Office—52 Wall St.

Well constructed historical copy by a bank which represents the consolidation of two of the country's oldest institutions

from October 26 to December 3, the Republic Bank did not call a single loan. Instead, it made several millions in new loans and notwithstanding the general use of clearing house certificates, it did not refuse a single request for currency from its correspondents in need of cash. In order that it might thus more fully serve its customer banks in this time of need, it imported \$1,000,000 in gold from Europe and increased its circulating notes to its legal maximum of \$2,000,000. In cases where circumstances indicated the wisdom of such action it even went so far as to offer to pay off the depositors of its bank correspondents. Its aim throughout the crisis was not to let a solvent customer fail.

"SOME NEW Aspects of Bond Selling and Advertising", a pamphlet sent out by the Wm. T. Mullally, Advertising, Inc., of New York and Chicago, contains some very forceful paragraphs on present day bond advertising. Regarding investment advertisements on the financial pages of the newspaper of today, the pamphlet says:

To the untrained and inexperienced the financial pages of the newspapers are a source of mystery and awe. Yet we cannot, for that reason, abandon the present type of financial advertisement. We must bear in mind

that probably a good majority of the present bond buyers are interested in the technical details that are of use in analyzing the value of an offering. They do not want to be told "This is a wonderful investment". They prefer to have the cold facts laid before them on which they can base their own opinion. We cannot, then, expect the investment banker to give up a form of advertising which serves a really useful purpose and results in profitable sales. We hope the day will come when new offerings are set up in more attractive style and with perhaps some helpful illustrations, but we fully realize that such changes come slowly and that there is much to be said for the present fashion.

Yet, conceding that we keep what is best and most useful in present bond advertising, is it not possible that we can also advertise in a way to interest the small investor? Such a step, it seems to us, is the next one to be taken in this field and we believe that success awaits the bond house that will do this after proper examination and planning.

THE CEDAR RAPIDS Savings Bank, Cedar Rapids, Iowa, has inaugurated a savings plan known as the "Monthly Statement Savings Plan". In a pamphlet relating to the plan which it has sent out the bank says:

Under this plan you decide how much you wish to save each

month—any amount from \$5.00 up. This amount you obligate yourself to pay just the same as you obligate yourself to pay for the things you buy and have charged at the stores. We send you a bill for this amount each month to reach you at the time you receive your monthly bills from the tradespeople with whom you deal. And as you write out the checks for your other monthly bills, you write one out for the amount you have agreed to pay your savings account. Then you mail out your checks and bills and among them is this check which you are really paying to yourself. We receive the checks, credit the amount to your savings and acknowledge receipt when we send your next bill.

With reference to the advantages attached to the plan, the bank lists the following:

- 1—You do not have to depend upon your memory and your determination in order to save regularly.
- 2—You do not have to come to the bank unless you want to.
- 3—You decide when to begin, how much to save and how long to continue.
- 4—You save the money in the way that you miss it least—that is, by considering it a regular item of monthly expense and paying it along with your monthly bills.
- 5—You put the matter of saving on an efficient, businesslike basis.
- 6—You are saving money regularly and consistently, which is the only sure way to make a success of saving.

"UNDER ONE ROOF", is the title of a booklet distributed by the First National Bank Central Wisconsin Trust Company, Madison, outlining the functions and facilities of the various departments of the bank.

"BUILDING a Firm Foundation", is the title of a savings pamphlet sent out by the Commercial Savings and Trust Company of Toledo. The copy in the pamphlet draws an analogy between the firm concrete and steel foundation on which the bank's new building is being erected and the foundation offered by a savings account as a means to financial success. A description of the bank's "Insured Savings Plan" is given in the pamphlet.

Bank Advertising Exchange

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

Watch for New Names and Other Changes.

- Albany, N. Y., Albany City Svgs. Institution, F. H. Williams, treas.
Asbury Park, N. J., Asbury Park Tr. Co., W. C. Rogers, secy.-treas.
Asheville, N. C., Hackney & Moale Co., P. E. Morrow.
Atlantic, Iowa, Iowa State Bank, H. M. Butzloff, asst. cash.
Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.
Battle Creek, Mich., Old National Bank, E. R. Obern, asst. cash.
Boston, Mass., Internat'l Tr. Co., T. F. Megan, asst. secy.
Boston, Mass., Nat'l Shawmut Bank, A. L. Winslip, V. P.
Boston, Mass., Old Colony Tr. Co., E. H. Kittedge, pub. mgr.
Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to Pres.
Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
Brooklyn, N. Y., Williamsburgh Svgs. Bank, V. A. Lersner, comp.
Bruxelles, Belgium, Moniteur des Interets Matériels, 27 Place de Louvain.
Buffalo, N. Y., Citizens Tr. Co., H. G. Hoffman, treas.
Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
Buffalo, N. Y., Marine Tr. Co., J. A. Edwards, adv. mgr.
Buffalo, N. Y., Peoples Bank, P. E. Illman, V. P.
Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Auracher, adv. mgr.
Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman.
Charleston, W. Va., Charleston Nat'l Bank, C. F. Snyder, Jr., adv. mgr.
Chattanooga, Tenn., American Tr. & Bkg. Co., E. L. Smith, asst. cash.
Chattanooga, Tenn., Chattanooga Svgs. Bank, J. W. Holdam, adv. mgr.
Chattanooga, Tenn., 1st Tr. & Svgs. Bank, J. H. McDowell.
Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
Chicago, Ill., American Press League, 11 S. La Salle St., T. J. Sullivan, pres.
Chicago, Ill., R. E. Bauder, 738 S. Michigan Ave.
Chicago, Ill., Critchfield and Co., L. E. Delson, finan. adv. mgr.
Chicago, Ill., Englewood State Bank, 63rd St. & Yale Ave., E. N. Baty, mgr. new bus. dept.
Chicago, Ill., Liberty Tr. & Svgs. Bank, A. L. Rosenhal, asst. cash.
Chicago, Ill., Merchants Loan & Tr. Co., C. A. Gode, adv. mgr.
Chicago, Ill., Nat'l City Bank.
Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
Chicago, Ill., Union Tr. Co., P. L. Hardesty, adv. dir.
Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
Cleveland, Ohio, Central Nat'l Bank Svgs. & Tr. Co., R. J. Izant, adv. mgr.
Cleveland, Ohio, Cleveland Trust Co., C. K. Matson, pub. mgr.
Cleveland, Ohio, Garfield Svgs. Bank, E. V. Newton, mgr. new bus. dept.
Cleveland, Ohio, Reliance Tr. Co., E. J. MacNab, asst. secy.
Cleveland, Ohio, Union Tr. Co., C. H. Handerson, pub. mgr.
Clinton, Iowa, City Nat'l Bank, A. C. Smith, pres.
Corona, Cal., 1st Nat'l Bank, P. L. Hudson, asst. cash.
Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
Denver, Colo., Denver Nat'l Bank, G. T. Wells, asst. cash.
Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, asst. cash.
Elmira, N. Y., 2nd Nat'l Bank, H. E. Mallory, adv. mgr.
Emporium, Pa., 1st Nat'l Bank, C. R. Zimmer.
Evansville, Ind., City Nat'l Bank, J. C. MacCorkle, pub. mgr.
Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
Flint, Mich., Citizens Commercial & Svgs. Bank, H. E. Potter, asst. cash.
Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
Gardner, Mass., Gardner Tr. Co., R. E. Merrill.
Greenville, Pa., Farmers & Merchants Tr. Co., M. M. Simons, asst. treas.
Greenville, S. C., American Bk. & Tr. Co., R. Anderson, cash.
Greenville, S. C., Woodside Nat'l Bank, J. L. Williams, V. P.
Haverhill, Mass., 1st Nat'l Bank, C. K. Wormwood, adv. mgr.
Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
Jacksonville, Fla., Atlantic Nat'l Bank, J. M. Quincy, asst. cash.
Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell.
Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy.
Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams.
Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
Kansas City, Mo., Commerce Banks, F. M. Staker, mgr. pub. dept.
Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
Lansing, Mich., Capital Nat'l Bank, H. D. Bennett, asst. cash.
Lima, Peru, S. A., Banco Mercantil Americano del Peru.
Los Angeles, Cal., 1st Nat'l Bank & Tr. & Svgs. Bank, R. M. MacNennon, adv. mgr.
Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
Madrid, Spain, Banco Hispano Sulizo, Para Empresa Electrica, Plaza Canalejas 3, E. C. Hirt.
Madison, S. D., Lake Co. Nat'l Bank, T. A. Wadden, V. P.
Manila, P. I., Banco de Las Islas Filipinas, W. T. Nolting, pres.
Meridian, Miss., Merchants & Farmers Bank, M. Keaton, mgr. svgs. dept.
Milwaukee, Wis., Second Ward Securities Co., R. P. Hammond, bus. serv. dept.
Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace.
Minneapolis, Minn., Midland Nat'l Bank, L. L. D. Stark, mgr. pub.
Minneapolis, Minn., Minnesota Loan & Tr. Co., W. E. Brockman, pub. mgr.
Minneapolis, Minn., Northwestern Nat'l Bank, F. Merrill, adv. mgr.
Missoula, Mont., Western Montana Nat'l Bank, J. Bennett.
Monterey, N. L., Mex., A. Zambrano, Jr., care of A. Zambrano y hijos, Apartado No. 6.
Montreal, Que., Bank of Hochelaga, 112 St. James St., H. G. Gonthier, dir. pub.
Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, adv. dept.
New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P. W. E. Brown, adv. mgr.
Newport News, Va., 1st Nat'l Bank, D. L. Downing, asst. cash.
N. Y. C., Ambrose R. Clark & Co., 71 Broadway.
N. Y. C., American Express Co., S. D. Malcolm, gen. mgr. adv. dept.

- N. Y. C., American Union Bank, R. Stein, asst. cash.
- N. Y. C., Banco di Roma, 1 Wall St., Rodolfo Bolla, American representative.
- N. Y. C., The Bankers Magazine.
- N. Y. C., Bank of America, 44 Wall St., W. Woolford.
- N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.
- N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
- N. Y. C., Henry L. Doherty & Co., 60 Wall St., T. B. Pratt.
- N. Y. C., Farmers Loan & Tr. Co., C. M. Rittenhouse.
- N. Y. C., Hoggson Bros., 485 5th Ave., E. L. Wight, pub. mgr.
- N. Y. C., Internat'l Bkg. Corp., R. F. Cray, asst. cash.
- N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, mgr. adv. dept.
- N. Y. C., Metropolitan Tr. Co., E. S. Van Leer.
- N. Y. C., Morris Plan Bank, 261 E'way, W. D. McLean, V. P.
- N. Y. C., New York Tr. Co., E. Langstroth.
- N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
- N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
- N. Y. C., S. W. Strauss & Co., 5th Ave. at 46th St., H. B. Mathews, adv. mgr.
- N. Y. C., Union Bank of Canada, 49 Wall St., A. G. Sclater.
- Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, adv. mgr.
- Norfolk, Va., Tidewater Bank & Tr. Co., G. W. C. Brown, asst. secy.
- Norfolk, Va., Virginia Nat'l Bank, R. J. Alfriend, Jr., asst. cash.
- Northampton, Mass., Hampshire County Trust Co., G. L. Willis, pres.
- Norwich, Conn., Chelsea Svgs. Bank, J. D. Cott, asst. treas.
- Oak Park, Ill., Oak Park Tr. and Svgs. Bank, L. A. Clarahan, mgr. new bus. dept.
- Orizaba, Ver., Mex., J. C. Gutierrez, Apartado 146.
- Paterson, N. J., 2nd Nat'l Bank, W. Van Blarcom, asst. cash.
- Pendleton, Ore., American Nat'l Bank, J. De Wilde, pub. mgr.
- Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hosbach.
- Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
- Phila., Pa., R. H. Thompson, 1524 Chestnut St.
- Phila., Pa., Tradesmen's Nat'l Bank, H. E. Dolly.
- Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett.
- Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter.
- Pittsburgh, Pa., Mellon Nat'l Bank, J. M. Williams, pub. mgr.
- Pittsburgh, Pa., W. H. Siviter, 122 Dithridge St.
- Pittsburgh, Pa., South Side Tr. Co., pub. mgr.
- Prague, Czechoslovakia, Bohemian Industrial Bank, head office.
- Raleigh, N. C., Citizens Nat'l Bank, R. A. Brown, asst. secy.
- Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbreth.
- Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., adv. mgr.
- Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
- Ridgewood, N. J., 1st Nat'l Bank, L. F. Spencer, V. P.
- Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
- Rochester, N. Y., East Side Svgs. Bank, C. C. Davy, atty.
- Rochester, N. Y., Union Tr. Co., A. J. Meyer, pub. dept.
- Rome, Italy, Banco di Roma, head office.
- San Antonio, Tex., Central Tr. Co., D. Ansley.
- San Francisco, Cal., 1002 Monadnock Bldg., L. G. Peade.
- San Francisco, Cal., Security Bk. & Tr. Co., W. P. Morrish, V. P.
- San Francisco, Cal., Union Tr. Co., M. Newman, asst. cash.
- Scranton, Pa., Anthracite Tr. Co., L. A. Haggerty, asst. treas.
- Scranton, Pa., 3rd Nat'l Bank, T. A. Hopps.
- Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
- Shelbyville, Ill., J. C. Eberspacher, asst. cash.
- Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
- Smithtown, N. Y., Nat'l Bank of Smithtown, J. A. Overton, cash.
- South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
- Spokane, Wash., Old Nat'l Bank, A. F. Brunkow, pub. mgr.
- Spokane, Wash., Union Tr. Co., W. J. Kommers, pres.
- St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, adv. mgr.
- St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
- St. Louis, Mo., Mercantile Tr. Co., S. P. Judd, pub. mgr.
- St. Louis, Mo., Nat'l Bank of Commerce, W. E. Weisenburger, adv. dir.
- Stockholm, Sweden, Aktiebolaget Svenska Handelsbanken, P. G. Norberg.
- Stroudsburg, Pa., C. B. Keller, Jr., cash.
- Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
- Tampa, Fla., Citizens Bank & Tr. Co., L. A. Bize, pres.
- Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Strelcher, new bus. dept.
- Toronto, Canada, Canadian Bank of Commerce, C. Elgers, head office.
- Toronto, Canada, H. J. Coon, 68 Farnham Ave.
- Toronto, Canada, Home Bank Monthly, Home Bank of Canada.
- Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off.
- Tuscaloosa, Ala., City Nat'l Bank, S. F. Clabaugh, cash.
- Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
- Valdosta, Ga., Merchants Bank of Valdosta, A. F. Winn, Jr., pres.
- Warren, Pa., Warren Nat'l Bk., E. W. Johnson.
- Washington, D. C., Federal Nat'l Bank, John Poole, pres.
- Washington, D. C., Union Tr. Co. of D. C., 15th & H Sts., W. S. Lyons.
- Washington, D. C., Washington Loan & Tr. Co., E. H. Thomson, pub. mgr.
- Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
- Wausau, Wis., Marathon Co. Bank, H. C. Berger, cash.
- Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
- Wellsboro, Pa., 1st Nat'l Bank, L. M. Matson, adv. dept.
- Westchester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall.
- Wilkes Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
- Wilkes Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. new bus. dept.
- Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, Jr., pres.
- Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
- Winston-Salem, N. C., Buck & Glenn, Inc., C. L. Glenn, secy.
- Winston-Salem, N. C., Wachovia Bank & Tr. Co., P. Garner, pub. mgr.
- Youngstown, Ohio, 1st Nat'l Bank, J. N. Higley, pub. mgr.
- Yuma, Ariz., Security Tr. & Svgs. Bank, J. O. Blethen, cash.
- Zurich, Switzerland, J. Muller, 49 Sonneggstrasse.
- Zurich, Switzerland, Union de Banques Suissees, H. de Muralt, sub-mgr.

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New Names

- San Francisco, Cal., Anglo-California Tr. Co., R. P. Anderson, asst. mgr. bus. dev. dept.
- Santa Rosa, Cal., American Nat'l Bank, J. G. Morrow, V. P. & cash.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**



TRINITY
CHURCH

The EQUITABLE ASSOCIATED J. P. MORGAN NEW YORK BANKERS UNITED STATES
TRUST BANKERS & STOCK EXCHANGE TRUST SUB-TREASURY
COMPANY CORPORATION COMPANY ANNEX COMPANY

Wall Street looking west toward Broadway

Helping Interior Banks to Offer Increased Facilities

IN discussing the merits of a nationwide branch banking system, proponents of such a system often place particular emphasis on the branch banks' ability to finance local requirements and offer complete banking facilities that are now beyond the powers of the smaller independent community institutions.

It is pointed out that the local bank is limited by law to the amount of credit that it may extend to any one customer, and through the limitations of its size is not able to offer local customers many valuable services that a large institution is fully equipped to perform.

This necessary limitation on the scope of the community bank often forces local industries to take a large portion of their business to the larger banks in the banking centers.

It is becoming increasingly apparent, therefore, that if the local bank is to

continue in the future to serve the best interests of its community as it has in the past, it must be enabled to give more complete service to its larger local depositors.

A method of meeting this situation seems to have been found in the organization of the Associated Bankers Corporation with headquarters at 35 Wall street, New York. This institution, as described in its prospectus, is "a national institution of associated banks organized to finance their excess credit requirements, to trade in bankers acceptances and to engage in underwriting".

A study of the organization and proposed operations of this corporation should be of interest to all who sympathize with the problems of local banks in best serving their localities.

By means of the intelligent coöperation of a large number of banks, the Associated Bankers Corporation pro-



CLARENCE M. SHERWOOD
PRESIDENT



JOHN JACOB ARNOLD
FIRST VICE-PRESIDENT



GEORGE B. CALDWELL
CHAIRMAN OF THE BOARD



CHARLES C. BARLOW
VICE-PRESIDENT AND TREASURER



ARTHUR C. QUAINTON
SECRETARY

OFFICERS OF THE ASSOCIATED BANKERS CORPORATION

poses to make it possible for each of these member banks to offer the same wide range of facilities to their customers as are offered by the large institutions in the financial centers.

For example, take the case of a manufacturing company in a comparatively small city which requires, and is entitled to, a large line of credit. Owing to the restrictions of law, the local bank is able to advance only a comparatively small proportion of the total amount required, and consequently the manufacturer must look to some large bank, probably in New York, for the balance of his requirements. This means carrying a large deposit to the New York bank which otherwise would have remained in the local bank had it been able to completely finance its customer.

Keeping the same example in mind, had the local bank been a member of Associated Bankers Corporation, it would have been able to finance the manufacturer's excess credit requirements by marketing its commercial paper without endorsement through the corporation.

The credit being obtained in this way, it would not be necessary for the manufacturer to open a New York account, and as a consequence, his local deposit would have been correspondingly increased, greatly to the benefit of the local bank.

This is a practical example of the way in which membership in the corporation would enable local banks to completely finance local customers through the marketing of their commercial paper.

It is estimated by the officials of the corporation that on its capital it will be able to handle more than \$500,000,000 of these excess bank credits annually.

As the scope of the organization will be nation-wide, it is felt that it will be instrumental in the regional distribution of credit by furnishing capital to the sections where it is needed, and furnishing investment for the surplus funds of other sections.

Another way in which the corporation will be of assistance to the interior



FRANKLIN D. ROOSEVELT

Formerly Assistant Secretary of the Navy; vice-president Fidelity & Deposit Co. of Maryland, Baltimore

bank will be in assisting it to find a more ready market for its bankers acceptances. Ordinarily the acceptances of many interior banks are discounted in the open market at a distinct disadvantage over those of larger and well known banks. Through the marketing facilities of the corporation, it is believed that the acceptances of its member banks will enjoy a readier and more profitable sale. In this connection the corporation is planning a vigorous campaign to bring about a greater appreciation of the worth of this class of investment.

Another service which membership in the corporation enables interior banks to offer to local industrial customers is the underwriting of bond issues of moderate amount. Hitherto such industrial customers of local banks have been compelled to look to the smaller investment houses to do their capital financing, as their bank has not been in a position to serve them in this capacity and the



ROBERT W. WOOLLEY

Former Director of the Mint and member of Interstate Commerce Commission



FREDERICK J. LISMAN

F. J. Lisman & Co., 61 Broadway, New York; director of numerous corporations

larger investment houses are not usually interested in underwriting the smaller issues. Member banks will now be interested in diverting this business to the Associated Bankers Corporation by reason of the funds received therefrom being deposited with them. A portion of each security underwritten by the corporation, it is planned will be offered in coöperation with the local bank to the investors of the locality where it originates. The balance will be placed in trust in a New York trust company to hold as security against the corporation's Collateral Trust Bonds. Investors who purchase the latter will possess an instrument whose soundness is based on a diversified selection of carefully chosen securities in various parts of the country, covering a wide variety of industries.

It is planned to acquaint the public

with the merit of these bonds through a comprehensive advertising campaign of national scope and to distribute them directly to investors, and also through member banks.

The officers of the corporation are as follows: George B. Caldwell, chairman of the board; Clarence M. Sherwood, president; John Jacob Arnold, first vice-president; Charles C. Barlow, vice-president and treasurer; Arthur C. Quainton, secretary.

Mr. Caldwell, chairman of the board, is president and a director of Sperry & Hutchinson Company. He was formerly vice-president of the Continental and Commercial Trust and Savings Bank of Chicago, and was the organizer and first president of the Investment Bankers Association of America. He is a director of the following corporations: Gotham National Bank, Cranford Trust Company, George C.

Moore Company, Inc., United Light and Railway Company.

Mr. Sherwood, the president, was formerly president of the Foreign Trade Banking Corporation, and has also been associated with the Chemical National Bank and the National City Bank of New York.

Mr. Arnold, first vice-president, was formerly vice-president of the First National Bank, Chicago. He also was formerly supervisor of international business for the Bank of Italy, San Francisco. He was a member of the first Pan-American Financial Conference and was the special delegate of the American Bankers Association to the first United States-Mexico Trade Conference in Mexico City in 1920.

Mr. Barlow, vice-president and treasurer, was formerly vice-president of the Yale National Bank, New Haven, Conn., and president of the Connecticut Bankers Association.

Mr. Quainton, secretary, was formerly commercial manager and director of Quead, Ltd., London.

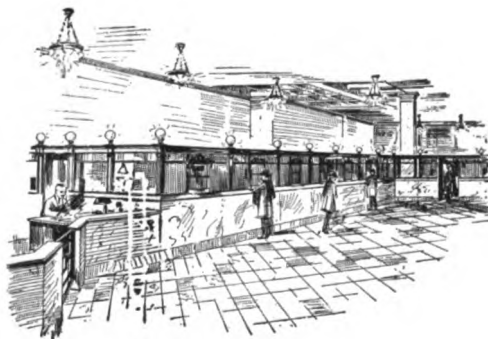
The board of directors, at present, also includes the following:

Earl Harding, formerly chairman of the board Colombian Commercial Corporation; Chas. E. Hoyt, treasurer South Norwalk Trust Company, South Norwalk, Conn.; F. J. Lisman of the firm of F. J. Lisman & Company, in-



Executive offices

vestment bankers, 61 Broadway, New York, director Alabama, Tennessee & Northern R. R. Corporation, Bush Terminal Company, Brunswick Terminal & Railway Securities Co.; member of executive committee Chamber of Commerce State of New York; director Chesterfield & Lancaster R. R.; director Railway Storage Battery Car Co., director Tampa & Jacksonville Ry.; John C. Motter, president Mechanics Trust Company of Harrisburg, Pa.; Franklin D. Roosevelt, formerly assistant secretary of the Navy; and now vice-president Fidelity and Deposit Company of Maryland; Robert W. Woolley, formerly Director of the Mint and member of the Interstate Commerce Commission.



Accounting department

Morris Plan Bankers Convention

THE problem of Morris Plan bankers throughout the United States is no longer a question of interesting sufficient capital, but is rather a question of finding borrowers for the capital entrusted to them, Thomas Coughlin, president of the Morris Plan Bankers Association, told delegates to the eighth annual convention, held in New York at the Waldorf-Astoria hotel October 9 to 11.

Mr. Coughlin declared that the development of public confidence in industrial banking as it is conducted under the Morris Plan is evidenced by the tremendous growth of its thrift business, represented by investment savings certificates. He said:

Our problem has changed from finding money to loan to finding borrowers for the money entrusted to us. This is a flattering evidence of the confidence of the public in us as trustees.

Delegates from ninety-eight cities representing banks that have loaned nearly \$385,000,000 to 1,820,844 persons during the past ten months attended the convention. The delegates included a number of women who are prominent in this development of banking, which has increased its volume of business from \$12,000,000 in 1915 to its present enormous size. Loans are made up to a period of one year by these banks in sums ranging from \$50 to \$5000, on endorsed notes and collateral. In discussing the types of loans made, H. B. Jackson, secretary of the Morris Plan Company of New York explained that they had changed from those of the "remedial type" to those of a constructive character. Mr. Jackson said:

While the remedial loan was the entering wedge of the Morris Plan and must always remain an important part of our work, it is to the constructive loan that we look with the greatest expectation of results. The small merchant desirous of expanding his business and the man just starting out for himself, each requiring capital, come to us and agree to pay a certain amount each week or month for the present use of needed money. At the end of the year they have

the money in the business, their debt to us has been paid almost without realization and they return for larger amounts, justified by their progress during the year and prospects of future business.

At the end of the first or second year, or possibly later, they have reached the point where seasonal accommodation is all they need and we send them to a commercial bank for their wants. Even while securing accommodation from the bank they may receive additional capital if needed.

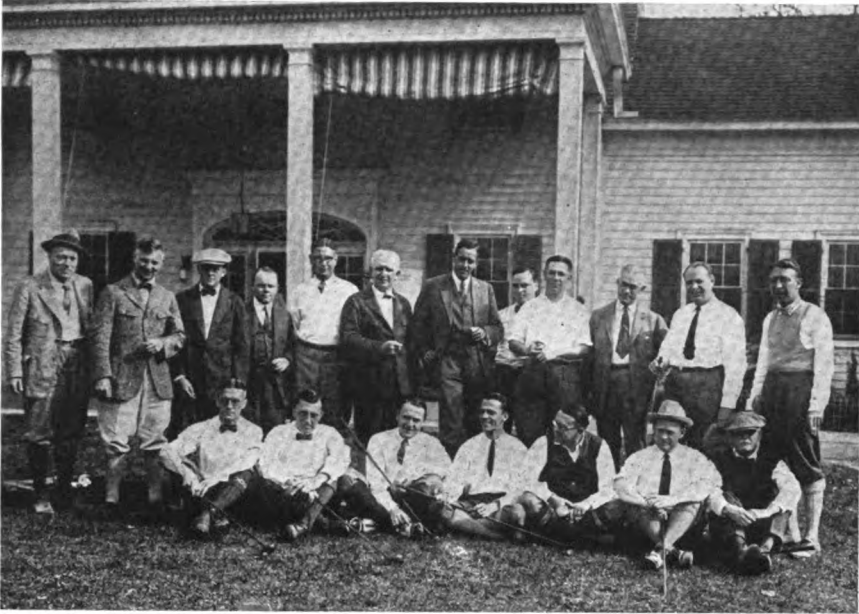
The manufacturers, distributors and jobbers from whom these small merchants buy, are realizing more and more that their customers' ability to secure money from the Morris Plan is an indication of good credit standing and a most desirable way for their patrons to obtain funds, inasmuch as the gradual payment of the instalments to us works no hardship on the borrower and the money received enables him to pay his bills punctually, taking his discounts.

The Morris Plan banking system meets the needs of seventy-five per cent. of the people of the country who have no other recourse to credit on terms which in any way approach those available to more fortunate persons, Wiloughby G. Walling, vice-president of the association, declared in discussing the growth of the system.

The solution of the differences between capital and labor depends in a large measure on the intelligent application of some form of profit-sharing, Philip Schaff, vice-president of the Youngstown, Ohio, Securities Company, told the delegates in his address to the convention.

Profit-sharing plans first introduced into the United States in 1879 have in a large measure failed of permanent success, the speaker said, ascribing the reasons to the difficulties of the problems to be met and the mechanical method of applying remedies. Some employers have been successful and they have reaped great benefits, not only in the increased happiness and well being of employees, but also in added profits through increased labor efficiency and greatly decreased labor turn-over. Mr. Schaff said:

Interest in profit-sharing has revived and waned in direct ratio to business activity.



© UNDERWOOD & UNDERWOOD, N. Y.

Group of delegates to Morris Plan Bankers Association Convention in New York just prior to playing blind bogie match at Grassy Sprain Golf Club, Bronxville

The period of depression, losses and failures following the war has automatically killed most of the profit-sharing plans installed. For the last decade the attitude of employers mainly has been one of indifference, lightened by momentary activity during the business revival due to the war.

Most of the early schemes of profit-sharing were discontinued as being too idealistic. It is not surprising that these efforts should have failed. A situation which has been developing itself for half a century without a check could not be corrected by the more or less mechanical acts of various boards of directors. A man is a man whether he wears overalls or sits at a desk, and he resents from the bottom of his heart anything that has a savor of paternalism about it. Most of these schemes looked that way to him.

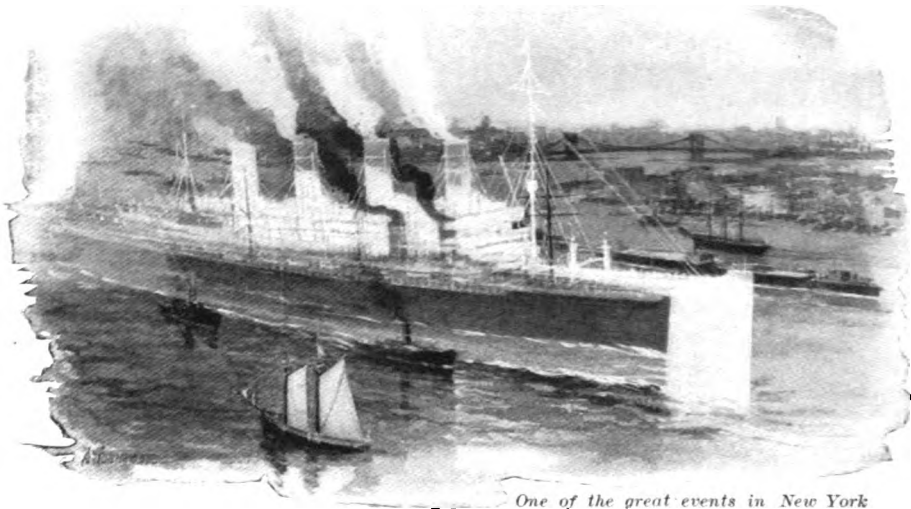
He had seen nothing and heard nothing in fifty years to contradict and refute these teachings, so why should he look with anything but suspicion at the overtures, whatever form they took?

The profit-sharing plan of the Youngstown Securities Company is not a profit-sharing plan strictly speaking; it is an investment and savings plan. We match 100 per cent. the savings of our employees, limiting them to 10 per cent. of their salaries. These savings and the bank's contributions are deposited each month. When they reach sufficient size they are invested, in the

bank's stock if possible. The life of the plan is five years. It is not compulsory, and the participant may withdraw all or part at the end of five years, or he may continue.

We believe in this plan and like it, and we are attempting to get various employers in Youngstown to adopt some similar plan, modified to suit their particular conditions. Under our principle when the time period elapses the employee has 125 per cent. of a year's salary which is a real sum to be used for some dignified purpose. It increases the length of service of employees, reduces turnover and instills pride in the participants in the idea.

Workers in Lawrence, Mass., gave evidence of thrift and prosperity during the twenty-two weeks strike of textile workers recently ended, according to J. Rodney Ball of the Lawrence Morris Plan Bank, who spoke on collateral loans. The strike, involving 13,000 workers and their families, brought a pressure on the loan resources of the bank, Mr. Ball said. "But delinquencies in payments of one day at the close of the strike on August 31 were but three-quarters of one per cent. of outstanding collateral loans," he added.



One of the great events in New York Harbor in 1883 was the launching of the latest Cunarder, the Etruria, an 8000-ton ship.

Modern Shipping and the "Old" Seaboard developed side by side

AT THE TIME that the Seaboard first opened shop in 1883 modern shipping was still in its swaddling clothes. Even as late as '84, the launching of an 8000-ton Cunarder was considered a wonderful achievement and the vessel was hailed "sovereign of the seas."

A mighty good ship, too, this ancestor of the Aquitania and Berengaria. But it could be tucked away in *one corner* of the modern Cunarders, six times as large.

Until 1885 New York's proud Harbor had only one safe entrance. In that year dynamite removed the last menacing rock of Hell Gate. Canal boats still busily

plied their trade in 1883, and cluttered up Coenties Slip around the corner from the Main Office.

Undreamed of progress has been made since 1883. "Step lively" has been the order of the day in all lines, in science, in business, in banking. But all the inventive and constructive genius of these 50 years would have counted for little except that there have been banks willing to keep step, willing to quicken pace along new lines, when properly safeguarded.

Such a bank is the Seaboard, sound and conservative but progressive and—when it suits the occasion—aggressive.



The Seaboard National Bank

OF THE CITY OF NEW YORK
with which is combined

The Mercantile Trust Company

Mercantile Branch
115 BROADWAY
At Cedar Street

Main Office
BROAD AND BEAVER STREETS

Uptown Branch
20 EAST 45TH STREET
Near Madison Ave.

"One month later this delinquency was just one-half this figure".

Wages in the textile industry in Lawrence today show tremendous gains over 1916, the speaker said, adding that:

Wages in the textile mills stand at 120 per cent. increase over January, 1916, or at \$22 a week as an average of all, except salaried employees, on a forty-eight hour basis as against \$9.90 per week of fifty-four hours six and a half years ago. The city is still in the throes of a real estate boom with rents one and a half times what they were in pre-war days. Savings in a grand total in the banks and trust companies of the city are about \$52,000,000, on which an average of 5 per cent is paid.

The newspaper was declared the best advertising medium for Morris Plan banks by J. O. Winslow, advertising manager for the New York Morris Plan Company. Mr. Winslow said:

The newspaper with its local circulation is the one best bet on which the Morris Plan manager should place his money. It goes into the home, is read by every member of the family usually in the evening when the husband and wife are most liable to discuss their financial affairs and to seek remedies if remedies are needed.

Among other speakers were A. A. Blumeyer, St. Louis, "Retail Automobile Financing"; Elza Hurst, Spokane, "Retail Trade Acceptances"; J. F. Green, "Full Paid Investment Certificates"; O. C. Carr, Evansville, Ind., "Installment Certificates and Savings Deposits"; J. B. Morris, New York, "Foreign Exchange".

At the annual dinner in the East Room of the Waldorf-Astoria the speakers were: Henry R. Towne, formerly president of the Merchants' Association; Herbert L. Satterlee, New York; Frank N. Steele, New Haven; and Charles Jerome Edwards, manager of the Equitable Life Assurance Society.

A letter of greeting was read from President Harding, in which he expressed the hope that the association might expand and grow in usefulness.

At the concluding session of the convention, Willoughby Walling, of Chicago, was elected president of the Morris Plan Bankers' Association. Other officers elected were: Vice-presidents, A. A. Blumeyer, St. Louis; H. J. Zeuch, Davenport, Ia.; Thomas M. Steele, New Haven, Conn.; Eugene W. Lewis, Detroit; secretary, Robert B. Umberger, Chicago.

The association presented a silver service to the retiring president, Thomas Coughlin, of Cleveland. The selection of the meeting place for the 1928 convention was left to the executive committee. The delegates and their guests spent the concluding afternoon of the convention at Grassy Sprain Club, Bronxville, where thirty golf enthusiasts among them took part in a tournament.

The following is a summary showing the growth of the Morris Plan Banks since 1915:

NUMBER OF BANKS—NINETY-EIGHT

To close of year:	Combined capital of Morris Plan Banks and Companies	Full paid and installment certificates outstanding	Volume of loans and acceptances	Number of borrowers
1915	\$ 3,978,280	\$ 722,949	\$ 12,685,214	101,741
1918	12,299,136	4,100,994	88,000,107	616,008
1921	13,396,553	14,668,448	282,914,373	1,585,336
To August 31, 1922	13,601,017	19,749,903	334,859,885	1,820,844



Book Reviews

HARVARD BUSINESS REVIEW. Vol 1. No. 1. Chicago: A. W. Shaw Company. Published quarterly for the Graduate School of Business Administration, Harvard University.

Volume 1, number 1, of this commendable quarterly publication contains much of practical interest to the banker. Such subjects as "Bank Management and the Business Cycle", by O. M. W. Sprague, professor of banking and finance in the graduate school at Harvard, and "Bank Reserves under the Federal Reserve System", by Frederic H. Curtiss, chairman of the board and Federal Reserve Agent, Federal Reserve Bank, Boston, are dealt with in a very thorough and enlightening fashion.

Professor Sprague who, in addition to his other duties, has a very important role in the American Institute of Banking Section of the American Bankers Association as chairman of the board of regents, is well known as the author of "History of Crises under the National Banking System", and "Theory and History of Banking", as well as numerous other contributions to banking and economic periodicals.

In his article in this review Professor Sprague turns his attention to such matters as the current ratio in credit analysis, credit conditions during the upward movement of the business cycle, and credit conditions during the period of inflation and readjustment. In conclusion he says that: "The situation presented by the business cycle requires the adoption of a policy that shall be in effective operation throughout the entire course of a period of business activity, a policy which takes account of the varying situation in particular industries and even of particular business concerns.

"The general adoption by the banks of a requirement that business borrowers show an improving current ratio in periods of activity would furnish a corrective possessing all of these essential characteristics, and others as well.

The fundamental reason for the adoption of the requirements of an improving current ratio is found in the gradual deterioration in the quality of current assets during the course of a period of business activity. To maintain a given degree of financial strength requires a gradual increase in the current ratio, or, which comes to the same thing, increasing deductions from inventory and receivable accounts. To take inventory at cost or market, whichever is the lower, is not sufficient at a time when there is a possibility of a decided shrinkage in merchandise values in the offing and a growing likelihood that collections will become difficult.

"In the administration of this requirement of an improving current ratio, no precise rule can be laid down. As with credit analysis in general, account must be taken of differences in the position of particular industries and of particular concerns."

Mr. Curtiss of the Boston Federal Reserve Bank in his article on bank reserves under the Federal Reserve System treats of such phases of this subject as the history of reserves against bank deposits, bank reserves and collection of depositors' checks, reserves under the Federal Reserve System, and operation of reserve requirements. He says that:

"For the most part those who have given careful study to the problems connected with the reserve requirements of member banks in the Federal Reserve System believe that any changes which are made in the present reserve requirements should only be such as to bring about a more logical, simple and practical method of procedure in calculating these reserves. . . .

"Whatever changes are made should be made gradually and after the most careful study of how such changes will affect each bank or group of banks. It is evidently desirable to have some logical theory of reserves formulated, which would be of value in considering every new amendment of the Federal

Reserve Act and serve as a guide for every ruling of the Federal Reserve Board or Comptroller of the Currency. Unless there is some radical change in the character of bank development in the United States in the future, unless, to mention only one example, branch banking as it is known in Canada and England supersedes the present independent banking system, statutory reserve requirements will probably always be a feature of American banking. It is hoped, however, that some consistent and scientific plan will be developed whereby the reserve specified will be sufficiently large to protect depositors, but not so large as to hamper the successful operation of our banks, a plan which will be equitable in its operation to both the large city bank with its heavy responsibilities and the small country bank operating in a limited territory."

In addition to the articles already commented on, the review includes articles on "The Future of American Export Trade", by Dr. Julius Klein, director of the Bureau of Foreign and Domestic Commerce at Washington; "Essential Groundwork for a Broad Executive Theory" by Wallace B. Donham, dean of the Harvard Graduate School of Business Administration, and formerly vice-president of the Old Colony Trust Company, Boston, and receiver for the Bay State Street Railway Company; "The Taxation of Capital Gains", by George O. May, senior partner of Price, Waterhouse and Company; and "Creditors' Committee Receiverships", by Arthur Stone Dewing, associate professor of banking and finance in the Harvard business school.



THE WORLD'S MONETARY PROBLEMS.

By Gustav Cassel. New York: E. P. Dutton and Company.

This volume consists of two memoranda, the first of which, written in the spring of 1920, concentrates on the

process of inflation, including the relinquishment of the gold standard in European nations, and the general rise in prices. Professor Cassel reviews the subject of European economic reconstruction particularly among the former belligerents and stresses the necessity of coöperation between the defeated and the so-called victorious nations of Europe.

The second memorandum was written during the deflation period of May, 1920, to May, 1921, takes up the question of stabilization of currency, and ends with a recommendation of some effective steps toward a reduction of the immense international indebtedness.

Dr. Cassel is a professor at the University of Stockholm, and, due largely to his work for the Brussels Conference, has become one of the most widely known of European economists.



THE A B C'S OF BUSINESS. By Henry S. McKee. New York: The Macmillan Company.

In this sane and sound presentation of some of the elementary principles of economics—the principles on which American business success has been built—Mr. McKee has made a substantial beginning in the task of complete and popular enlightenment on fundamental matters that deeply affect the daily life and work and welfare of all of us.

In his discussion of the complex character of our business organization, the misunderstanding of money, wages and wealth, the elements of banking, the abuse of our railways, and the subject of speculators and markets he has picked out the really essential principles, and presented them in a simple, reasonable way that brings them within the comprehension of the average adult who has had at least a grammar school education.

His chapters on America's place in international business and on the business consequences of the war are especially worthy of note.

Be Sure You Select the Right Bank

The far-reaching facilities, excellent organization and enormous resources of this large institution, dominant in the great Central West, will help solve your problems.

"First National Service" rendered correspondents and clients in every State in the Union covers the entire field of banking.

Selecting the right bank to take care of your mid-continental business should be a matter of vital importance to you.

It is a pleasure to answer letters of inquiry



BROADWAY—LOCUST—OLIVE

Largest National Bank West of the
Mississippi

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

NEARLY one-half of the \$1,071,-506,981.28 of outstanding state debts was contracted since this country entered the war and over a third since the beginning of 1920, according to the results of the Bank of America, New York, survey of states, debts and securities recently published. The increasing indebtedness of the states the Bank of America points out, reflects the growing tendency in recent years of the state governments to assume responsibility for large improvements and welfare measures and to finance them by means of long-term securities.

HALF OF STATE DEBTS INCURRED SINCE 1917

Since April 6, 1917, according to the Bank of America statistics, there has been issued a total of \$518,997,414.20 of the securities now outstanding and since January 1, 1920, a total of \$384,-899,997.53. All of the outstanding bonds of Arkansas, Illinois, Iowa, Michigan, Ohio, South Dakota, Washington, and West Virginia were issued since this country entered the war, and Oregon's present debt dates no further back than January 1, 1917. Of the states mentioned, the debts of Illinois, Iowa, Ohio and Washington were incurred since January 1, 1920.

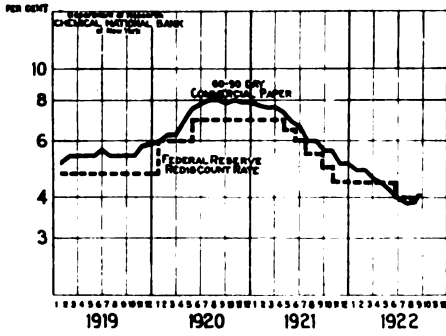
The World War was responsible for \$139,281,722.53 of outstanding indebt-

edness, or 18 per cent. of the total. This, of course, does not represent the cost of the war to the states nor even all the securities issued for war purposes. These bonds represent 26.8 per cent. of all the outstanding debt incurred by the states since the United States entered the war. Of this sum, the payment of soldiers' bonuses takes up altogether \$130,022,000, or 12.1 per cent. of the grand total debt, and the remainder is the cost of other welfare work for veterans and for war memorials. The classification "other military purposes" includes these latter as well as the cost of armory buildings, local insurrections and old Civil and Revolutionary war debts. The \$25,000,000 bond issue of Michigan, the \$20,905,000 issue of Minnesota, \$15,000,000 of Missouri, \$12,000,000 of New Jersey, \$20,000,000 of Ohio, \$10,000,000 of Oregon and \$12,500,000 of Washington—all for soldiers' bonuses—are outstanding examples of how the state debts have been affected by the war. All of Ohio's and Washington's bonded indebtedness is in the soldiers' bonus issues and all of New Hampshire's outstanding securities issued after our declaration of war have been for war purposes.

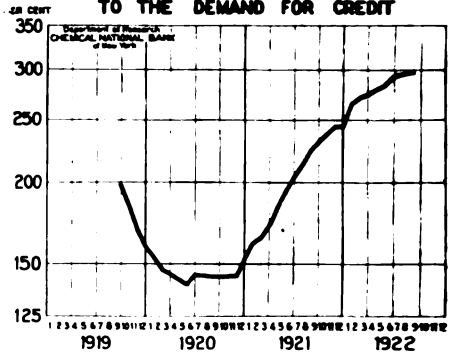
HIGHWAYS AND BRIDGES HEAD LIST

The construction of highways and bridges is by far the leading single purpose for which the outstanding debts

THE PRICE OF CREDIT



RATIO OF THE SUPPLY OF CREDIT TO THE DEMAND FOR CREDIT



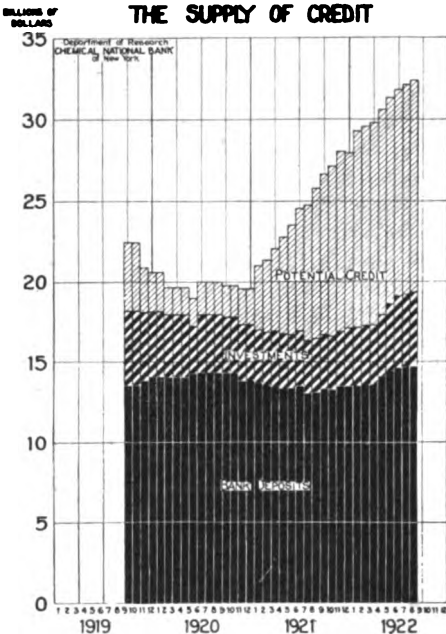
THE PRICE OF CREDIT, as reflected in interest rates on Commercial Paper, shows a tendency to be somewhat firmer. The rate now standing at 4-4½% for prime double name paper. The New York Federal Reserve Bank rediscount rate remains unchanged at 4%.

THE SUPPLY OF CREDIT continues to increase, due to further slight increases in Bank Deposits and Investments held by banks for their own account. The further increase in the potential supply of credit was caused by additions to the gold holdings of the Federal Reserve System.

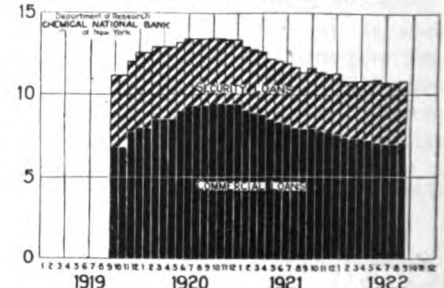
THE DEMAND FOR CREDIT, after declining practically continuously since October, 1920, registers an increase which is due to expansion in both the Security Loans (secured by Stocks and Bonds) and the Commercial Loans of the banks.

THE RATIO of the Supply of Credit to the Demand for Credit continues to advance, due to a relatively greater increase in the total Supply of Credit than in the total Demand for Credit. The ratio, standing at about 300, indicates that one-third of the total Supply is at present utilized.

THE SUPPLY OF CREDIT



THE DEMAND FOR CREDIT

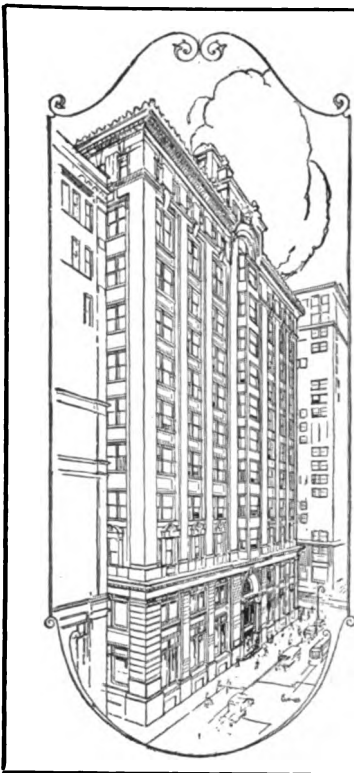


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The Credit Situation

were incurred, the Bank of America figures show, over a third of the total debt of the states having been contracted for this purpose. The total of \$367,687,100, which represents the value of securities to finance these highways, is further significant when it is remembered that the development of state highway systems is comparatively recent. It is also to be noted that a large proportion of these sums have

been doubled under the Federal Aid plan for highway building. And yet for all this highway development vital to our life and commerce the per capita debt is only about three and a half dollars. Among the noteworthy highway systems financed by large bond issues are those of California (\$55,000,000), New York (\$100,000,000), Oregon (\$81,700,000), and Pennsylvania (\$50,000,000).



Where Business Concentrates

St. Louis, the gateway and clearing house of a great fertile empire that is particularly her own, is entering into a new era of better business.

Out-of-town banks will need now more than ever accurate and rapid banking service in such a trade center. Proper collection facilities and credit information from St. Louis will be valuable in your trade-building efforts.

The National Bank of Commerce in St. Louis, with 65 years' experience; and capital, surplus and profits of over \$15,000,000, can best serve your needs for a St. Louis banking connection.

***The* NATIONAL BANK of COMMERCE**
***in* SAINT LOUIS**

JOHN G. LONSDALE, President

WATERWAYS AND HARBOR IMPROVEMENTS SECOND

Waterways and harbor improvements come second in the list of purposes with a total of \$218,891,400 or 20 per cent. of the aggregate debt. Other physical improvements, including the \$83,775,162 spent by Massachusetts on the transit, water, sewer and park systems of the metropolitan district, represent 9.5 per cent. of the total debt. With public buildings paid for by 1.9 per cent., it is significant that actual physical improvements represent fully 65.7 per cent. of the indebtedness and probably more, as some are undoubtedly included in each of the other classifications. The largest individual item in any classification is that of \$154,800,000 with which New York State has been financing its great canal projects.

FORTY-FIVE MILLION UNDER HEAD "AGRICULTURAL AID"

The paternalistic experiments of the agricultural states are reflected in the

\$45,156,189.39 total classified as "agricultural aid"—representing 4.2 per cent. of the aggregate. This includes such items as the bond issues for the capital stock of the Bank of North Dakota (\$2,000,000) and the \$37,950,000 for the rural credit operations of South Dakota, as well as aid by various states for agricultural experiment stations and forest preserves.

"FUNDING OPERATIONS" ONLY 11 PER CENT.

The small proportion, now only 11 per cent., classified as "funding operations" may be considered some indication of the decreasing practice of re-funding or the continuation of a debt after maturity. Probably a large part of the items in this and the miscellaneous classification would be under more definite groupings if the purposes had been more clearly specified in reports and state records.

A close chronological study of the issues shows that lump sum bond issues

G



Chartered 1836

Institutions Desiring Philadelphia Connections

are invited to avail themselves of the Banking, Trust, Real Estate and other facilities of this Company, which is now serving many clients in other cities.

The continued growth of this Company, without consolidation, since its establishment under perpetual charter in 1836, is evidence of the satisfactory service rendered.

Capital and Surplus . . .	\$10,000,000
Resources	56,000,000
Individual Trust Funds	285,000,000

Corporate Trust Funds . . . \$1,386,000,000

GIRARD TRUST COMPANY

Broad and Chestnut Streets, Philadelphia

**Member Federal
Reserve System**

**Effingham B. Morris
President**

OUR MISSION

HELPING Banks to Conserve Credit by timely diagnosis and friendly treatment of businesses they are subsidizing.

Most threatened losses can be forestalled or at least materially reduced by the employment of a trained emergency management to meet the situation. In our service there exists an effective combination of Industrial skill and Banking view-point.

BANKERS EQUITY, INC.

52 VANDERBILT AVENUE
NEW YORK

for a variety of purposes are decreasing in popularity, bond issues now more often being voted upon for specific purposes. The practice of funding into long-term obligations floating debts incurred for minor purposes or even current expenses and annual operating deficits, appears to be almost extinct. This may certainly be considered an indication of the trend towards more scientific business control of state finances, points out the Bank of America.

The total debt of all the state governments is \$1,071,506,981.28 or \$10.18 per capita according to the Bank of America's figures. This huge total includes only bonded indebtedness and not temporary indebtedness for which no bonds, notes or certificates are issued, and does not take account of sinking funds for paying off these debts.

NEW YORK'S DEBT NEARLY \$268,000,000

New York State's population, prosperity and great permanent improve-

ments are reflected in its bonded debt, which aggregates \$267,784,000. The cost of its canals, highway systems and state parks gives it the largest total debt of any state, although its per capita debt is comparatively low. Massachusetts is second with \$138,049,134.53, of which a large proportion represents the value of its metropolitan district improvements and highways. Following these are California with a debt of \$73,683,000, Pennsylvania with \$50,658,320.26, South Dakota with \$47,700,000 and Michigan with \$45,550,000. Kansas, Kentucky, Nebraska and Wisconsin have no bonded indebtedness, Kentucky owing \$5,312,438.77 on outstanding warrants and Wisconsin being indebted only to its trust funds to the extent of \$2,275,991.77.

The highest per capita debt of any state in the Union is that of South Dakota, the share of each inhabitant being \$75.02, seven and a half times the average for the nation. Oregon is second

The Transfer of Securities Made Easy

The transfer of securities by or for fiduciaries has become an intricate matter, requiring a knowledge of the statutes and decisions of every state.

THE STOCK TRANSFER GUIDE AND SERVICE

Authorized by the New York Stock
Transfer Association

Prepared and Maintained by The Corporation
Trust Company

gives you all the essential facts about each state—whether or not court orders or inheritance tax waivers are required, what forms must be executed and where to apply for them, what inheritance and stamp taxes must be paid, the uniform rules of practice of the New York Stock Transfer Association, etc. The matter under the various state headings has been revised by local attorneys, whose names are given, so that it has the aspect of local practice and experience.

The New York Stock Transfer Association, under whose authority the Stock Transfer Guide and Service is issued, is composed of the banks, trust companies and corporations doing the largest amount of transfer work in the United States, and the rulings and other data contained in the Service represent the experience of its members as to the best transfer procedure.

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WILMINGTON, DEL.

with \$54.50 per capita, Massachusetts third with \$35.83, New York fourth with \$25.79, Louisiana fifth with \$23.67 and Utah sixth with a per capita debt of \$22.33.

NEW ENGLAND HIGHEST PER CAPITA
OF ANY SECTION

New England has the highest per capita debt of any section, the Bank of America finds in grouping its figures according to the geographical areas of the country. Its debt per inhabitant is \$24.88, nearly two and a half times the average for the United States. At the opposite end of the country, the Pacific states Washington, Oregon and California are second having a per capita debt of \$23.15. The Middle Atlantic group of states, New York, New Jersey and Pennsylvania have a per capita debt of \$15.07 and the Mountain states, Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah and Nevada of \$12.07.

Below the average for the country as a whole are all divisions in the Middle West, the East North Central division having a per capita debt of \$3.69; the West North Central \$7.39; the South Atlantic \$9.20; the East South Central \$4.06, and the West South Central \$5.26.

It is interesting to note, the Bank of America points out, that the total for the state debts at present is very nearly the same as the Federal debt before the war. In 1913 the public debt of the United States Government was \$1,028,564,000 or about \$10.60 per capita. It is now about \$23,922,000,000 or about \$226 per capita.

NEW RECORDS IN SCHOOL SAVINGS
BANKING

School children deposited \$5,250,000,000 during the last school year in their school savings banking systems, according to the third annual compilation completed by the Savings Bank Division of the American Bankers Association. This is an increase of 40 per cent. over the preceding year and of 100 per cent. over the year 1919-1920.

1781

The Oldest Bank
in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of \$2,000,000, Surplus of \$3,000,000, and Undivided Profits of \$482,664.26, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

President

E. PUSEY PASSMORE

Vice-President

RICHARD S. MCKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

THE BANK OF
NORTH AMERICA

(NATIONAL BANK)

PHILADELPHIA

1922

The Association's tabulation gives the full record for 394 systems which indicates an increase of over 100 per cent. in the number of operating systems over the previous year. The Association has issued the following statement on school savings:

The primary purpose of school savings banking systems is to combine the practice of thrift with actual experience in systematic saving in the purpose of interest and in the economic functions of savings banks. It follows that the successful systems are the ones in which all pupils participate by obtaining a personal relationship as a bank depositor "just like daddy". A wider appreciation of these facts has led to a constant increase in the number of pupils participating in the savings systems as follows:

1919-1920	462,651
1920-1921	802,906
1921-1922	1,271,029

Whereas sixty-seven cities report that 75 per cent. or more of the total enrollment in school having savings systems are participating therein, a low average in other cities must be noted as there are 809,000 pupils in the schools which have systems who have not become participants.

The average gross deposit for the year decreased from \$15.17 to \$4.35 and the net saving per depositor decreased from \$3.01 to \$2.48. The bank balances at the end of the school year have increased during the last three years as follows:

1919-1920	\$3,391,494.88
1920-1921	4,434,876.17
1921-1922	6,382,542.76

The interest earned by the pupil's accounts during 1921-1922 amounted to \$121,139, an increase of 50 per cent. over the preceding year. The number of schools in which the system was operating was 4582 as compared with 3316 during the preceding year. The division continues to urge that every pupil be provided with this important educational project, the child being entitled to the benefit of such instructions because of its practical advantage in all his later years. Educational authorities are agreed on this point.

IS INFLATION COMING?

"One of the fundamental aspects of our business situation which appears to be commanding much attention at this time", says the W. J. Wollman and Co., review, "is the possibility of a period of inflation, called for the purpose of mitigating its most undesirable features, 'secondary inflation'. There are many

persons who not only believe that this is likely, but that we are already in the first stages of the process". The review continues:

No categorical answer can be given to this question unless its terms are defined. Practically everything depends on what is meant by "inflation". If we take the elementary position that a period of rising prices and mounting wages is inflation, that is one thing. In its broader interpretation, the term is used to imply a situation created by a rise in liabilities above assets that reaches the danger point. This would apply as well to the position of an individual or corporation as to that of the country at large. Any firm that has obligations heavily in excess of its available resources is inflated, and so a country that increases its liabilities above its reserve point is suffering from inflation. The position of several of the European countries furnishes examples of this.

In the United States we usually consider a state of inflation to have arisen when the supply of bank credits has reached a volume out of proportion to banking reserves. While this may be purely an American application of the term, it furnishes a pretty safe criterion for the guidance of business.

"INFLATION" LOOSELY USED OF LATE

"On various occasions of late", remarks the review of the First National Bank, St. Louis, "the opinion has been expressed that this country was about to enter into a period of secondary inflation. Some have even gone so far as to say that this movement is now under way. The word 'inflation' has been rather loosely used in recent years, so that almost any rise in prices is now designated as an inflationary movement". The review goes on to say:

Strictly speaking, inflation is brought about either through a depreciation of the monetary unit or by means of an arbitrary expansion of the supply of credit, such as that which was occasioned during the war by the flotation of large issues of Government securities. The sale of these securities was made possible by the various special credit arrangements which placed into the hands of the Government a large supply of purchasing power. The use of this unusually large supply of purchasing power created the foundation for the inflationary movement.

Neither of these two factors exist in the United States at present. The mere fact that prices are advancing somewhat cannot be interpreted as an inflationary tendency.

It is probably true that because of our huge holdings of gold, prices in this country can be maintained at a relatively high level. However, as long as our strong credit position is not abused, we have nothing to fear from a rising tendency in prices such as that which has been going on in recent months.

PRESIDENT HARDING ON THE BONUS

"President Harding has written no finer state paper than that which carried his reasons for vetoing the Soldiers' Bonus Bill", says an editorial in the *Budget*, a monthly magazine of the National Budget Committee. "Not only were his arguments in opposition both to the principle and the feasibility of that legislation unanswerable", continues the writer, "but their implications in view of the serious situation which confronts the Treasury are likewise worthy of the continued consideration of every patriotic citizen". The *Budget* says further:

In meeting the bonus issue squarely and definitely the President availed himself of an opportunity to lay before the people of the country the fundamental principles, the only principles, upon which the reestablishment of normal conditions, following the disastrous effects of the World War, is possible.

His veto message was not merely an answer to the advocates of a bonus for the soldiers. It was an anticipation of a hundred other schemes now hatching to make demands upon an exhausted Treasury in the confident assumption that if the money to pay for them is not there it can be raised easily by the simple process of levying new and heavier taxes. No anticipatory argument, however, will restrain those who are bent upon promoting enterprises for which someone else is to pay. Every one of the President's arguments, the purport of his whole message, was before the House of Representatives when it voted to override his veto, and he was sustained by the narrow margin of four votes only in the United States Senate, despite the fact that the great majority of the constituents of these Congressmen and Senators must have been in accord with the President's views.

Fortunately for the country, he prevailed in this particular instance, where a single item of proposed expenditure was colossal. He may not be so fortunate in the hundreds of instances which are sure to arise within the next two years, where the individual proposals will perhaps appear negligible, but where the aggregate of funds to



Established 1889

THIS Bank, because of its strength in resources and organization and its intimate knowledge of local industries gained through thirty-three years experience, is especially well equipped to handle your Buffalo business.

THE PEOPLES BANK OF BUFFALO

Resources over \$21,000,000.00

OFFICES

Seneca and Main Streets
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Main and Tupper Streets
(Uptown)

Niagara and Virginia Streets

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(Under Construction)

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

be taken from the public purse will be enormous. He has nevertheless proclaimed his policy boldly and clearly. It rests with those who pay the bills whether or not they will help him.

THE NEW TARIFF BILL

"After prolonged discussion", says the *Survey* of the Guaranty Trust Company, New York, "the Tariff Bill has been enacted, and became effective at midnight September 21. Advocates of the new tariff", continues the *Survey*, "contend that it is designed to yield about \$400,000,000 in revenue to the Government in the form of indirect taxation and to afford ample protection to American agricultural and manufacturing interests. Opponents of the law, on the other hand, feel that the protection granted is so high as inevitably to raise the cost of living unduly and to react unfavorably upon the domestic, as well

as the foreign, trade of the country". The *Survey* goes on to say:

The law contains certain provisions, other than high rates, which are extremely important and open to question on principle. These provisions are designed to render tariff rates changeable without further legislative action, in the discretion of the President. They give unusually wide powers to the executive branch of the Government either to increase or decrease rates within a range of 50 per cent. of those fixed in the Act and to change the basis of assessment of duties from foreign to American valuation. Where American valuation has been declared, however, the President may not then revise rates upward.

The granting to the President of such broad authority over the business and trade of the nation has received little comment, in spite of the great opposition which usually has been manifested to practically every extension of executive power in this country. This may be due to a recognition of the rapidity with which economic conditions are changing today and the usual tardiness of the legislative branch in meeting these changes. The new responsibility is certain to impose greatly added burdens on the Chief Executive, and it remains to be seen whether or not the President can act more promptly, and at the same time more helpfully, than does Congress in such circumstances.

SEVERE RESTRAINTS LARGELY REMOVED

"Severe restraints which were imposed by strikes upon the industrial activities and business progress of the country have been in greater degree removed", says the review of the Girard National Bank, Philadelphia. "Once again", continues the review, "the forward course has been resumed. In some important and compelling ways it has been accelerated. There has been ushered in a new period of inflation in the doings of the American people. Already, and quickly, its manifestations are unfolding. Economic forces in the United States have been combined and set going in ways which make the pace faster. Trade, business and finance are being put in line with the bigger stride". The review says further:

Indications now are that the productive activities of this country, certainly for some months to come, will be limited as to extent and volume by two factors only. One is labor supply, the other transportation. Coal

will be in urgent demand and can not be other than high under the conditions which exist, but, unless the winter shall be exceptionally severe, beginning early, and create unusual obstacles both to production and transportation of coal, at the same time making unusual demand, it is probable that the needs of individuals and industry can be reasonably well supplied regardless of the current scare talk to the contrary.

IMPROVEMENT IN LABOR CHIEF
DEVELOPMENT

"The chief development of the current month", says the bulletin of the Federal Reserve Board covering the month of September, "has been the improvement in the labor situation. The amount of voluntary unemployment has been greatly reduced, and wages have shown a distinct upward tendency. Mining output increased about 3 per cent. during August and has shown a tremendous expansion during September, due to the reopening of most of the bituminous and anthracite coal mines. Manufacturing is also being maintained at relatively high levels, increased production being reported in most important industries. The crop prospects are somewhat less encouraging than a month ago, as there has been a rather general deterioration of the growing crops. Both wholesale and retail trade showed marked expansion during August. Financial conditions continue to be very sound, while domestic money rates show a slight upward tendency. The general level of prices has remained constant during the past month; the August index number of the Federal Reserve Board being the same as that for July. The bulletin continues:

Manufacturing was slightly curtailed in August, but has recovered during September. Iron furnaces and steel mills are increasing their rate of production to satisfy the continued large demand of railroads and automobile companies. The market for non-ferrous metals continues reasonably strong and reflects a further increase in mine output of copper and lead. Cotton mills and knit goods factories have increased their output and woollen machinery is slightly more active, while August silk consumption was the largest for any month since 1919. The continued building activity has resulted in an improved demand for lumber, cement,



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Collections made promptly and on favorable terms on every part of the world

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E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

Real Banking Service on the Niagara Frontier

For seventy-two years The Marine Trust Company of Buffalo has given to its correspondents faithful and adequate service.

With our large resources, and a complete and competent organization, we can give you unequalled service in the transaction of business on the Niagara Frontier.

MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus . . . \$17,000,000.00

and other building materials. Petroleum consumption has increased due to the shortage of other fuel, but stocks continue to accumulate.

The volume of employment has increased during September in consequence of the return to work of several hundred thousand coal miners, railroad shopmen and textile workers. The period from August 15 to September 15, moreover, contained by far the largest number of wage increases reported in any month since the decline of business activity in 1920. The most important increases occurred at copper mines, steel mills, cotton mills and in the building industry. Unskilled or semi-skilled workers received most of these advances.

CROP CONDITIONS

The average condition of farm crops declined somewhat during August. The cotton crop has suffered severe damage from boll weevils and from drought. Ginnings prior to September 1 were much larger than in either 1920 or 1921. The estimates of the corn crop have been much reduced, but the

prospects for spring wheat have considerably improved. The grain crops are being marketed more slowly than last year except in the case of rye.

Wholesale trade improved substantially during August in all reporting lines. Every district reported increases in dry goods sales, which averaged almost 50 per cent. higher than in July. Sales of furniture and shoes were also much larger. Comparisons with a year ago indicate improvement for all lines except groceries and shoes. Retail trade improved considerably during August, and the volume of business was larger in most sections than in August, 1921.

The banks are in a strong position and are meeting the seasonal demand for credit with ease. This seasonal demand has led to increases in both call and time money rates at New York. Federal Reserve Banks have somewhat increased their bill holdings. European exchange rates have generally declined during September, and there has also been a slight decline in Asiatic exchanges. The value of exports was practically the same in August as in July, but there was a moderate increase in the value of imports.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

THE INTERNATIONAL ACCEPTANCE BANK, INC.

The International Acceptance Bank, Inc., 31 Pine street, New York, in its last statement of condition as of September 15, 1922, reported total resources of \$52,190,743.61.

This bank is chartered under the banking laws of the State of New York and operates under the provisions of Section 25 of the Federal Reserve Act.

One unique feature of its organization is that instead of establishing foreign branches, it has enlisted among its stockholders some of the leading banks and banking firms throughout the world, including twenty-two domestic banks, thus, instead of competing with local institutions in foreign countries and our domestic banks, it works with them, and in that way establishes close relationship, which is of great value to its stockholding banks and their clients.

The bank was organized in April, 1921, for the purpose of financing and furthering the world's overseas commerce, through the medium of dollar acceptances or cash advances, and where credits are desired in foreign currencies, it is unusually well equipped to furnish such facilities through its foreign stockholding institutions.

An analysis of its recent financial statement shows that since its organization a year and a half ago, it has made very satisfactory progress. Its statement of December 31, 1921, showed that it had acceptances outstanding at that time amounting to \$11,089,000 with undivided profits of \$82,000. Its statement of April 19, 1922, (its first birthday) showed acceptances outstanding of \$13,641,000 with undivided profits of \$392,742 and its present statement (Sept. 15, 1922) showed acceptances outstanding of \$24,144,000 with undivided profits of \$791,714, on which date it stood first on the list of banks in the United States with regard to acceptances outstanding.

The officers are as follows: Paul M. Warburg, chairman board of directors; F. Abbott Goodhue, president; Daniel G. Wing, vice-president board of directors; P. J.

Vogel, vice-president; I. Nachmann, vice-president; Fletcher L. Gill, treasurer; James P. Warburg, secretary; John E. Shea, auditor.

The board of directors consists of the following: Paul M. Warburg, chairman board of directors; Daniel G. Wing, president First National Bank of Boston; F. Abbott Goodhue, president; Newcomb Carlton, president W. U. Telegraph Co., N. Y.; Emory W. Clark, president First National Bank in Detroit; Walter E. Frew, president Corn Exchange Bank, New York; F. H. Goff, president Cleveland Trust Co., Cleveland; Robert F. Herrick, Herrick, Smith, Donald & Farley, Boston; J. R. McAllister, president Franklin National Bank, Philadelphia; Charles B. Seger, president U. S. Rubber Co., New York; Lawrence H. Shearman, W. R. Grace & Co., New York; William Skinner, William Skinner & Sons, New York; H. C. Sonne, Huth & Co., New York; Philip Stockton, president Old Colony Trust Co., Boston; Felix M. Warburg, Kuhn, Loeb & Co., New York; Thos. H. West, Jr., president, Rhode Island Hospital Trust Co., Providence.

The complete statement of condition as of September 15 follows:

RESOURCES

Stockholders' uncalled liability	\$5,000,000.00
Cash on hand and due from banks..\$	4,323,131.72
Acceptances of other banks	1,964,396.54
U. S. Government securities	10,711,562.30
Loans and Discounts	3,913,881.47
Other bonds, securities, etc.	3,597,605.19
Customers' liability, acceptances (less anticipations \$2,014,431.03) ..	22,110,470.18
Customers' liability under letters of credit	5,569,696.21
Total	\$52,190,743.61

LIABILITIES

Subscribed capital and surplus	\$15,250,000.00
Capital paid in	\$10,250,000.00
Undivided profits	791,714.10
Reserves	76,573.07
Due to banks and customers.....	11,356,063.79
Acceptances outstanding (less held in portfolio \$65,666.92).....	24,144,696.44
Letters of credit	5,569,696.21
Total	\$52,190,743.61

OUTLINE ON BANK ORGANIZATION

An outline on "Bank Organization and Administration", prepared by Godfrey F. Berger for the New York Chapter, Inc., American Institute of Banking, has been published by the chapter. Mr. Berger is with the New York State Banking Department, and was formerly connected with the Marine Trust Company, the People's Bank, and the Citizen's Trust Company, all of



GODFREY F. BERGER
New York State Banking Department

Buffalo. He is a member of the board of governors of the New York chapter of the institute, and conducts the course of the chapter on bank organization and administration.

The purpose of Mr. Berger's outline is to provide the students of New York chapter with a basis for the study of the various kinds and types of banking institutions in New York City and its surrounding territory. It contains a synopsis of the subjects shown in the general outline which is given on pages 5 and 6.

The outline is offered as a general summary of the particular phase of banking it undertakes to describe. It does not purport

to be an exhaustive textbook on banking.

The outline was reviewed and constructive criticism was provided by James Ratt-ray, assistant vice-president Guaranty Trust Company; Adolph Johnson, National Bank of Commerce in New York; J. B. Birmingham, assistant cashier National City Bank; Harry L. Tomkins, Irving National Bank; Ernest T. Love, assistant cashier Chase National Bank. The outline on credits was reviewed by A. F. Maxwell, second vice-president National Bank of Commerce in New York; M. H. Howell, assistant vice-president Chase National Bank; Joseph L. Morris, credit manager Federal Reserve Bank of New York. The outline on foreign exchange department was reviewed by H. D. Nagel, executive manager foreign department Equitable Trust Company.

The book is furnished at cost to students and to those not taking the course.

NEW UPTOWN OFFICE FOR
NEW YORK TRUST

The New York Trust Company announces its intention of opening a new uptown office in the Forty-second street district. For this purpose the Company has acquired the four-story and basement building at the southeast corner of Fortieth street and Madison avenue, formerly the residence of the late General Horace Porter, which will be remodelled for business use. The banking quarters of the Trust Company will occupy the lower floors while the upper floors will be rented for business purposes. It is expected that the new office will be opened for business at the beginning of the year 1928.

BANK OF CENTRAL AND SOUTH
AMERICA, INC.

Announcement was made recently by the Bank of Central and South America, Inc., of the facilities it has developed in five countries.

"We own, in Peru, Banco Mercantil Americano del Peru, with head office at Lima and branches at five of the principal points; in Colombia, Banco Mercantil Americano de Colombia, with head office at Medellin and branches in six cities; in Venezuela, Banco Mercantil Americano de Caracas, with head office at Caracas and three branches.

"In addition we have a controlling interest in Banco Mercantil de Costa Rica, situated at San José, and in the National Bank of Nicaragua, with head office at Managua and branches at three other points. Besides the

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$515,000

OFFICERS

JULIAN D. FAIBCHILD, *President*
JULIAN P. FAIBCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*
HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

usual foreign banking transactions, all of our subsidiaries conduct locally a general banking business."

JOHN W. PEDDIE

John W. Peddie, formerly a vice-president of the Garfield National Bank, New York, has become affiliated with S. W. Straus & Co.

MECHANICS & METALS NATIONAL BANK APPOINTS NEW VICE-PRESIDENTS

The board of directors of the Mechanics & Metals National Bank of New York have appointed Frederick W. Gehle and M. G. B. Whelpley, vice-presidents of the bank. They have also named A. F. Bryan and George Dusenbury, assistant cashier, and P. M. Sayford, auditor.

The two new vice-presidents have been elevated from positions within the bank, Mr. Gehle having been director of publicity and Mr. Whelpley manager of the bond department. Mr. Gehle became associated with the bank in 1916, when he left the position of Wall Street Editor of the *New York Evening Post* to head the advertising and new business department of the bank. One feature of Mr. Gehle's work has been the preparation of the monthly letter of the Mechanics & Metals National Bank, which is now read in every part of the civilized world, and is widely quoted on current economic questions.

Mr. Whelpley entered the bank in 1919 at the close of the war and upon his return from France, where he served as Captain of Field Infantry with the American Expeditionary Forces. His early business experience was gained in the middle west, where his activities were confined to commercial credits. In 1915 he entered the employ of



FREDERICK W. GEHLE

Recently appointed vice-president Mechanics and Metals National Bank, New York

Harris, Forbes & Company, where he remained until he entered the first Plattsburg Camp in 1917. Since 1919 he had handled the bond purchasing of the Mechanics & Metals National Bank and supervised its investment relations with customers.

WILLIAM GAMBLE

William Gamble, vice-president of the Irving National Bank, New York, in charge of the Aetna office of that institution at 92

West Broadway, died suddenly from a heart attack at his home, 600 West One-hundred and Fifteenth street, on September 29. He had not been in robust health since an illness several months ago.

Mr. Gamble, who was one of the most widely known merchants in the produce commission district, was born July 11, 1847, near Portadown, Ireland. He came to the United States in October, 1866. Five years later he founded the produce commission house of William Gamble and Company which met with substantial success under his direction, and of which he was president and a director at the time of his death.

In 1904, he helped organize the Aetna National Bank, becoming a director and vice-president of that institution. In 1918, the Aetna was consolidated with the Broadway Trust Company, which later became the Irving Trust Company and in 1920 merged with the Irving National Bank. Mr. Gamble retained the position of vice-president through these successive mergers. He was also a member of the advisory board of the Irving's Aetna office; president and a director of the William Gamble Realty Company, Inc., and treasurer and a director of the Brown-Gamble Realty Company, Inc.

GOODELL, WILLIS & CO. DIRECTORS

Guy Emerson, a vice-president of the National Bank of Commerce and Burgoyne Hamilton, of the real estate firm of Hamilton, Iselin & Co., have been elected to the board of directors of Goodell, Willis & Co., Inc., real estate mortgage bond bankers, 80 East Forty-second street.

Mr. Emerson is widely known for his work in the New York district during the Liberty Loan campaign. Mr. Hamilton is a director of the Western Connecticut Title and Mortgage Co., and of the International Silver Company and the Bridgeport Brass Company.

Goodell, Willis & Co. was recent organized to finance high-class apartment buildings, hotels and mercantile buildings and to issue mortgage bonds securities in form available for small investors. The chairman of the board of directors is Benjamin E. Smythe, formerly vice-president of the Liberty National Bank and at one time president of the New York State Bankers Association. R. H. Goodell, formerly of R. H. Goodell & Co., investment bankers of Chicago and New York, is president of the company.

NATIONAL BANK OF COMMERCE ELECTS NEW DIRECTORS

John T. Dorrance and Edward D. Duffield have been elected directors of the National Bank of Commerce in New York. Mr. Dorrance is president of the Joseph Campbell Company, Camden, N. J. and Mr. Duffield is president of the Prudential Insurance Co. of America.

B. E. SMYTHE

W. I. Brower, manager of the bank audit department Marwick, Mitchell & Co., New York, will hereafter have associated with him, B. E. Smythe.

For many years, Mr. Smythe has held executive positions with important New York banks, and was recently president of the New York State Bankers Association.

UNITED STATES MORTGAGE AND TRUST COMPANY

The board of directors of the bank have declared a quarterly dividend of 4 per cent. on the capital stock of the Company, payable October 2, 1922, to stockholders of record September 29, 1922.

DISCOUNT CORPORATION STATEMENT

The Discount Corporation of New York issued its statement of condition September 30, showing total assets of \$92,821,167 and surplus and undivided profits of \$2,248,250. Acceptances discounted and United States Treasury certificates held by the corporation amounted to \$75,098,990, United States Treasury and Victory notes at par \$14,059,350, and cash and due from banks \$1,628,261. Loans payable and deposits of the corporation as of Sept. 30 amounted to \$20,751,028.

GEORGE B. CALDWELL

George B. Caldwell has been added to the directorate of the Gotham National Bank of New York.

ENGINEERS' UNION TO HAVE BANK IN NEW YORK

The national organization of the Brotherhood of Locomotive Engineers has decided to establish a bank in New York in addition to the one already operated at Cleveland,

it was announced recently by Warren S. Stone, president of the union.

Capital for the new institution will be drawn from funds accumulated by the brotherhood, said Mr. Stone.

Detailed plans for the new bank remained to be worked out, he said, but it is intended to have it in operation within a year.

START WORK ON NEW BRANCH

The corner stone of the new bank building of the Bank of United States, New York, at the corner of Madison avenue and One hundred and Sixteenth street was laid recently. Dr. J. Gardiner Smith, president of the Harlem Board of Commerce, delivered the address of welcome to which Bernard K. Marcus, vice-president of the bank, responded. Joseph S. Marcus, founder and president of the bank, presided at the ceremonies.

The Bank of United States was organized by Mr. Marcus in 1913. In 1918 the resources of the institution were \$6,000,000 and at the present time resources amount to more than \$40,000,000.

A. W. Aherns, who has been affiliated as an executive with the organization since 1914, will act as manager of the Harlem branch. The banking hours will be from 9 a. m. until 8 p. m., including Saturdays, to accommodate the working men in that section of the city.

EDWIN S. MARSTON

Edwin S. Marston who resigned last summer the presidency of the Farmers Loan & Trust Company, N. Y., that he had held for twenty-four years, died suddenly of heart disease at his country residence in Florham Park, N. J.

Mr. Marston was born in New York seventy-one years ago, and received his education in the public schools and at City College. In all he spent thirty-eight years in the service of the Farmers Loan and Trust Company advancing from the office of assistant secretary until he succeeded Roswell G. Rolston as head of the institution. During the panic of 1907, as one of the members of the Trust Company Committee of Five he took an active part in the relief of measures then put into effect.

Among the many important corporations at whose boards Mr. Marston had held a place were the Fidelity & Casualty Company, Lackawanna Steel, New York Railways, Greenwich Savings Bank, New York & Queens Electric Light and Power, Amer-



WE like to meet
the bookkeeper
who is hard to
please! How his
face lights up
when he uses a
Dixon's Eldorado!

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Both are supreme in their
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His own experience as executor led him to change his will

A MAN, after serving as executor under the will of a friend, added a codicil to his own will, appointing a trust company as co-executor to act as his brother.

"I found," he wrote his attorney, "that a friend's executor, I lacked the time, experience, professional knowledge which would enable me to discharge my duties as executor. It would be a great burden of responsibility and you will be interested in my suggestion that you help of a trust company in looking after the interests of my wife and children."

It is no reflection on the ability or integrity of anyone who may have named executor or named co-executor. By so doing you will be relieved of a great burden of responsibility and you will be interested in my suggestion that you help of a trust company in looking after the interests of your family which will be left in someone's hands.

THE EQUITABLE TRUST COMPANY OF NEW YORK
37 WALL STREET
LITTON OFFICE
NEW YORK CITY



"Guilty of embezzlement"

A verdict of the courtroom on the plaintiff—a widow—was that the defendant had been her trustee. He had appropriated her money. But little remained of the substantial estate her husband had left her. She was all but penniless.

"I had no fault to find," said the judge's verdict, "but the necessary to protect your wife against any negligence on the part of a trustee as an individual trustee often lacks the time, professional knowledge required to satisfactorily conserve the property of others."

Officers of The Equitable will act as trustee of life insurance and for the benefit of dependents.



Which will she choose?

A speculative stock—or a safe bond?

HIS WIFE had left her \$50,000 invested in sound 5% bonds.

Within a month the bonds will mature. She must receive the money. Common sense urges her to buy another sound 5% bond. A clever salesman, capitalizing her desire to increase her income, offers increased expense, value but promises...



"It was a good investment—ten years ago"

IT frequently happens that a busy man, getting as trustee of an estate, will make an investment within the bounds of discretion conferred by the will and then discuss the matter for years.

He may think his duty—and...



"I have lost confidence in his judgment"

IT IS NOT UNUSUAL for people who have become trustees regarding the handling of their estates...



Test your own will during your lifetime

MANY MEN MAKE WILLS and afterwards ponder over the question of whether the provisions as outlined will best suit the requirements of their families.

There is a way of testing your will during your own lifetime.

The creation of a voluntary or living trust enables the maker to test during his life the working out of a trust which he may wish to be operative after his death.

If the trust is established for the benefit of a wife, the maker can note any obvious defects in the arrangements, and by modifying may obviate subsequent difficulties and perplexities.

Our Trust officers will be glad to discuss the Voluntary or Living Trust with you at any time.

THE EQUITABLE TRUST COMPANY OF NEW YORK
37 WALL STREET
LITTON OFFICE
NEW YORK CITY



When a trust company said "No"

A WEALTHY MAN DIED, leaving his property in the hands of a trust company to be administered for the benefit of his wife and children.

The widow recommended the purchase of stock in a new and doubtful venture, promising large returns. She asked the trust company's consent to a large investment and the company, acting under the terms of the trust agreement, refused it.

"Some time later the widow said to the officers of the trust company: 'I'm so glad you would not let me invest in that stock. The venture had failed and her property was in a state of ruin. The trust company had advised against it.'

A trust for the protection of your wife and property may be so elastic in its provisions as you may wish. The officers of The Equitable will explain to you in detail the various ways in which a trust can be furthered—without obligation, of course.

THE EQUITABLE TRUST COMPANY OF NEW YORK
37 WALL STREET
LITTON OFFICE
NEW YORK CITY

ican Foreign Securities. At the time of his death he was vice-president of the New Jersey Zinc Company. His clubs included the Metropolitan, Manhattan, India House and Morris County Golf.

EQUITABLE TRUST COMPANY'S ADVERTISING EXHIBIT

On the opposite page is reproduced the advertising exhibit of the Equitable Trust Company of New York which was shown during the convention of the American Bankers Association.

A number of banks displayed specimens of their current advertising in a special room at the Commodore Hotel given over for this purpose. Amongst the exhibits, that of the Equitable Trust Company attracted a great deal of favorable comment and was universally praised by bank advertising experts.

These advertising exhibits were an attractive feature of this year's convention, and it is hoped that they will be continued at the future conventions.

U. S. MORTGAGE AND TRUST OPENS NEW BRANCH

The United States Mortgage and Trust Company, New York, has announced the opening of its new Madison avenue and One hundred and Seventy-third street branch in charge of John A. Hopper, vice-president. The building housing the new uptown branch is considered one of the finest and most modern banking structures in the country. It was designed by Henry Otis Chapman, architect, and much of the work of supervising the construction was in charge of Henry L. Servoss, vice-president of the United States Mortgage & Trust Co. The cornerstone of the building was laid early last January.

As a complete banking unit the new building contains practically everything needed in the way of comfort, convenience and safety. Modern devices have been installed throughout. The United States Safe Deposit Company's vaults, which occupy a part of the basement, embody all of the latest features such as combination emergency door and forced air ventilation in the main vault. To meet the needs of women clients of the trust company, the new branch is equipped with a special ladies' department in charge of Mrs. William Laimbeer, assistant secretary of the company.

MONTROSE STUART

Montrose Stuart has been appointed assistant secretary of the New York Trust Company.

PLAN MARITIME TRUST COMPANY

The New York State Superintendent of Banking has approved a certificate of incorporation for the Maritime Trust Company of America, which will have its headquarters in New York. The company will specialize in import and export trade and will have a capital of \$1,000,000, divided into 1000 shares of \$100 par value, and a paid-in surplus of \$1,000,000. A charter will be issued to the company upon completion of its organization. It is planned to create a bank with which shipping, export, coal, oil, manufacturing and foreign trade interests will be especially identified.

Those interested in the formation of the company are H. H. Raymond, president American Steamship Owners' Association and Clyde Steamship Lines; Frank C. Munson, president Munson Lines; W. H. La Boyteaux, president Johnson & Higgins; R. Stanley Dollar of San Francisco, vice-president Robert Dollar Co. and president Admiral Oriental Lines; Clifford D. Mallory, president C. D. Mallory & Co., Inc.; Homer L. Ferguson, president Newport News Shipbuilding & Drydock Co.; J. Howard Pew, president Sun Company of Philadelphia; P. W. Alexander, president Wesel, Duval & Co., 25 Broad street; Herbert B. Lee, lawyer, 27 William street; Ira Campbell, lawyer, 27 William street.

BIBLIOGRAPHY OF 2700 BUSINESS BOOKS

The Dixie Business Book Shop at 140 Greenwich street, New York, has prepared a very comprehensive pamphlet listing 2700 business books, comprising new, in print, used, and out of print books adapted for special libraries, individual reading courses, investment firms, executives and banks.

The books are on accounting, advertising, banking, business biography, bond and interest tables, business cycles, business letters, commercial law, commodities, corporations, credits and collections, dictionaries, economics, efficiency, finance, foreign exchange, foreign trade, foreign economics, general business, industrial problems, insurance and real estate, investment, management, marketing, organized markets, prices, public finance, railroads, salesman-

Established Over Half Century

1865



1922

C. C. SHAYNE & CO.

Manufacturers of

STRICTLY RELIABLE FURS



**EXCLUSIVE
MODELS**

IN THE SEASON'S

**FASHIONABLE
FURS**

**COATS - CAPES
SCARFS and MUFFS**

**MEN'S FUR AND FUR LINED
COATS**

**CLOTH COATS WITH FUR
COLLARS**

126 West 42nd Street

New York

ship, secretarial aids, sociology, speculation, tariff and taxation, year books.

FARMERS LOAN AND TRUST ISSUES GUIDE TO NEW YORK

Concurrent with the convention of the American Bankers Association, the Farmers Loan and Trust Company of New York issued a guide book to the city, fully descriptive of the various subway, elevated, surface, and omnibus lines, taxicabs, railway stations, churches, hotels, restaurants, tea rooms, shops, theaters, and principal points of interest. The book includes a map of New York, and a directory of numbers at the junction of important avenues and streets. The company also issued pamphlets on hotel information for the convention, and a schedule of European mail steamers for October.

BANK OF NEW YORK DISTRIBUTES "OLD NEW YORK"

"Old New York" is the title of a profusely illustrated little book distributed by the Bank of New York and Trust Company. The book describes in a very comprehensive manner the development of New York from the time of the settlement and occupation of Manhattan Island by the Dutch in 1626 up to the present day. Among the illustrations are many rare old prints.

STORY OF THE NATIONAL PARK BANK

"The Making of an Institution", published by the National Park Bank of New York, gives a full and very readable account of the activities and growth of the bank from the date of its founding sixty-six years ago. The book contains a reproduction in colors of a painting by Vernon Howe Bailey of the main floor and lobby of the bank. Some very interesting comparative statistics on various phases of national development since 1856 are included in the book.

NATIONAL CITY COMPANY DESCRIBES ITS SERVICES

The National City Company of New York, in order to give to delegates to the convention of the American Bankers Association some idea of the complete character of the service which it gives to the bankers and investors of the world, issued a well illustrated booklet, "Bonds and Bankers".

JOSEPH BUFFINGTON, JR.

Joseph Buffington, Jr., of Redmond & Company has been transferred from the Pittsburgh office of the company to Philadelphia where he will have charge of the municipal bond department.

ROGER H. WILLIAMS

Roger H. Williams has resigned as vice-president of the National Bank of Commerce, New York, and will become a partner in the investment banking firm of Estabrook & Co.

HARRY LAWTON

Harry Lawton, formerly with the Guaranty Trust Company, New York, has joined the New York staff of the Hibernia Securities Company, Inc.

KNAUTH, NACHOD & KUHNE

Knauth, Nachod & Kuhne, New York, have issued for distribution an automobile route map of the metropolitan district of New York in booklet form. It also shows the location of the numerous golf and country clubs in this district.

LAND TITLE AND TRUST COMPANY

The statement of condition of the Land Title and Trust Company of Philadelphia at September 30, showed total resources of \$35,512,956.56, surplus \$10,000,000, undivided profits \$802,376.05 and deposits \$21,710,580.51. The total trust funds were \$54,942,051.60.

ALBANY TRUST COMPANY

The statement of condition of the Albany Trust Company, Albany, N. Y., at September 30, showed total resources of \$9,892,191.30, surplus and undivided profits \$506,083.67 and deposits \$8,922,369.75.

IRVING NATIONAL IN BANK MERGER

Directors of the Irving National Bank and the Columbia Trust Company of New York have voted to consolidate the two institutions. Shareholders of both will be asked to meet in special session to vote on the proposal.

Under the plan, the consolidated institution will operate under a State charter and be known as the Irving-Columbia Bank and

*"Made by the Mile
Sold by the Foot"*

OFFICE PARTITIONS

STOCK AND SPECIAL DESIGNS



MOUNT & ROBERTSON
INCORPORATED

53 BEAVER STREET · NEW YORK
Telephone 1957 Broad



LEWIS E. PIERSON
Chairman of the board, Irving National Bank



HARRY E. WARD
President Irving National Bank

Trust Company, with a capital of \$17,500,000 and surplus and undivided profits of \$10,500,000. Of the capital, \$12,500,000, or share for share of its present capital stock, will be contributed by the Irving, and \$5,000,000, share for share of its present capital, by the Columbia Trust Company. The surplus and undivided profits will be contributed on the same pro rata basis by each institution. The plans provide for the maintenance of fourteen offices and the retention of the present official and clerical staffs of both institutions.

Lewis E. Pierson, chairman of the board, and Harry E. Ward, president of the Irving National Bank, will both hold the same offices in the new company. Willard V. King, president of the Columbia Trust Company, who contemplated retiring on account of his health, will be chairman of the advisory board, in charge of the offices at 60 Broadway, the present headquarters of the Columbia Trust Company.

The Irving National Bank was originally organized as a State bank in 1851 and for more than seventy years has specialized in commercial banking. During the last twenty years, it has steadily expanded under its

present management until its deposits in the last published statement were \$240,000,000. Its offices in Manhattan are at 233 Broadway, 60 East Forty-second street, 81 Fulton street, Broadway and Eighth street, Fifth Avenue and Thirty-second street and 92 Broadway, and in Brooklyn at 350 Fulton street, Flatbush and Linden avenues and New Utrecht avenue and Fifty-third street. Its directors are:

M. M. Belding, William C. Breed, F. A. M. Burrell, Warren Cruikshank, William K. Dick, Austin B. Fletcher, Henry Fletcher, Alexander Gilbert, Rollin P. Grant, Harold A. Hatch, Thomas B. Kent, Lee Kohns, Frederic G. Lee, John H. Love, Adam K. Luke, Arthur W. Milburn, Sidney Z. Mitchell, Daniel P. Morse, Hubert T. Parson, Charles E. Perkins, Lewis E. Pierson, John J. Pulley, Harry H. Raymond, J. L. Reiss, J. H. Schoonmaker, William Skinner, Alfred H. Swayne, Gustav Vintschger, Harry E. Ward, Charles E. Warren, T. F. Whitmarsh, Daniel W. Whitmore, Harry M. Williams.

The Columbia Trust Company was organized in 1884 and in addition to furnishing full banking facilities has devoted

ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

its efforts to upbuilding its trust department. Its deposits amount to more than \$90,000,000. It maintains offices in Manhattan at 60 Broadway, Fifth avenue and Thirty-fourth street, Park avenue and Forty-eighth street and 125th street and Seventh avenue and in the Bronx at 148th street and Third avenue. Its directors are:

Charles H. Keep, Benjamin L. Allen, Ancell H. Ball, Howard Bayne, Samuel G. Bayne, Union N. Bethell, Franklin Q. Brown, Harry I. Caesar, A. E. Carlton, Newcomb Carlton, Edward H. Clark, George C. Clark, Jr., H. B. Clark, Edward Cornell, Joseph Cotton, Moreau Delano, James M. Gifford, J. H. Harding, Willard V. King, Philip Lehman, Alfred E. Marling, A. G. Paine, Jr., W. A. Phillips, F. L. Robbins, Jr., Noah C. Rogers, Arthur Sachs, Frederick Strauss, William A. Tucker, Elisha Walker, Frederick W. White.

In the official announcement given out jointly by the two banking institutions, this comment was made:

"This merger, while important because of its size, is particularly noteworthy as a logical development in the combination of the specialized services of both institutions, which for the convenience of their customers will cover the metropolitan district through

established offices in important locations in Manhattan, Brooklyn and the Bronx."

NEW YORK FINANCIAL ADVERTISERS FORM CLUB

A specialized advertising association has been formed at New York under the name of the Association of Financial Advertising Services. This new association is composed of professional organizations serving banks, trust companies, financial houses and allied interests in connection with their advertising.

The organizations represented at the meeting were the Edwin Bird Wilson Advertising Company and the Bankers Service Corporation, New York; The Harvey Blodgett Co., St. Paul; William Ganson Rose, Inc., Cleveland; Purse Printing Company, Chattanooga, Tenn., and the Craddick Service, Minneapolis.

Edwin Bird Wilson was elected president, Harvey Blodgett, vice-president and G. Prather Knapp, vice-president Bankers Service Corporation, secretary-treasurer.

The board of directors is composed of the following: Edwin Bird Wilson, R. T. Purse, Harvey Blodgett, H. B. Craddick, R. B. Nisbet, Jr., and William Ganson Rose.



THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SIXTH YEAR

DECEMBER 1922

VOLUME CV, NO. 6

The New American Tariff

NOW that the new Tariff Law has gone into effect there is but one thing to do, and that is to make the best of it. Possibly its effects may not prove so direful as some of its enemies have predicted. At any rate the new measure must be given a fair trial. Should it either result in raising prices beyond the point of endurance or completely cut off our foreign trade, repeal or amendment may be expected. Business men have to carry on, irrespective of the impediments which politicians may place in their way. Those who believe in the beneficence of high protection will not regard the tariff as an obstacle to their operations but as an encouragement for them to go ahead and develop their industries with the assurance that the domestic market is secured to them against an invasion of foreign-made wares.

There has been some talk of late that the country has seen the last of political tariffs and that hereafter our tariff laws will be enacted purely as economic measures. But it must be remembered that not even the most scientific tariff would enact itself economically. It must gain political support in order to get upon the statute-book. Besides, economic students who have their own views as to the kind of tariff we ought to have will not be amiss to seeing their theories put to the test of experience. It may be that the Fordney-McCumber Tariff will be less destructive of our foreign trade than has been commonly supposed. It is said that President Harding is especially gratified over the elastic provisions of the law. In a letter to Mr. Mondell, the Republican leader of the House, he has extolled the new law as "a truly constructive foundation of our commercial policy". Real protection, in the opinion of the President, comes from coöperation with foreign nations, and the elastic provisions of the law are declared to offer the opportunity for such coöperation. "The last thing in our thought", declares the President, "is aloofness from the rest of the world. We wish to be helpful, neighborly, and useful. To protect ourselves first, and then to use strength accruing through that policy for the general welfare

of mankind is our sincere purpose". We may be taking as odd means of showing this in passing a high tariff law as a man does in showing his affection for his wife by beating her. But if the law works out as the President hopes, his position will be sustained. One thing is pretty certain: this country will not long tolerate a tariff that is harmful to the true interests of our people. But this character has not yet been fixed upon the law. It may prove either good or bad, but until we have found out its real effects by experience we may as well avoid going into hysterics over the matter. In the end intelligence and common sense will prevail, and this country will prosper whether the tariff is high or low.



The End of the Year

BEFORE another issue of THE BANKERS MAGAZINE appears the year 1922 will have completely passed into history. It has not been the best of years either in our own land or in a number of others. Nor has it been by any means the worst. We have had serious industrial troubles, but in the main they have gradually subsided and peace has come after weary months of bickering and strife. Again we have learned the old lesson, that employers and employees must work together if they are to work at all, and that one group can not be pitted in warfare against another without seriously injuring not only those directly concerned in the struggle but the entire community as well.

Looking toward Europe we find many of the problems left by the World War still unsettled, this uncertain condition not only preventing an economic restoration in those lands most directly affected but reacting upon our own domestic situation as well. The aftermath of hate and suspicion which war almost inevitably entails still delays the return of European prosperity. Fortunately, we are not enveloped by this unkindly atmosphere. It would be a good thing for us and for the world if our immunity from old-world strife would lend us that clarity of vision that would enable us to be leaders in the work of restoring the blessings of peace and prosperity to a world still distressed by the burdens which the great struggle imposed. Willingness to help in this noble enterprise is not lacking, but as to the best means to be employed there exists great diversity of judgment. Having the desire to help, the right way must be found in time.

May the asperities which have tended to keep men and nations apart be buried with the departing year.

Spirit of the Bankers Convention

AS was to be expected from the assembling of so large and representative a body of men, the recent meeting of the American Bankers Association in New York produced some ideas which are destined to have an important bearing upon the future economic life of the country. The bankers who gather in these annual conventions do not meet to represent either partisan or sectional interests, and it may be fairly said that their deliberations take on a much broader aspect than the confines of the calling of which the membership is composed. This might be expected from the fact that, in a general sense, the bankers of the United States represent the entire commercial and industrial fabric of the country.

It was not without special significance that the first resolution reported should deal with "the elimination of all unnecessary expenditures in order that taxes weighing heavily upon business may be still further reduced". This is the matter of prime importance in our present economic situation, and the admonition given by the bankers ought to be taken to heart by State and Federal authorities. There is altogether too much evidence that the need for the strictest governmental economy is not yet fully realized. The bankers speak of this need purely from an economic standpoint, without reference to partisan considerations.

The second resolution reported was hardly less important. It disapproved "of the continued attempts to establish further Government commissions which tend more and more to hamper the industrial and commercial development of the country and in an unnecessary way increase the cost of doing business", and recommended for like reasons, "the discontinuance of such existing commissions as experience may prove unnecessary". These commissions in many instances are not only costly in themselves, but their activities too often take the form of ignorant meddling with the legitimate business interests of the country. Furthermore, they represent a disposition on the part of Congress to evade direct responsibility for dealing with troublesome conditions by passing this duty over to a commission, composed in too many instances of men who know little either of legislation or of the particular requirements of the business with which they are required to deal.

The resolutions reported in regard to Europe and the tariff may well be quoted in full:

"We call attention again to the seriousness of the foreign situation, especially of Europe, which is affecting detrimentally our own conditions and preventing even those industries in our country which are not dependent upon foreign trade from recovering fully from the depression which otherwise would be rapidly disappearing.

"There is no possibility of a healthy and normal situation in this country until the nations with whom we trade are able to pay us for what they import. As this can be done in the main only by the means of exports to us, we trust that the President will not hesitate to make use of the power granted him by the new tariff law to make such adjustments in the schedules as may be necessary from time to time for a restoration of our international commerce.

"We believe that the time has come for the Government of our country to formulate the principles on which it will be able to coöperate with other nations to bring about the needed rehabilitation of European countries and peace in the world.

"To this end we urge the Administration to consider the advisability of promptly making its representative upon the Reparation Commission an official of that body; we also recommend to Congress that there be granted to the Debt Funding Commission such further powers as will enable it to negotiate more effectively with the foreign nations now debtors of the United States."

These resolutions are of especial significance. They mean that we have got to show more concern in European affairs than being mere onlookers, and that our tariff policy must not be allowed to cripple our international trade.

The address of Thomas W. Lamont, of J. P. Morgan & Co., clearly pointed out our great opportunity and responsibility with respect to world affairs. Mr. Lamont did not scold our people for their apparent apathy. He eulogized the United States for its wonderful progress and the helpfulness our people have displayed in alleviating the suffering the Great War entailed, but he temperately admonished us that our own fortunate position, in the face of so much distress and disorganization in other lands, imposed upon us very serious obligations. He very pertinently inquired whether we were fully mindful of these great responsibilities.

Throughout the deliberations, addresses and resolutions of the New York convention reflected great credit upon the American Bankers Association and rendered that great organization still further entitled to public confidence and respect.



Great Britain Begins Debt Payment to the United States

IN one of the London daily newspapers, under a Washington date of October 16, occurred this laconic dispatch:

"Messrs. J. P. Morgan and Co. today paid, on behalf of the British Government, to the Federal Reserve Bank at New York,

for the account of the United States Government, a cheque for \$40,000,000, as an instalment of interest on the British war debt to America. This is the first interest the United States has received from any of the Allied Governments on account of war debts since May, 1919."

This concise statement marks a most important epoch in the history of war finance. That history is too well known to need rehearsal, but certainly the action taken by the British Government in this instance is of too great significance to be allowed to pass without recognition. Time was when the payment of a debt, individual or international, was so much a matter of course as to excite no interest. But as regards international debts this is no longer so. The Great War caused the piling up of such huge international debts as to make it a matter of extreme difficulty for some of the debtors to meet their obligations. In some cases no attempt has been made to meet them, and even their existence has been ignored. There has developed out of this situation a philosophy which may be styled "A New Way To Pay Old Debts"; namely, by cancelling them. This principle of getting rid of creditors has achieved great and sudden popularity. But one country, at least, refuses to be guided by it. Although heavily in debt, with industry and trade depressed, and large numbers unemployed, with an almost intolerable burden of taxation, Great Britain ignores all these conditions which might be pleaded as evidences of inability to meet her obligations, and makes payment as announced in the dispatch mentioned above.

In applauding this courageous action we in the United States are open to the suspicion that our approval arises from satisfaction in getting back the money that is due us. But there is a much deeper cause for satisfaction than that, namely, the feeling that domestic stress, however severe, does not relieve a nation from its international obligations. By acting in accordance with this view Great Britain not only upholds her own credit but goes far toward restoring faith in world credit, for it is difficult to believe that this example will not be noted by other countries and at least some steps taken to recognize the sanctity of their obligations.

It is hardly saying too much to declare that faith in a British obligation formed the keystone of the arch of international credit, and so long as any doubt existed as to the possible course to be taken by that country in regard to its war debt the credit of the world remained under a cloud. That cloud has now been dispelled so far as could be done by the action of a single one of the chief debtor nations. Very likely the benefit to British credit will largely outweigh the sacrifice which the policy of debt paying entails; and if other nations, in proportion to their respective abilities, would

manifest the same degree of moral responsibility in regard to their debts as Great Britain has done, they would probably find it a profitable course. The example that country has set the world can not be too highly commended.



Mr. McKenna's Address to the Bankers

ONE of the notable features at the recent convention of the American Bankers Association in New York was the address of Hon. Reginald McKenna, former British Chancellor of the Exchequer and now chairman of the London Joint City and Midland Bank, Limited. The address was interesting on account of its clear analysis of some of the outstanding facts in international finance, and particularly because of some of the statements made in reference to reparations and Allied debts. Mr. McKenna pointed out that the financial problems involved in the present situation are quite without precedent. In considering the efforts to compel Germany to pay the amounts assessed against that country he said that such payments could be made, if at all, only by increasing exports, but he said that this would be "confronted with the opposition of the whole manufacturing interests of the rest of the world".

Mr. McKenna's suggestion for getting the reparations problem into some practicable shape was this:

"Many Germans possess foreign assets, whether investments or balances in foreign banks, and it would be a perfectly practicable proceeding for them to sell these assets to the German Government, who in turn could hand them over to the Reparation Commission. But it is an essential condition of such a transaction that the owners of the foreign assets should be willing to sell them; no Government in the present situation of Germany could force a compulsory sale. How then could this consent be obtained? I have no doubt that if these assets could be sold for an assured profit the holders would be willing to dispose of them."

The value of the German foreign assets was placed by Mr. McKenna at not less than one billion dollars. Such assets, he declared, were "to a considerable extent the proceeds of the sales of marks which have been flung by Germans on the foreign market under the well-founded apprehension that the pressure of reparation payments would rapidly depreciate their value. Remove this pressure and the mark would immediately improve". He thought that the creditors would gain by abandoning the attempt to obtain other money payments for at least three years. He was not all

sanguine that his proposal would prove acceptable, as may be seen from the following statement:

“Before I leave this part of my subject there is one observation I should like to make. I have no wish to minimize the just claims of the Allies against Germany, and I recognize the serious political difficulties which stand in the way of their abatement. But no solution of the reparation problem is possible unless political considerations are subordinated to economic facts. What Germany can pay may not be a simple question, but it is a question capable of being answered. Unfortunately the answer runs counter to popular hopes, popular passions, and, more formidable still, a popular sense of natural justice which prescribes that the defeated enemy who planned the war should make good the damage suffered by the victors. And so no authoritative answer is given, while Europe slides into ruin.”

His conclusions regarding the whole matter of reparations and Allied debts were thus stated:

“To sum up: the conclusion to which I am driven is that Germany can only pay now whatever she may have in foreign balances, together with such amount as she can realize by the sale of her remaining foreign securities that this payment is only possible if all other demands are postponed for a definite period long enough to ensure the stabilization of the mark; and that future demands at the expiration of this period must be limited to the annual amount of Germany's exportable surplus at that time. Further, that England has the capacity to pay to the United States interest and sinking fund on her debt; but that the other debtors are none of them in a position to meet more than a small part of their external liabilities, and in the existing condition of Europe a definite postponement of any payment by them is desirable in the interests of all the parties. The actual amount which the other debtors could ultimately pay should, as in the case of Germany, be ascertained by inquiry into their exportable surplus at a full and frank conference between creditors and debtors.”



President Harding's Veto of the Bonus Bill

THE reasons which the President gave for his unwillingness to sign the bill for providing adjusted compensation for the soldiers of the recent war are so clearly and sincerely given as to command public approval. The President declared at the outset of his veto message that while he was in sympathy with the avowed purpose of the bill—to give expression of the nation's gratitude to

those who served in its defense in the World War—he could not subscribe to the provisions of the measure. These were the chief grounds of his dissent:

“In legislating for what is called adjusted compensation Congress failed, first of all, to provide the revenue from which the bestowal is to be paid.

“Moreover, it establishes the very dangerous precedent of creating a Treasury covenant to pay which puts a burden, variously estimated between four and five billions, upon the American people, not to discharge an obligation, which the Government always must pay, but to bestow a bonus which the soldiers themselves, while serving in the World War, did not expect.

“It is worth remembering that the public credit is founded on the popular belief in the defensibility of public expenditure, as well as the Government's ability to pay. Loans come from every rank in life, and our heavy tax burdens reach, directly or indirectly, every element in our citizenship. To add one-sixth of the total sum of our public debt for a distribution among less than 5,000,000 out of 110,000,000, whether inspired by grateful sentiment or political expediency, would undermine the confidence on which our credit is builded, and establish the precedent of distributing funds whenever the proposal and the numbers affected make it seem politically appealing to do so.

“Congress clearly appraised the danger of borrowing directly to finance a bestowal which is without obligation and manifestly recognized the financial problems with which the nation is confronted. Our maturing promises to pay within the current fiscal year amount to approximately \$4,000,000,000, most of which will have to be refunded. Within the next six years more than \$10,000,000,000 of debt will mature and will have to be financed. These outstanding and maturing obligations are difficult enough to meet without the complication of added borrowings, every one of which threatens higher interests and delays the adjustment to stable Government financing and the diminution of Federal taxes to the defensible cost of government.

“The pressing problem of the Government is that of diminishing our burdens, rather than adding thereto. It is the problem of the world. War inflations and war expenditures have unbalanced budgets and added to indebtedness until the whole world is staggering under the load. We have been striving in every direction to curtail our expenditures and establish economics without impairing the essentials of Governmental activities. It has been a difficult and unpopular task. It is vastly more applauded to expend than to deny. After nearly a year and a quarter of insistence and

persuasion, with a concerted drive to reduce Government expenditure in every quarter possible, it would wipe out everything thus far accomplished to add now to the proposed burden, and it would rend the commitment of economy and saving so essential to our future welfare.

“The financial problems of the Government are too little heeded until we are face to face with a great emergency. The diminishing income of the Government, due to the receding tides of business and attending incomes, has been overlooked momentarily, but cannot be long ignored. The latest budget figures for the current fiscal year show an estimated deficit of more than \$650,000,000, and a further deficit for the year succeeding, even after counting upon all interest collections on foreign indebtedness which the Government is likely to receive. To add to our pledges to pay, except as necessity compels, must seem no less than Governmental folly. Inevitably it means increased taxation, which Congress was unwilling to levy for the purpose of this bill, and will turn us from the course toward economy so essential to promote the activities which contribute to common welfare.”

The maxims contained in this message are sound and peculiarly applicable to our present situation. It is a great pity that Congress should have been prompted by political considerations to disregard these salutary principles.



The Growth of Trust Companies

THAT the trust company has proved to be a popular institution may be inferred from the fact that in the last twenty-six years their number has increased from 251 to 2500 and their resources from \$843,000,000 to \$12,000,000,000. These figures were given by Chairman J. Arthur House of the Trust Company Section of the American Bankers Association in his annual address at the New York convention. They are a striking evidence of the usefulness attained by this type of financial institution. Referring to the fact that trust company functions are now being assumed by a large number of national banks, Mr. House expressed the view that trust business could not be conducted as a sideline, and that it should “be conducted in the future, as in the past, on the same high plane of service by highly trained experts”. As to the possibility of an opposite tendency, he said: “And yet, in this tremendous increase in the number of banks qualifying to perform trust functions lies a grave danger that experienced trust men, overzealous for business may innocently transcend the principles of trust company service,

the canons of ethics and the ideals for which this association has stood”.

It would be regrettable if the fine record which the trust company has made, operating as a specially-organized institution, should be to any extent lowered by the eagerness to acquire business on the part of banks that have recently been granted trust company powers. That there may be such danger, as Mr. House points out, is quite probable. And this may not occur either from over-zealousness on the part of the banks to get trust company business or from any lack of integrity of purpose on the part of the banks. They have not the experience of the trust companies in this particular field, and on this account they are the more likely to make mistakes. But whether this will be true in any given case or not will depend upon the degree to which careful management enters into the operation of the trust company department of a national bank. Such a department may be so thoroughly organized and so well managed as to render entirely satisfactory service. Whether or not this will be the general rule, is another question. But if the banks hope to compete for trust company business with the trust companies they must maintain a record quite as good as the latter institutions.

There are not a few trust company officials who deprecate the entrance of the banks into the trust company field, as there are many bankers who deprecated the entrance of the trust company into the banking field. Probably this admonition will fit in both cases: Let the trust companies that do a banking business emulate the example of the best-managed banks, and let the banks that do a trust company business pattern after the most wisely-conducted trust companies.



Bankers' Coöperation Needed

THE BANKERS MAGAZINE emphasizes the importance of the coöperation of the bankers of the country in combatting the dangers of investment in worthless securities, or careless expenditure of the \$625,000,000 in War Savings Securities due January 1. As Samuel H. Beach, president of the Savings Bank Division of the American Bankers Association has said in a recent letter sent out through the association to the editors of the country, "It is feared that many people will regard

this realization of both principal and interest upon an investment made five years ago as 'ready money' and spend it with corresponding ease".

Bankers will do what they can through the medium of their own advertising to prevent the dangers which this payment offers from coming to pass. The banker can render further aid in his community by using his influence with the local press to give publicity to this important matter in a helpful way.



RICHARD DELAFIELD

Chairman of the Board National Park Bank of New York

MR. DELAFIELD was born at New Brighton, N. Y., in 1853. He began his business career in a New York house in 1873, later becoming manager. He afterwards formed a partnership for dealing in Pacific Slope products especially, the house being Delafield & Co., with offices in San Francisco, Chicago and New York. In 1890, Mr. Delafield became a director of the National Park Bank of New York and in June, 1896, was elected a vice-president, still later becoming president, which office he has always held until his taking the chairmanship this past September.



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JOHN H. FULTON
President National Park Bank of New York

MR. FULTON was born in Canada of Scotch parents. He entered the banking business in 1883 with the Merchants Bank of Canada. In 1887 he joined the Canadian Bank of Commerce, and in 1895 came as accountant to the New York Agency of that bank. A few years later he became manager of the agency of the bank in New Orleans. In 1901 he organized in New Orleans the Commercial National Bank and in 1902 the Commercial Trust and Savings Bank, and was president of both these institutions up to 1917. He served as vice-president of the New Orleans Clearing House for two years and was president of the Louisiana Bankers Association.

In January, 1917, Mr. Fulton's financial ability was recognized by the late James Stillman and he became vice-president of the National City Bank and later one of the executive managers. He is a director in numerous companies.

Bankers! Don't Hide Behind Closed Doors!

By George M. Seward

A LARGE metropolitan bank recently conducted an advertising campaign in which it featured, "real personal service"—"come in and get acquainted," etc., but it meant what it said and the result of the campaign is a lot of new business.

Practically every officer of the bank is either "out in the open" or his desk is next to the counter so that one may see and perchance bow to some of the vice-presidents—surely the cashier—and a large array of assistants. All of these men appear to have time to say "good morning" to their customers as they stream past to the various windows.

Word had gone out from the directors' room only a short time ago that, "our officers and employees *must* get better acquainted with and show every reasonable consideration to our customers". That slogan was fully impressed on each official and clerk.

WHY THE CAMPAIGN SUCCEEDED

When one of the vice-presidents was questioned on the success of the campaign he grew quite enthusiastic.

"I'll tell you how it works", he said, "also why we are getting some mighty good accounts unsolicited from other banks".

"Only last week", he continued, "I had an almost pathetic example that will serve to illustrate how some banks are still doing business, and what's strange about this particular case, the bank in question is one of our solid institutions that has made wonderful strides notwithstanding its apparent indifference to its customers' welfare.

"As I sat at my desk last Monday, a well-groomed man came up to me and laid down his business card as he remarked, 'I've noticed your rather human announcements in the papers recently

and I've just dropped in to see if you really mean what you say'.

"I thanked him and picked up his card. I found I was talking to Mr. B.—, the head of a moderate-sized manufacturing concern on the west side.

"Changing your account from another bank?" I asked.

"He told me that that was what he had in mind and said he thought it was for a very good reason and asked me if I'd be interested in learning why he contemplated the move. I told him that an explanation would not be necessary but he insisted in explaining his reason. He said, 'About ten years ago, I started a small manufacturing business in my present line over on the west side and a jobber from whom I bought most of my material recommended that I open my bank account with the ——— bank. He even went so far as to write an introduction to one of the officers on the back of his business card. Armed with this and the \$1400 I was to deposit as my opening account, I sought the man who is now one of the vice-presidents—he was only an assistant cashier then.

"He received me in a reserved way and while he accepted my account, he gave me the impression that he was doing me a great favor in allowing me to keep my money in his bank. After the preliminaries were over I went back to my factory wondering if it was customary for all bankers to treat their customers in such a chilly manner.

"My business was practically all cash and I did not have occasion to borrow. However, it continued to grow and has now reached a point where in order to take on large contracts, I feel that I must occasionally ask for accommodations from my bank. Mind you, in all these ten years I had not asked for a dollar's worth of credit at my bank. About two weeks ago I had an opportunity to take on a good-sized contract that I regarded as absolutely safe and

one on which my profit inside of thirty days would have been equal to a whole year's earnings a short time back.

"My 'in's and out's' at my bank ran around \$150,000 a year and my cash balance is now about nine thousand. Five thousand on top of this would have been necessary in order to safely carry through the big contract, so I decided to ask my bank for a loan. I went down armed with my latest financial statement and a copy of the proposed contract. I was prepared to show that financially I was entitled to a five thousand dollar loan.

"After making my usual daily deposit, I went around to the officers' department seeking the man that I had gone to ten years before when I opened my account. In all those years he had never spoken to me—nor had any other officer of the bank. The only men I knew were the tellers and the bank policeman. Most of the officials were behind closed doors in little offices back of the marble-topped counter.

"I opened Mr. A.———'s door and walked in. He did not look up from his papers and I waited. Finally, without raising his eyes, he asked me rather gruffly what I wanted. With that I laid down my business card and said I'd come in to see if I could arrange for a loan of five thousand dollars for thirty or sixty days. All this time he was studying my card and before I could proceed further he remarked sharply that his bank made loans only to their own customers.

"I told him I was aware of that fact and that was my reason for coming to him. He then told me that he did not recall that my firm was a depositor and proceeded to call in the receiving teller and asked him to bring in a statement of my average balances for the past year. I was asked to be seated while this was being looked up, but never a word did he utter in the meantime; he stacked and restacked the letters on his desk until the teller returned with the necessary information. I thought I noticed a glimmer of interest as his eyes

ran over the figures and then he asked for my financial statement. Fortunately this was in good shape and was made by a well-known firm of accountants. Giving this a hasty glance and paying no attention to the proposed contract, he laid all of the papers aside and stated that I might call in about a week or ten days and he would then give me an answer about the loan.

"Next week will be too late, Mr. A———. You should be able to check up on me within a few days; I'll lose the contract unless I sign up by the tenth.

"He seemed to resent this remark and I was informed that I'd better look elsewhere for my loan. He added that he'd never heard of me before and didn't even know that I carried an account in his bank.

"Now I'm a fair-minded man, I think, and would not expect a banker to make a loan to a stranger or even to a customer unless it was safe, but his last remark was a little too much and I came back with the statement that he was the man I opened my account with ten years before; that the —— company had recommended me. I knew that company was one on the bank's biggest depositors and told him that the president could tell him something of my responsibility.

"The mention of that man and his company seemed to awaken some interest in my listener and he remarked that if I'd get their name on my note—or even the president's, he'd reconsider.

"I had no right to ask such a favor however, as —— company had no direct interest in my business and I plainly told him so.

"I reached over to his desk and picked up my papers and strode out of the office. Of course I lost the contract.

"Then I noticed your advertisements in the papers and it occurred to me that maybe there was somewhere in this big city a bank which had a heart and soul, so that's what brought me here today. I've often wanted advice and

counsel on business problems and would like to place my money in a bank where some of the officials know at least that I am a depositor and to whom I could feel free to talk over matters that might develop into business of mutual interest. At any rate I've come prepared to hand you my account if you want it and I'm not now asking for accommodations, but, if the time comes when I do, I hope I'll not get the treatment I received over at the _____ bank.'

"The upshot was that our bank got a mighty fine account—nearly \$10,000 as a starter. We've got his financial statement in our files and our credit de-

partment gives him a good rating—in fact we've checked him up from every angle and when he wants a loan we'll let him have all he's entitled to in five minutes.

"I introduced him to some of the other officials and he left with the remark that he guessed he'd at last found some 'regular fellows'. He's brought us several smaller accounts and there are more to follow so he says.

"It pays even bankers to be human—to see that courtesy, consideration and proper attention is paid to every customer who entrusts his money into our keeping."



Knocking Out the Banker's Bogy—Error

Causes of Faulty Accounting and Methods of Elimination
Pointed Out

By John A. Boll

Chief Accountant Guardian Savings and Trust Company, Cleveland, O.

IN the perusal of reports made by bank examiners and auditors we often find that much valuable time is wasted on a plain recital of errors that have been detected in the course of an examination or audit. Such a recital wastes the time of the persons making the report, of the stenographer typing it and of the executive expected to wade through it. In large institutions where much accounting is done errors will creep in as long as the old adage, "To err is human", holds true.

After the records have been corrected the prime object of an effective audit should be the prevention of similar discrepancies in future records. This, to our mind, is most effectively done by delving into the causes that lead to the errors and eliminating them if possible.

If the time wasted on the meaningless recital of mistakes were used to analyze errors and their causes and to giving those making the errors the benefit of the analysis the time would certainly be spent more profitably.

Nobody familiar with accounting questions the costliness of errors simply from the standpoint of time spent in locating them. We have known apparently good accountants who used more time in locating errors than in doing the actual work in hand; and we have known exceptionally accurate and methodical accountants who were labelled lazy by inexperienced judges, because they performed their work with such apparent ease. In one instance of our recollection a man of this caliber was replaced upon resignation by three

less accurate and these three were obliged to work overtime frequently. Rapid footwork does not always spell achievement in accounting.

PREVENTION OF ERRORS

Within the limited scope of this article we will try to show how this analysis of errors should be effected, taking some of the salient classes of errors with such recommendations calculated to prevent their recurrence and thus reduce the cost of error to a minimum.

We will at once dispose of the willful misrepresentation of accounts in an attempt to defraud. There is but one method of dealing with persons guilty of this misdemeanor, they have no place in banking circles and should be invited out. Their methods, however, should be studied carefully by the best help available for the purpose of establishing such safeguards and controls as to make the future use of the same by other employees impossible.

Errors of inadvertance form by far the greatest percentage. Generally they are traceable to no precise cause beyond a certain degree of carelessness more or less culpable according to the frequency of their recurrence. When this type of error presents itself only occasionally, the maker's attention should be called to it for the simple purpose of having the records corrected. Some auditors feel it their religious duty to humiliate the persons found guilty of an occasional error. This savors of a lack of broadmindedness and leads to the unwholesome antagonism so frequently existing between the operating and auditing end of an institution. Primarily it is manifestly unfair. Any fair-minded individual knows that auditors as well as operators make these mistakes. The only difference is, when the auditor finds by comparison that his record is wrong, he silently corrects it and proceeds with the task of locating other discrepancies between his work and that of the operator. Why pillory the other fellow and not yourself?

When these errors are of frequent occurrence the aspect changes immediately and pressure should be brought to bring the person making them to a realization of the harm done by such carelessness. Many clerks fail to realize that their work fits into a gigantic masterpiece which cannot be completed if incorrect. Untold difficulties present themselves to the assemblers of records when any section is wrong; it is therefore good practice to explain just how records that are being made will be used further on. Alert operators are always inquisitive as to where their work comes from and especially whither it goes; those that are not alert must be made so; as nobody, fully realizing the importance of his section of a report, could be careless.

Not infrequently mistakes that have no apparent cause are created by the mental attitude at the time the error is made. This mental attitude is best analyzed by the maker of the mistake and men should be urged to determine what trend of thought led to the error in order to avoid its repetition.

IGNORANCE OF SUBJECT

Some errors plainly indicate ignorance of the subject in hand and will appear as long as the person making them remains ignorant. With the cause of error so apparent the remedy is simple. A detailed explanation showing why the viewpoint taken is wrong and a correct method with the reason for its correctness should be imparted. These errors frequently have their source in the training given men when assuming certain duties. In many instances a person is given only the mechanical operation which is easily forgot unless supplemented by the logic supporting the entries. Once a person knows the underlying principles of an entry the mechanical end will not be forgot so easily.

It is remarkable with what regularity and precision errors having their cause in a physical condition appear as long as the condition is allowed to exist. When an auditor has once traced an

error of this kind he can unerringly put his finger on the incorrect item as soon as he notices the cause.

Under this caption faulty arrangement of items is a prolific source of error.

CHECKING DEPOSIT SLIPS

A very simple example of physical condition creating error may be cited in the posting of savings accounts. The ledger cards are drawn from the file in consecutive order and the deposit slips are arranged in the same order. With time the turning over of one card and one deposit slip becomes mechanical and if a customer has made two deposits in one day his second deposit is readily posted to the next card having action that day. Upon presenting the pass book at the interest period the extra deposit will be entered on it under the supposition that the missing deposit was made without presentation of the book, and it has happened that the customer, being dishonest, saw no easier way of getting pin money than by closing his account, which he did forthwith. The teller upon comparing the book with the ledger card found the balance correct and paid both the customer's actual balance and the extra deposit. When too late, the error was discovered. Such deposits are generally large since customers making two deposits in one day do not deposit by dribs. A very simple precaution would effectively prevent such errors. At the time of drawing the ledger card it cannot escape notice that two deposits exist and they should at once be clipped together so as to create attention at the time of posting.

The most culpable physical cause of error is disorder and unsystematic method. It is the bane of correct record. Only a wizard can be unmethodical and at the same time correct and he takes a big chance. Jumping haphazardly from one item to another without completing either is bound to leave something undone when the final bell rings. Having a place for everything, with everything in its place, is

never more helpful than in doing clerical work.

Errors on records subject to absolute proof show a degree of negligence that is inexcusable and ought not to be tolerated. Such errors create untold difficulties further on, as records of this type are questioned only as a last resort when the careful examination of all other records proved of no avail.

Errors that lead to impossible results show an absolute lack of judgment that is inexcusable. There are some persons to whom figures mean nothing; they copy the most incongruous material without scruple as long as it fills the space intended for it. Frequent repetition of such errors shows that the person making them is incorrectly placed. Persons of this type would in all probability wield a mightier shovel than a pen.

BE RELENTLESS IN CORRECTING ERRORS

Auditors should be relentless in correcting errors, which result in an injustice done someone. Operators sometimes think that the correction of such errors would result in a loss of prestige with the customers. Nothing is further from the truth. It is always more agreeable to show the customer that the methods employed by banks detect errors should they be made and require a rectification of same, rather than to have the customer find them and demand rectification. Fair-minded people realize that mistakes are made even by bankers.

A cashier in a downtown office, dealing with three foreigners, had a rather complicated transaction, this, coupled with the lengthy explanation necessary led him to short change the customers. When the three had left and pandemonium had ceased he realized his mistake but had no means of reaching the parties, so he sealed the money in an envelope and labeled it. The customers upon calmer calculations likewise noticed the error and were back bright and early the next morning ready for battle. The cashier recognized them

and before they could open fire he drew the envelope from his cash drawer and handed it to them with the remark, "That's yours". They opened it cautiously and counted the contents carefully, the change in their features was a sight worth seeing. They came up to the cashier and all they could voice was, "You're an honest man" and with that

left contented. Not much loss of prestige, we'd say.

These are some of the salient facts about errors. Any painstaking auditor will find in the course of his experience means of reducing the number of errors to a minimum and thus make himself a valuable asset to the institution by which he is employed.



Finding a Bank's Personality

By Carl H. Getz

A WELL-DRESSED business man walked into a bank and picked up a pen and a deposit slip. The penholder was covered with ink and so were his fingers. He looked about him as if looking for a place to wash. He frowned and pulled a clean handkerchief from his pocket and did the best he could. When he went to the receiving teller's window he was plainly irritated and he kept wiping and rubbing his fingers.

That noon this business man had lunch with one of the vice-presidents of this same bank.

"Have you been over in our new building?" asked the bank official. "The work is progressing nicely. When we get in there we will have one of the finest bank homes in the East".

"No, I haven't had an opportunity to go in", said the business man. "I have passed it several times and have noted that it is to be a very handsome structure".

Nothing was said for a moment.

"New buildings are all very well", said the business man, "but you people ought to pay some attention to some of the little things about a bank".

"What do you mean?" asked the bank officer.

In reply the business man took his soiled handkerchief from his pocket and held out his inky fingers.

"See that ink on my handkerchief. Won't that make a hit with my wife when I go home tonight? See those stains on my fingers", said the business man. "That is the result of someone's carelessness or the bank's carelessness".

"That happened in our bank?" asked the bank official.

"It did", said the business man, "and I think the bank is to blame rather than some careless individual. The trouble is that your ink wells are too deep. When you go back to the bank take a good look at them. And let me tell you this:

"I had just put a clean handkerchief in my pocket a few minutes before I entered your bank. And then this happened. I wish you really knew how irritated I was. I wasn't thinking about the vast resources of your bank and your wonderful new building. I was thinking about a bank which didn't study its little points of contact with the public enough to avoid what happened to me. Now I hope I have given you something to think about."

"You certainly have", said the banker, "and I am grateful to you".

BEGINNING OF OTHERS CHANGES

After lunch this bank officer went to his bank and told of the conversation to several of the bank officers. All were interested. Examination of ink wells showed that they were so deep that it was possible to more than submerge the entire pen point in them. Penholders were examined and one-fourth of all the pens had wet ink on the holders. The bank officer decided right then and there to make a change. Shallower wells were substituted which made it impossible for one to dip the end of the holder into the ink.

Now the point of this little incident is that this bank discovered that there are a hundred and one little, seemingly unimportant things about bank relationships with the public which play a real part in determining the attitude of many depositors toward the bank. This bank began an examination of the little things and within a short time became a truly thoughtful institution.

SPENT SEVERAL DAYS ON BANK FLOOR

It was suggested in this bank that one of the officers spend several days on the main floor of the bank doing nothing but watching the depositors. And he saw many things he didn't know about before.

One day he saw a man write a check. He picked up a blotter and blotted it. That's exactly what he did—he blotted it. The blotter did not absorb ink. He looked at his smeared check, frowned and then tore it up. He pulled out his wallet to get another check. He searched and searched but no blank check. In this particular bank one had to go to the paying teller's window to get a blank check. There nine men and women were in line. He frowned some more and took his place in line. At this point the banker who saw all this wanted to step in but he didn't know the depositor so he decided that he had better allow him to remain in line and have the paying teller give him his blank check.

Finally the man got his blank check,

made it out, did not blot it, instead blew on it, and then he had to get in line again to get it cashed. When he left several minutes later he was plainly angry. That taught the banker two things that were discussed later at an officers' conference. It was learned that the purchase of blotting paper was left to a purchasing agent whose idea of efficiency was to buy from the lowest bidder. Result was that an inferior grade of blotting paper was used. As a result of the conference all of the old blotters were thrown out and the new blotting paper substituted which actually absorbed ink. Floor attendants were instructed to see that an ample supply of blotters was kept in the racks constantly and to see that much used blotters were thrown into the waste paper baskets.

For the first time during all the years that this banker had spent in that bank he noticed that if a man came into the bank to get a blank check he had to get into line to get his check, then had to write it out and get into line again to have it cashed. As a result neatly printed cards were printed and displayed advising depositors that check books could be obtained from window "Number Five". It was made the work of the clerk in that cage to give out check books. Incidentally, before he gave out any check books he asked for at least two means of identification. If a person had nothing he was asked to step to the paying teller's window who could identify him. This resulted in some annoyance to a few depositors but this bank had had several costly experiences with blank check books in unscrupulous hands and decided to take this stand despite the inconvenience it might cause a few depositors.

SUGGESTIONS FOR IMPROVEMENT IN SERVICE

At a later conference of the officials of this bank the president suggested that when the checks were returned to depositors at the first of the month a letter be enclosed telling frankly about the too deep ink wells, the inferior blotting paper and the annoyance

caused in having to stand in line twice when without a blank check. Then it was the president's idea to invite the depositors to offer their criticisms and suggestions about the bank's service. The chairman of the board of directors suggested an amendment to the proposed plan offered by the president and said that cash prizes of \$10 each should be offered for every practical suggestion as to how the bank's service could be improved. This plan was adopted and some excellent suggestions received.

One depositor wrote in that he had recently had his first experience in cashing coupons.

"I went to your bank to cash some coupons and when I got there I didn't know exactly what I should do", he wrote. "I appealed for help to one of your floor attendants. But what did he do? He took my coupons from me and spread them out in front of him where anyone might see them. Then he filled out the envelope which you provide. He explained what was to be done, then did it for me and handed my coupons back to me. Now I suppose you say that's service. Well, it isn't and I'll tell you why. I didn't care to have him or anyone else know how few coupons I had and how little I was to receive.

"Now I suppose you are laughing and think I'm a funny fellow. But I am not. I am just like every other person. And if you are wise you will instruct your attendants not to ask for the coupons from depositors but instead will have them explain what to do with the use of imaginary coupons. Then the depositors can keep to himself the amount of money he is to receive. You may think this isn't important. I tell you that it is just such little things which change one's whole attitude toward a bank."

SUGGESTIONS READILY ACCEPTED

The bank president who received this didn't laugh. He said the man was right. In this particular bank today the attendants never ask depositors for their coupons but instead explain what

is to be done with imaginary coupons. Of course, if the depositor voluntarily hands his coupons over to the attendant he will fill out the envelope for him. But it has been observed that very few depositors reveal to the attendants the amount of money they have coming.

"How do you expect a woman to get one of your check books into her dainty little hand bag?" asked a woman depositor in a letter.

In reply the bank had an especially small check book made containing but ten checks which when folded took up a minimum of space. This was distributed among the women depositors and many letters were received in appreciation of the bank's thoughtfulness.

"Where in the world do you people buy your pens?" wrote another depositor. "I use a sharp-pointed pen but I never try to write out a check in your bank because if I do I know that I will run my pen right through the paper. I never saw such pens. Where in the world did you get them?"

Investigation showed that a cheap Spencerian pen was being used. It had a peculiar quality of bending in such a way after considerable use that the point became almost as sharp as a needle. Result was that it was frequently jabbed through checks. Good quality pens were substituted.

"I went into your bank the other day to cash a check for \$20 and when I presented my check the paying teller said to me:

"How will you have it? In twenties?" and he laughed.

"A man in line behind me laughed too. But I didn't. I was so mad I could fly. All the way to my office I cursed your bank up one side and down the other."

Now the point of this incident is that there is a case where a bank was criticized because of the misconduct of a single employee. Just as a chain is no stronger than its weakest link so is the personality of a bank frequently no better than the worst employee who comes in contact with the public regularly.

This depositor was invited to come into the bank and identify the clerk who had so misbehaved. He was told that he would be discharged at once. The depositor said when he came into the bank the next morning that he didn't want the man discharged but he did think he ought to apologize. And he did apologize and before he got through he heard a lot about politeness and courtesy. The news of this incident soon got around the bank and the bank has never had a similar experience.

FIRST WELCOME TO THE DEPOSITOR

"When I go into your bank your guards look at me as if I were a criminal", wrote a woman detective. "Why must they look so stern? Honestly I'm not going to take anything. Why can't they smile just a little bit?"

The next day after the president of the bank had received this letter he walked into his bank and as he looked from guard to guard, he said:

"What's the matter around here? Is someone dead?"

"Why, no sir", said a guard.

"Then why in the devil do you all look so serious?" asked the president. "Smile, men, smile. I want you to look cheerful and to make those who come into the bank a bit more cheerful."

The president's words had the desired effect.

And so this story might be continued indefinitely.

Many a bank president would profit if he would go into his own bank, fill out a deposit slip and make a deposit, make out a check and cash it, get coupons cashed, etc. In other words he ought to be familiar with the little experiences which his depositors have every day in coming into his bank. Then he will discover his bank's personality. Then he will learn whether his bank is a human institution which has the qualities of a gentleman, is thoughtful and kind and cheerful. And when a bank is considerate and bright it will win public confidence and public good will which is one of the finest assets a bank can have.



New Ruling for Income Tax Department

A RULING has recently been handed down by the Income Tax Department that is of special importance to banks in that it outlines the possibility of a tax refund, according to an announcement made recently by M. L. Seidman of Seidman & Seidman, Certified Public Accountants, and chairman of the Committee of Tax Consultants of the Committee of American Business Men.

"The new ruling", Mr. Seidman said, "permits a bank that has a regularly established bond department to inventory securities on hand at the end of the year on the basis of cost, or cost or market whichever is lower. This has heretofore been a mooted point and it was doubtful whether the banks would

be permitted to take market losses without first selling the security.

"The problem was of especial significance at the end of 1919 and 1920 when, it will be recalled the security market was severely depressed and prices were in most cases less than cost. Under the old procedure a bank could not deduct a loss on this account until it actually disposed of its securities. The new ruling permits amended returns to be filed where that loss can be taken.

"In order to take advantage of the decision, it will be necessary to file a claim for refund pointing out in detail to what extent market was less than cost at the inventory dates."



JOSEPH R. NUTT
President Union Trust Company, Cleveland

AFTER long experience in commercial activity Joseph R. Nutt in 1897 organized the Central Savings and Trust Company in Akron, Ohio, becoming treasurer and executive officer upon organization. Shortly thereafter he moved to Cleveland, and in 1901 became secretary and treasurer of the Savings and Trust Company, which later united with the Citizens Savings and Trust Company, of which Mr. Nutt became vice-president. He later became president of the bank.

When the Citizens Savings and Trust Company was merged with five other large Cleveland banks into the Union Trust Company, Mr. Nutt became president of the latter organization.

Cash Credit For Liberty Bonds

By Frank H. Williams

Treasurer, City Savings Bank of Albany, N. Y.

A timely opportunity for a bank to increase its savings deposits is at hand in every section of the country inhabited by folks who bought Liberty bonds during and following war days. Holders of such bonds have been looking forward to the day when they could dispose of their bonds for cash or credit at par value. Bonds bought as a patriotic duty with funds drawn from savings accounts or paid for on the installment plan, kept everywhere and anywhere, cursed and hated when selling at 85 but kept upon faith in the credit of our nation, are now and for many months have been an easy prey for the promoter or salesman of fake stock and get rich schemes.

Why should not the banker take a hand in reaping a legitimate harvest from this fertile field, saving these bondholders from the clutches of the fake stock promoter, relieve the small bondholder from the trouble and annoyance of caring any longer for his few bonds, give him credit for his holdings and build up the bank's deposits. Every banker in the nation believes that Liberty bonds will sooner or later sell at or above par. When purchased from customers at par and interest they yield $4\frac{1}{4}$ per cent. or better while carried.

Our bank and other banks in this locality have been allowing depositors credit for their Liberty or Victory bonds at par or market (whichever is higher) and interest. The first announcement, made when Victory bonds were selling at 99.50 in November, 1921, was received with approval and in the first six months over \$150,000 worth of bonds were received on deposit and credit given.

The amount increased every month and since the Treasury Department called part of the Victory notes for redemption there is a noted increase in our bond business from holders of both

called and uncalled notes even at the cost of a smaller rate of interest. Some banks have turned down this business because of the nuisance of handling the small denomination bonds but when once a system is established it requires no more trouble than clearing the daily accumulation of checks and coupons received on deposit.

METHOD OF HANDLING

Every morning a designated officer prepares a schedule of prices for the different issues of bonds taking the closing or average prices from the New York morning paper or bond sales sheet. If the bonds are selling slightly below par they are listed on the schedule at par. The interest is taken from a daily interest table and added to the par or market prices. Several duplicate copies of this schedule are made so that each teller and officer is provided with the same schedule of prices. Thus any depositor can step to the receiving teller's window with bonds and receive credit on his pass book without waiting to consult an officer.

A memorandum slip is clipped to each bond on which is noted the amount allowed and at the end of the day the different issues are segregated and entries made in a temporary bond account. When the amount of \$5000 par value has accumulated of any one issue, an entry is made in the regular bond account or the bonds sold through a stock exchange broker. A number of investment houses now specialize in Liberty bonds buying and selling large quantities on a very small margin without commission. Fifty and one hundred dollar bonds are not considered a good delivery on the stock exchange and do not sell readily but these small denominations can easily be converted into large ones by shipment to the nearest Federal

Reserve Bank or Treasury Department at Washington.

A problem was encountered when bondholders presented registered bonds for deposit. It requires from two to four weeks to exchange a registered bond into a coupon bond and it seemed unadvisable to give immediate credit. This difficulty was overcome by giving a temporary receipt for registered bonds, exchanging them, when properly executed by the registered holder, for coupon bonds and giving credit at the schedule price on the day returned to the bank.

RESULTS

The results of this part of our business have been productive from the standpoint of increased deposits but

more especially from the satisfied feeling of our customers who, by word of mouth advertising, have shown their appreciation of a timely service relieving them of, at least, one responsibility.

No restrictions were placed on the length of time such deposits must remain but experience has shown that very few were withdrawn hurriedly and many will probably remain indefinitely.

A margin of profit was derived by the bank on some bonds which were taken around par and sold when the prices arose close to 102. Some issues now selling at, or near par, will, unless some unforeseen disaster arises, sell again at 102 or better.

From every point of view this idea is profitable to the bank and appreciated by the depositor.



Connects With New Arrivals

WHILE the plan used by the Los Angeles Trust and Savings Bank is successful with a bank in a large city, it would be proportionately as successful with a bank in a smaller city or town. New accounts are just as welcome to the smaller bank as to the large institution; so the system whereby the above concern gets in early touch with each arrival will offer suggestions to the bank that is alert for new sources of business.

In Los Angeles a great proportion of the handling of the baggage is done by one large transfer company. Through its arrangements with this transfer concern the bank gets the names of new arrivals in the city almost before the arrivals have shaken the dust of travel from their clothing. Thus in an early mail these new people receive a courteous letter telling them of the bank's various services and inviting the opening of an account. It offers help in the transfer of money from eastern points to the city. This makes the arrival

acquainted early with the bank. Then when the baggage arrives at the home or the hotel where the arrivals are stopping, possibly before locating permanent quarters, it has attached to it a manila tag that again reminds the owner of the bank. It reads:

MAKE THIS YOUR BANK

Attractive interest-bearing accounts. One or more to suit your individual needs. Don't keep your valuables in your trunk! Three dollars per year will rent a box in our mammoth armor plate safe deposit vaults.

LOS ANGELES TRUST AND SAVINGS BANK

"The Bank for Everybody"

A bank in a smaller city could likewise arrange to secure the names and to handle them personally with card or letter. It might add some accounts that would be very profitable.

Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable bank 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 person asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.—EDITOR.

QUESTION: We are preparing a new statement form to be sent out to bank customers at the time they make up their yearly balance sheet. Hitherto our statement form has been very brief and has been limited to the bare necessities, containing only the usual schedule subdividing assets and liabilities, with a few sparse questions concerning the method of figuring inventory (cost or market), whether insurance is carried, description and location of real estate and build' gs, list of officers and directors, etc. It occurs to me that perhaps you have on hand numerous bank statement forms for mercantile houses and can give me some valuable suggestions as to what you think the ideal form should cover. Do you believe the form should go into detail or that the banker himself should obtain most of the detailed information through a personal interview? Will you send me what you consider a model form?—D. S. S.

ANSWER: The above question is a perfectly fair one but it presents rather a large order to the editor for fulfillment. On receiving it our first thought was that we would go over one or two statement forms that we have on hand, pick out the best one and after adding a few suggestions of our own as to what might profitably be included, send it to D. S. S. for his inspection. We found, however, that no one of the forms in our possession seemed complete and that while each one covered excellently certain phases of a company's financial condition, they all varied considerably in the type and extent of questions asked as well as the manner of presenting the actual statement of assets and liabilities. It was therefore necessary for the editor to secure additional

statement forms from a great many banks and review all of these in order to draw up a form which would seem to embody most of the best features of each.

The purpose of a bank statement form is to provide for the mercantile executive a standard method of setting down clearly and completely his financial condition as of a certain date. Fifteen or twenty years ago most banks had no statement forms. The result was that the statements received from borrowing mercantile customers often indicated little more than a concern's net worth; current assets and capital assets, or quick liabilities and fixed debt, were sometimes lumped together indiscriminately. It was necessary to supplement each statement received by a lengthy personal interview with the customer in order to obtain from him a clear idea of his actual current financial condition. Today bankers still supplement statements received by personal interviews. Yet a great many of the questions which were formally asked orally by the banker and kept in his head, are now asked on the statement form and answered by the customer in writing. This latter method is obviously the most practical and business-like way of getting at the information desired. Unquestionably personal interviews will always be necessary and no statement form will ever be devised which will cover completely all financial details. Even if such a form could be devised, the personal interview would continue to be invaluable as a means of gauging the moral risk and sizing up the element of "character" so essential in any extension of credit. Yet it is also obvious that a complete statement form intelligently arranged will save a great deal of time and will cover points which can not always be brought out in a personal interview.

D. S. S. has asked us if we believe a statement form should go into detail. We believe it should, although there is undoubtedly a limit to the amount of detail. If the form is made so intricate that it bewilders.

or literally "frightens" the customer, causing him to disregard it entirely and send in a report of his finances in his own style, it has defeated its purpose. Not long ago we had the privilege of going over the Senior Research Report on Bank Statement Forms of a student at the Wharton School of Finance and Commerce, University of Pennsylvania, which illustrates this very point. The report was worked up excellently and showed a splendid grasp of the subject. The undergraduate in question had made an exhaustive study of bank statement forms, obtaining his material by writing to banks in all parts of the country for sample forms. From these he drew up a model standard statement of his own, which could be used either by a firm, partnership or corporation, thus combining in one the different forms used by the various types of borrowers. In his report he brought out a great many excellent points and on his form he included numerous valuable suggestions. Yet the final form itself was so detailed and so minutely worked out that its very thoroughness defeated its purpose. The average customer would probably disregard it. Or again he might think it an imposition on the bank's part to inquire so minutely into every detail of his finances. A practical statement must therefore be devised which will cover the subject completely and yet not offend or frighten the borrower. It is of course largely a matter of opinion as to the dividing point between thoroughness and detail. The one which we have drawn up is submitted merely as an expression of our own opinion as to what should be included.

In this connection it is well to mention the fact that several well-known bankers who are members of the Robert Morris Associates have recently drawn up a model bank statement form which is undoubtedly one of the best ever constructed. It covers completely and compactly what these bankers consider the essential features a bank statement form should include. The recognized ability of the bankers who have devised it as well as its own obvious merit commends it to the attention of all interested in the subject.

The first item of importance on a statement form is the preamble, or opening paragraph which introduces the statement and states the qualifying conditions under which the subject company is allowed to borrow. On the majority of statements this paragraph appears in a brief form similar to the one which we have used. If the bank is desirous, however, of emphasizing its legal rights in connection with possible insolvency on the part of the subject company, such as the matter of prior claim on balances deposited with it, it may insert some such clause as the following between the first and second sentences of the form suggested below: "In consideration of the granting of

credits by the said bank to the undersigned, it is agreed that in the case of the failure or insolvency of the undersigned, or the commencement of bankruptcy proceedings by or against the undersigned, or on the happening of an act of bankruptcy or on the appointment of a receiver of the property of the undersigned, or on recovery of a judgment against the undersigned in a Court of Record, or the levy under attachment or execution upon any property of the undersigned, or in the event of it appearing at any time that any change has appeared in the financial condition of the undersigned that materially affects the ability of the undersigned to pay all claims and demands against the undersigned, or in the event of the death of the undersigned, or in the case the following statement is untrue in any particular, all claims, demands and obligations held by said bank against the undersigned (unless said bank elects to the contrary), shall immediately become due and payable, and said bank shall have a continuing lien therefor against the balance of any deposit account the undersigned may have in said bank".

In the statement of assets we have made three main divisions: Unpledged current assets, pledged current assets, and slow assets. In the statement of liabilities we have made three similar divisions: Current unsecured debt, current secured debt (including discounts), and slow liabilities. These seem to us the natural divisions. The purpose in making a definite distinction on the statement form between hypothecated assets and those which are not pledged is obvious. It prevents the customer from concealing hypothecation by leaving him no loop-hole for secrecy unless he deliberately falsifies his statement. We have also inserted among the liabilities some important items such as "Fixed Liabilities due in 12 months", "Reserve for Taxes", "Reserve for Dividends", etc., which either through neglect or ignorance are often omitted or not provided for by borrowers on their financial exhibits. The "General Questions Regarding Assets" cover the important inquiries to be made of a borrower regarding his assets, and these are supplemented by the detailed schedules headed "Insurance", "Analysis of Accounts and Notes Receivable", "Receivables Owing by Officers, Stockholders, Employees, etc", "Owing by Controlled or Associated Companies", and "Investments". The analysis of accounts receivable is particularly important as borrowers are very often able to conceal in this supposedly liquid asset accounts which are practically impossible of collection. The schedule regarding notes receivable—"Due within 90 Days", "Due 91 Days to 6 Months", "Due Over 6 Months"—enables the bank credit man to gain a clear idea of the length

Name
Business
Branches at
To the

Address (Office)
" (Plant)

Corporation Statement

Bank

The undersigned, for the purpose of procuring and establishing credit from time to time with the Bank of _____ hereby furnishes the following which is represented and warranted as being a true and correct statement of the financial condition of the undersigned, including all liabilities direct and contingent, on the _____ day of _____, 19____. The undersigned further agrees to notify said bank promptly of any change that materially reduces the pecuniary responsibility of the undersigned and at any time upon request, to furnish said bank with true and correct statement of the financial condition of the undersigned in such form as may be satisfactory to said bank, and that this statement is to be regarded as continuing until another statement in writing shall be substituted for this statement.

ASSETS	LIABILITIES
CASH:	NOTES PAYABLE FOR BORROWED MONEY:
On Hand \$	To Depository Banks \$
In Banks \$	To other Banks \$
ACCOUNTS RECEIVABLE:	Through Commission Paper Brokers \$
Current—For merchandise, not pledged or sold, considered good and collectible \$	To Officers, Directors, etc. \$
NOTES RECEIVABLE:	To others \$
Current—For merchandise, not pledged, discounted or sold, considered good and collectible \$	NOTES PAYABLE FOR MERCHANDISE:
TRADE ACCEPTANCES:	Trade Acceptances \$
Current—For merchandise, not pledged, discounted or sold, considered good and collectible \$	ACCOUNTS PAYABLE FOR MERCHANDISE:
MERCHANDISE:	Not due \$
Not pledged and unless otherwise noted below figured at cost or market, whichever lower:—	Past due \$
Raw Materials \$	ACCOUNTS PAYABLE TO OFFICERS, ETC.
In Process \$	Accrued Interest, Rent, Taxes, etc. \$
Finished \$	FUNDS OF DEPOSIT WITH THIS CORPORATION \$
Merchandise Commitments not in inventory \$	FIXED LIABILITIES DUE IN 12 MONTHS:
INVESTMENTS (not pledged):	Bonded Debt \$
U. S. Securities \$	Mortgages or Real Estate Liens \$
Listed Stock Exchange Securities at M'ket Val. \$	Payment on Leases \$
..... \$	RESERVE FOR TAXES \$
OTHER CURRENT ASSETS: Of what composed \$	RESERVE FOR DIVIDENDS \$
..... \$	LIABILITY OF MERCHANDISE COMMITMENTS \$
TOTAL UNPLEGGED CURRENT ASSETS \$	OTHER CURRENT LIABILITIES:
ASSETS DISCOUNTED OR PLEDGED TO SECURE LOANS:	Of what composed \$
Accounts Receivable \$ \$
Notes Receivable \$	TOTAL CURRENT UNSECURED DEBT \$
Trade Acceptances \$	DISCOUNTS ON LOANS SECURED BY ASSETS PLEDGED:
Merchandise \$	Accounts Receivable \$
Stocks, bonds, etc. \$	Notes Receivable \$
TOTAL CURRENT ASSETS \$	Trade Acceptances \$
ACCOUNTS RECEIVABLE FROM OFFICERS, STOCKHOLDERS, EMPLOYERS, ETC. \$	Merchandise \$
NOTES RECEIVABLE FROM OFFICERS, STOCKHOLDERS, EMPLOYERS, ETC. \$	Stocks, Bonds, etc. \$
DUE FROM CONTROLLED OR ASSOCIATED INTERESTS \$	TOTAL CURRENT DEBT \$
INVESTMENTS:	BONDED DEBT (BEYOND 12 MONTHS MATURITY) \$
Unlisted Securities \$	REAL ESTATE MORTGAGES (BEYOND 12 MONTHS MATURITY) \$
In Controlled or Associated Companies \$	CHATTEL MORTGAGES \$
Real Estate Mortgages or long time loans \$	Leases (Secured by Machinery or Equipment) \$
Other investments \$	OTHER LIABILITIES: Of what composed \$
REAL ESTATE \$ \$
BUILDINGS \$	TOTAL DEBT \$
MACHINERY AND EQUIPMENT \$	RESERVES:
FURNITURE AND FIXTURES \$	For Depreciation Buildings \$
HOUSES, WAGONS, AUTOS, ETC. \$	For Depreciation Machinery and Equipment \$
PAID ADVERTISING, INSURANCE, TAXES, RENT, ETC. \$	For Discounts \$
GOOD WILL, PATENTS, TRADE MARKS \$	For Bad Debts \$
OTHER ASSETS: Of what composed \$	For Market Fluctuations of Inventory Values \$
..... \$	For other purposes \$
TOTAL ASSETS \$	CAPITAL STOCK:
	Preferred \$
	Common \$
	Stock, No Par Value \$
	Total \$
	Less Treasury Stock \$
	Capital Outstanding \$
	Surplus and Undivided Profits \$
	Deficit \$
	TOTAL LIABILITIES \$

PROFIT AND LOSS STATEMENT FROM

192 to

192

GROSS SALES	\$	\$
Returns, etc.	\$	
NET SALES	\$	
Cost of Sales:		
Materials-Merchandise	\$	
Production, Labor	\$	
Overhead Expense	\$	
GROSS PROFITS ON SALES	\$	
Selling Expense	\$	
General Expense	\$	
Administration Expense	\$	
NET PROFIT ON SALES	\$	
Add other incomes:		
From Discounts	\$	
From Investments	\$	
From Other Sources	\$	
GROSS INCOME	\$	

GROSS INCOME (brought forward)	\$
Charges against income:	
Interest	\$
Discounts	\$
Bad Debts	\$
Depreciation (Plant)	\$
Depreciation (Mdse.)	\$
Other Charges	\$
NET INCOME	\$
Less Dividends (Pref. %)	\$
Less Dividends (Com. %)	\$
NET GAIN (or Deficit)	\$
Undivided Surplus End of Previous Year	\$
Less Change Not Applicable to Current Year	\$
ADDITIONAL NET GAIN (or less Deficit) Current Yr.	\$
PARENT UNDIVIDED SURPLUS	\$

When was last dividend (1) declared?.....192 ; (2) paid?.....192

CONTINGENT LIABILITY

Form	Amount	Form	Amount
Upon A/Cs Receivable Hypothecated or Sold	\$	Upon Notes exchanged with others	\$
Upon Notes Receivable or Acceptances Discounted	\$	Upon Leases	\$
For Accommodation Endorsements or Guarantees	\$	Under Pending Law Suits	\$
As Guarantor of Bonds, Stocks or Mortgages of others	\$	Commitment Liabilities on Goods to be delivered in 12 months	\$
For Guarantees of Contracts	\$	Upon Unused Letters of Credit Outstanding	\$
Under agreement for Stock or other subscriptions	\$	Other Contingent Liabilities	\$

Is this Company a guarantor or endorser of any liabilities of any individual, firm or corporation, or is it liable under any contract, bonds or profit sharing arrangements or any other agreements, or are there any law suits pending or debts in dispute, except as set forth above?

GENERAL QUESTIONS REGARDING ASSETS

Is all cash available for paying current indebtedness?..... Is cash in bank subject to notice before withdrawal?.....
 Does cash as reported contain anything but legal money?.....
 Do all receivables represent merchandise sales?..... If not, what do they represent?..... Amount \$.....
 What amount of receivables is questionable of collection?..... What amount of receivables is past due more than one year or has a maturity exceeding one year from statement date? \$..... What provision has been made for slow and doubtful accounts?..... Are there any demand notes among the notes receivable and if so how long have they been running?..... Amount \$..... Do any of the Receivables represent merchandise on consignment, appearing as receivables and not as merchandise?..... Amount \$..... When was last inventory taken?..... Was this for the entire amount of stock?..... By whom taken?..... Is inventory all Fresh Salable Stock?.....
 How much is over one year old? \$..... What has been the depreciation charge on present inventory during the past year? \$..... What amount of merchandise is held by you under trust receipt? \$..... What amount on consignment (included in inventory?.....) \$..... Have you made any future delivery contracts for merchandise?.....
 Amount \$..... Are any of your assets pledged except as mentioned above?..... What have been your sales for the past three years: 192 \$.....; 192 \$.....; 192 \$..... What is your principal sales territory?.....
 During what months of the year do you have the largest sales?..... What months the smallest?..... When do you put in your heaviest stock of goods?..... When are your purchases lightest?.....
 What amount of unfilled orders have you on hand? \$..... What are your selling terms?..... Purchase terms?..... What is the value of your real estate according to: (1) Last assessed value? \$.....; (2) Last appraised value? \$.....; (3) Cost value? \$..... What is the value of your buildings according to the above: (1) \$.....; (2) \$.....; (3) \$..... Do you receive any rentals from real estate or buildings?..... Amount \$.....

INSURANCE

Form	Assets Covered	Beneficiary	Assignee	Amount
Fire	Merchandise			\$
Fire	Buildings			\$
Fire	Machinery, Equipment, Fixtures			\$
Credit	A/Cs and Notes Rec.			\$
Life	Officials, Endorsers			\$
Workmen's Compensation	Employees			\$
Other Kinds				\$

ANALYSIS OF A/Cs RECEIVABLE

ANALYSIS OF NOTES REC. & ACCEPTANCES

Not Due	\$	Due within 90 days	\$
Past Due less than 30 days	\$	Due 91 days to 6 months	\$
Past Due 30 days to 90 days	\$	Due over 6 months	\$
Past Due 91 days to 6 months	\$	Total as per balance sheet	\$
Past Due over 6 months	\$	Portion of total representing renewals	\$
Total as per balance sheet	\$	Portion of total representing A/Cs settled by Note or Accept.	\$

RECEIVABLES OWING BY OFFICERS, STOCKHOLDERS, EMPLOYEES, ETC.

Name	Position	Amount	Since When	Due	Secured	How	Why Extended
		\$					
		\$					
		\$					
		\$					

OWING BY CONTROLLED OR ASSOCIATED COMPANIES

Name of Company	Location	For Advances	Terms	For Merchandise	Terms
		\$		\$	
		\$		\$	
		\$		\$	
		\$		\$	

INVESTMENTS

Name and Description of Security	Amount Pledged	Book Value	Market Value	Cost Price	Price Carried at
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$

GENERAL QUESTIONS REGARDING LIABILITIES

PURPOSE OF BORROWING AND USE OF LINE (Federal Reserve Bank Requirement): State whether the proceeds of loans applied for and to be applied for are to be used (1) For investment in securities, lands, plants, buildings, machinery, improvements, or equipment; (2) In the production, manufacture, and distribution of commodities of agriculture, industry and commerce. At what time of year do you expect to use your line most freely? At what time of year do you expect to retire or materially reduce your loans with us? Do you ever borrow other than on straight paper? If so, how—endorsement, guarantee or collateral? If your obligations bear personal endorsements, give the names and responsibility of each outside of his or her interest in this business.

Do any of the above endorse or guarantee in any way other paper or obligations?

When did your total liabilities reach their maximum during the past fiscal year? 192 Amount \$ What did your total liabilities reach their minimum during the past fiscal year? 192 Amount \$ Give the names and relationship of all controlled and affiliated companies:

Are any of the above companies or any of your branches independently financed? If so, do you authorize the amount they are to borrow? If not, how do you control them?

Are you in any way liable on these borrowings? Maximum such liability last year? \$ If no provision has been made for Federal or State taxes please state estimated amount. \$

Is money deposited with you for merchandise ordered? Otherwise is it on demand? What portion of it draws interest? \$ (rate %) If you have any chattel mortgages, on what assets are they a lien?

Holder of chattel mortgage? Terms? What part represents borrowed money? \$ If you are leasing your property, what is the length of the lease and what provision has been made for renewal?

Are there any judgments against you unsatisfied?

LINES OF CREDIT

Name of Depository Bank	Cash Balance Statement date	Line of Credit	Max. Use Last Fiscal Year	Date	Min. Use Last Fiscal Year	Date	Security, End or Guarantee
	\$	\$	\$		\$		
	\$	\$	\$		\$		
	\$	\$	\$		\$		
	\$	\$	\$		\$		
	\$	\$	\$		\$		
	\$	\$	\$		\$		
Note Broker		\$	\$		\$		
	\$	\$	\$		\$		

BONDS AND MORTGAGES

Description	Amount Authorized	Issued and Outstanding	Due	Rate Interest	Pledged to Secured Loans	Trustee	Provision for Retirement
	\$	\$		%	\$		
	\$	\$		%	\$		
	\$	\$		%	\$		
	\$	\$		%	\$		
	\$	\$		%	\$		

OFFICERS OF THE COMPANY

Stock Owned:

Stock Owned:

President _____ Vice-President _____
 Treasurer _____ Vice-President _____
 Secretary _____ Asst. Treasurer _____
 _____ Asst. Secretary _____

DIRECTORS

VERIFICATION— If your books have been audited by a Certified Public Accountant or an Accounting Firm, state his or their name and date of last audit.

AFFIDAVIT
 STATE OF _____
 COUNTY OF _____

do hereby depose and say: that he is _____ being duly sworn
 of _____ the Corporation

whose financial statement appears above, that he signed said statement after reading it and the accompanying schedules, and that its name in all respects is a full, true and accurate statement of the financial condition of said Corporation.
 on the _____ day of _____ 192 Sworn to before me this _____ day of _____ 192

of maturity of the paper his customer is receiving; the two headings "Portion of Notes Receivable and Acceptances Receivable Representing Renewals" and "Portion of Total Representing Accounts Settled by Notes or Acceptances" furnish a definite basis for estimating the degree of liquidity of the Notes and Acceptances. It will also be noted that among the General Questions appears "What amount of receivables is past due more than one year or has a maturity exceeding one year from statement date"? Any such receivables will of course be immediately deducted by the bank credit man from the current items and considered slow. To cover the liability side of the balance sheet we have "General

Questions regarding Liabilities", followed by the schedules, "Lines of Credit" and "Bonds and Mortgages". The schedule regarding Lines of Credit is particularly important as it informs the bank loaning officer of the amount of accommodation extended by each bank, the proportion of balances carried, the maximum and minimum accommodation used during the past fiscal year and whether any banks are receiving endorsement, guarantees or collateral.

It is to be noted that the form which we have arranged is for use by corporations. It covers the usual four pages. With a few obvious changes a form constructed on similar lines can be made up for a firm and an individual borrower.



A Banker Who Made Good in Politics

By Alfred C. Bossom

SO often in one's travels around the country one hears the comments that the old idea of entering a bank and growing to the presidency is a thing of the past, that it has been most refreshing to me to have been associated with the relatively speaking young bank president who has accomplished this, and I refer to Governor E. I. Edwards, the president of the First National Bank of Jersey City.

As the architect for his building one got to know him quite thoroughly over a period of nearly two years, and here was a case where starting at the bottom rung of the ladder and by his own efforts he climbed first of all to the presidency of his bank, then Governor of his state, then Senator representing his state at Washington, and no one can tell what is ahead.

Bank President and Governor Edwards was born in Jersey City, then known as the town of Bergen, on December 1, 1863. His father was a Welshman and his mother hailed from England. His early education was similar to that of the great majority of other young Americans. He first attended a public school, then the Jersey City High School, and finally New York University. At completion he entered



GOVERNOR EDWARD I. EDWARDS

Governor and Senator-elect of New Jersey; president of the First National Bank of Jersey City

the law office of his brother, the late Senator W. D. Edwards, but the law did not hold him. His natural inclination was in the direction of finance. He

did not waste his time, but he made a very deep study of the subject of taxation and after a very short time his interest in banking work induced him to take a most modest position in the First National Bank of Jersey City, and he stayed there then for seven years.

Being so desirous of helping himself he overstudied and the confining nature of his work compelled him to take some activity where he could be out in the open so he reluctantly left the bank and went into the general contracting business with his brothers.

His knowledge of the subject of taxation enabled him to obtain the position as clerk to the Martin Act Commission when that board was so busy and he here increased his knowledge until he became one of the real authorities on the taxing problem, but his various actions brought him to the attention of the then president of the bank, the late E. F. C. Young, who invited him to return and become the assistant to the president, which position he filled with such distinction that he was shortly after made cashier, member of the board of directors, and finally when Mr. Young died he became president in his place, which position he still holds.

His grasp of general subjects is not by any means confined to banking, but his knowledge of that subject and his early studies of the taxing problem made him the logical choice for the Comptroller of the State, and on February 7, 1911, he was elected to the term of three years from his own state.

While he was active in his bank he was still able to take a very broad-gauged point of view of matters effecting his native city, and he was one of the leading figures that caused it to adopt the commission form of government, and he was reelected Comptroller of the Treasury on February 20, 1914. During the six years that he served his state in this capacity he was instrumental in having the Requisition Act passed, which in effect is the adoption of the "Pay As You Go" policy. He, also, had the inheritance tax statutes amended, which amendments

have been upheld by the Supreme Court and the Court of Errors of the State of New Jersey, and by the Supreme Court of the United States.

On November 5, 1918, he again added to his banking duties those of public service by becoming the State Senator from Hudson County, and within a very short time much in the face of his strong desire to confine his attention strictly to his banking matters he complied with the popular demand and became a candidate for governor. The state wide sentiment was so marked that he won by a plurality of over 15,000.

Bank President Edward's stand in opposition to the Volstead Act as violative of the inherent rights of the people to regulate for themselves the matter of sumptuary habits made him the logical choice for the state senatorship at this last election, and his sincerity so convinced his fellow Jerseymen that they returned him with the largest plurality which the State has ever carried for any gubernatorial candidate. In fact the largest plurality which the state has ever carried for anybody, except in the landslide for President Harding.

Popularity in public life, and success and popularity in banking do not often go together, but here is a case where a man of broad vision and foresight has stood for what in his mind were essentials to the well being of his community with the result today that he, while still a young man, holds the position that in the banking world is as high as any in his native state. He has held the highest offices in the gift of his fellow statesmen, and he has now carried forward his work in Washington.

The new building that he has just completed for his bank in Jersey City stands absolutely in the forefront of all banks in the State of New Jersey, and the policies that have sent him so far along the road of his political success have been his guiding stars in the development of his bank. His life should be an inspiration to young bankers throughout the country as what can be accomplished by the aid of application and a sincere purpose.

Banking and Commercial Law

SPECIAL

**The BANKERS
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

Indorser of Note Discharged Where Prior Indorser is Released

Sunflower State Bank v. Bowman, Kansas
City, Missouri, Court of Appeals,
242 S. W. Rep. 403.

THE Negotiable Instruments Law provides that a person secondarily liable is discharged from liability "by the discharge of a prior party".

The indorser of a promissory note is a person secondarily liable. It, therefore, follows that, if a prior indorser is released from liability, the indorser first referred to is also discharged. To put it differently, where the holder of a note releases an indorser thereon, the release operates to discharge all subsequent indorsers.

In this case, it appeared that a bank loaned \$1500 to a corporation upon a note signed by the corporation and payable to the bank. Two men, Brown and Bowman, who were stockholders and directors in the corporation, indorsed the note for accommodation in the order named. After the note had been partly paid, the bank gave a written release to Brown, reciting that in consideration of the payment of \$200, he was released from all further liability. This action was brought against Bowman, the other indorser, and it was held that the release to Brown discharged Bowman also. The bank, therefore, could not enforce the note against Bowman.

OPINION

Suit by the Sunflower State Bank against E. P. Bowman. From a judgment for defendant, plaintiff appeals. Affirmed.

ARNOLD, J. This is a suit to recover of and from an indorser of a promissory note an unpaid balance due thereon.

Plaintiff is a banking institution operating under a charter from the State of Kansas, and conducting a bank at Wichita in said state. Defendant was a stockholder and director in, and president of, the Bowman-Brown Company, a corporation doing business in Wichita as retail dealers in women's ready-to-wear clothing. H. V. Brown was its vice-president, and also a stockholder and director.

On March 22, 1918, the Bowman-Brown Company, being in need of funds, applied to plaintiff for a loan; the negotiations therefor being conducted by Mr. Brown at the bank. The bank paid to the company \$1500, less the discount equal to the interest for ninety days at 10 per cent. after the note sued on in this action was executed and delivered to the bank. The note is in due form, and for value received the company agreed to pay to the order of plaintiff \$1500, ninety days after date, with interest from maturity at 10 per cent. per annum, and is signed, "Bowman-Brown Co., H. V. Brown, V. Pres." On the back thereof appear these words:

"Indorsers waive notice and protest.
H. V. Brown. E. P. Bowman."

Four payments are indorsed thereon, as follows:

"6/22/18. Paid hereon \$250.00.
9/12/18. Paid hereon \$252.79, by trustee, M. E. Garrison. January 24, 1919. Paid hereon \$304.73, by trustee, M. E. Garrison, May 28—19. Paid hereon \$200.00, by H. V. Brown. (Revenue stamp 25c. Revenue stamp 5c.)"

Aggregate payments indorsed thereon amount to \$1,007.52.

The petition is formal and sets out the facts as stated above, and prays judgment against defendants for the balance of \$641.35, with interest from May 22, 1920. The amended answer

is, first, a general denial, and, as further answer, payment in full of the note prior to the institution of this suit is averred; extension of time without his knowledge or consent; that there was no consideration for defendant's signature on the note; that said note was executed and delivered wholly within the State of Kansas and in all respects is governed by the laws of said state.

The amended answer pleads sections 6590, 6591, and 6595, Rev. Stat. Kan. 1915, and alleges that defendant indorsed said note subsequent to the indorsement of H. V. Brown, and that his liability is secondary to that of H. V. Brown, that plaintiff executed a release to said H. V. Brown, discharging him from all liability on his said indorsement, and that said release of H. V. Brown, a prior indorser, operates as a release of defendant.

The reply is a general denial and pleads sections 6556, 2034, 2038, and 6647, Rev. Stat. Kan. 1915, as applicable to the facts in this case.

By stipulation of parties a jury was waived, and the cause was submitted to the court. At the close of plaintiff's case, defendant asked a declaration that under the law and the evidence plaintiff is not entitled to recover, which declaration the court refused. At the close of plaintiff's evidence, the court found the issues for defendant, based upon the following declarations of law:

"(a) The court declares the law to be that a person not otherwise a party to an instrument, who places his signature thereon in blank before delivery, is liable as an indorser, and that, if there is more than one indorser, they are liable in the order in which they indorse, and that a person placing his name upon a note as aforesaid is liable to all subsequent parties.

"(b) The court declares the law to be that indorsers are in respect to one another liable in the order in which they indorse.

"(c) The court declares the law to be that the release of H. V. Brown by

the plaintiff also released E. P. Bowman.

"(d) The court declares the law to be that under the pleadings and the evidence the plaintiff cannot recover."

Judgment was accordingly entered. Motions in arrest and for new trial were over-ruled, and defendant appeals.

The appeal is based upon the contention that the court erred in the application of the law to the facts. There is no dispute between the parties as to the salient facts in the case, and this appeal must be determined upon the application of the law to the facts.

It is conceded that the sections of the Negotiable Instruments Law of the State of Kansas which are applicable to the facts of this case are practically the same as the Missouri law governing the same points, and that the appellate courts of Kansas furnish no precedents for our guidance in the application of the statutes pleaded and the facts in evidence herein. The appellate courts of Missouri having ruled upon the various phases of our Negotiable Instruments Law, both parties to the suit have drawn largely upon the decisions of Missouri and other states with like statutes, in support of their contentions.

The one question determinative of this appeal, and which carries with it a solution of all the related questions involved, is whether defendant is liable primarily or secondarily upon the instrument sued upon. This issue is governed by the Negotiable Instruments Law of Kansas, as the entire transaction occurred within that state. It has been held repeatedly by the appellate courts of Missouri that in reviewing cases based upon the laws of a sister state the laws of that state will be applied, and not our own.

It is urged by plaintiff: (1) That defendant was an accommodation indorser, and, as such, is primarily liable to the holder for value, and absolutely liable to pay the same; (2) that the statute recognizes no distinction between the accommodation indorser and an accommodation maker; (3) that one who

signs a note as an indorser, without receiving value therefor, and for the purpose of lending his name to some other person, is an accommodation party, and, as such, is liable to the holder without reference to the fact that the holder knew him to be an accommodation party.

Defendant counters with the argument that, as defendant's name appears on the back of the note below that of Brown, his liability is that of an indorser, and that, inasmuch as a prior indorser has been released, defendant is released.

Section 6590, Rev. Stat. Kan. 1915, provides:

"A person placing his signature upon an instrument otherwise than as maker, drawer or acceptor, is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity."

This would seem to be a clear definition of indorser, as intended by the makers of the Kansas statute. Section 6591 provides:

"When a person, not otherwise a party to an instrument, places thereon his signature in blank before delivery, he is liable as indorser in accordance with the following rules: (1) If the instrument is payable to the order of a third person, he is liable to the payee and to all subsequent parties. (2) If the instrument is payable to the order of the maker or drawer, or is payable to bearer, he is liable to all parties subsequent to the maker or drawer. (3) If he signs for the accommodation of the payee, he is liable to all parties subsequent to the payee."

Section 6595, declares the order in which indorsers are liable:

"As respects one another, indorsers are liable prima facie in the order in which they indorse; but evidence is admissible to show that, as between or among themselves, they have agreed otherwise. Joint payees or joint indorsees who indorse are deemed to indorse jointly and severally."

The facts in the instant case, under the statutes above quoted, would seem to be easy of application to the plain intent thereof. Defendant's testimony is to the effect that he was called to the bank at the time Mr. Brown had negotiated the loan in controversy, and that after Mr. Brown had completed the negotiations with Mr. Stein, cashier of plaintiff bank, Mr. Brown and Mr. Stein said, "Mr. Brown, will you put your name on the back of this?" that he did so, with the understanding that Mr. Brown was to sign first; and that he objected to signing until Mr. Brown had signed first. This testimony is not disputed and must be accepted as the intent of the parties that Mr. Brown was to be the prior indorser.

We think the law well settled, and in Kansas it is statutory (section 6590, supra), that one who indorses a note before maturity without indicating his intention to be bound otherwise is an indorser. *J. W. Perry Co. v. Taylor Bros. et al.*, 148 N. C. 362, 62 S. E. 423; *Haddock, Blanchard & Co., v. Haddock*, 192 N. Y. 499, 85 N. E. 682, 19 L. R. A. (N. S.) 136; *Id.*, 118 App. Div. 412, 103 N. Y. Supp. 584; section 850, R. S. Mo. 1919.

We have examined the citations of plaintiff on this point and find nothing therein contrary to this rule. We therefore hold that defendant was secondarily liable as an indorser.

We now come to the question of the release of the prior indorser, Brown. It naturally follows that defendant, being an indorser after Brown, he was released on the release of Brown. The release of the latter is complete and is of record, as follows:

"Received of H. V. Brown two hundred dollars (\$200.00), in full settlement of his liability to us upon a note for fifteen hundred dollars (\$1,500.00), dated at Wichita, Kan., March 22, 1918, and payable to the order of the Sunflower State Bank, signed by Bowman, Brown & Co., by H. V. Brown vice-president, and indorsed by said H. V.

Brown, and upon which sundry payments have been made heretofore.

"In consideration of the payment of the above sum to us, we hereby release the said H. V. Brown from any and all liability to us upon said note. Sunflower State Bank, Hamer & Ganse, by _____.

"Dated at Emporia, Kan., May 28, 1919."

We hold that the declarations of law made by the court are a correct and proper statement of the law as applied to the facts of this case. This finding carries with it a decision against plaintiff upon all the collateral points raised by plaintiff.

The judgment is for the right party and is affirmed.

All concur.

Collecting Bank Liable in Forwarding Check Direct to Drawee Bank

Tillman County Bank of Granfield, Okla. v. Behringer, Court of Civil Appeals of Texas, 241 S. W. Rep. 1092.

The plaintiff deposited in the defendant bank in Oklahoma, a cashier's check for \$3150, issued by a bank at Thrift, Texas. The defendant bank forwarded the check to its correspondent at Wichita Falls and this bank forwarded it direct to the drawee at Thrift. The Wichita Falls bank had been having considerable trouble in making collections from the Thrift bank and it appeared that there was another bank at Thrift to which the check might have been sent. Thirteen days thereafter, the Thrift bank failed without having remitted. It was held that the bank at Wichita Falls was the agent of the Oklahoma bank and that the latter was liable for any negligence on the part of the bank at Wichita Falls. It was further held that, under the circumstances, the bank at Wichita Falls was

negligent in forwarding the check direct to the bank at Thrift. The defendant bank, therefore, was liable to its depositor, the plaintiff, and was not entitled to charge the check back against the plaintiff's account.

OPINION

Appeal from District Court, Wichita County; P. A. Martin, Judge.

Suit by Dell Behringer against the Tillman County Bank of Granfield, Okl. Judgment for plaintiff, and defendant appeals. Affirmed.

BOYCE, J. Dell Behringer brought this suit against the Tillman County Bank of Granfield, Okl., to recover damages alleged to have resulted from the negligence of the bank in the matter of the collection of a cashier's check, issued by the Thrift-Waggoner Bank of Thrift, Tex., for the sum of \$3150, payable to Dell Behringer, and deposited by him with the defendant bank for collection. The case was tried before the court, and judgment rendered for plaintiff.

On June 1, 1920, Dell Behringer delivered to the Tillman County Bank a cashier's check issued by the Thrift-Waggoner Bank, of Thrift, Wichita County, Tex., in his favor for the sum of \$3150. The Tillman County Bank credited Behringer with the amount of the check, and he drew \$400 out of the account. The Tillman County Bank immediately sent the check as a cash item to its correspondent, the City National Bank of Commerce of Wichita Falls, Tex. This was its customary way of collecting items drawn on banks in the vicinity of Wichita Falls, Tex. Nothing was said by Behringer to the Tillman County Bank in regard to the manner or method of collecting this check, and no instructions were given in reference thereto. The Wichita Falls bank promptly notified the Tillman County Bank of the receipt of the check and credit of same to its account. The Thrift-Waggoner Bank was located at Thrift, Tex., a small town off the railroad about twenty miles from

Wichita Falls. There was another bank, Johnson Bros. Bank, located at this place. On June 3, promptly after receipt of the check, the Wichita Falls bank sent it by mail as a cash item to the Thrift-Waggoner Bank, with instructions to remit in payment. The bank cashier testified that this was its customary way of handling such items. Receiving no report from the Thrift-Waggoner Bank, the Wichita Falls bank sent out successive inquiries about June 8 and June 11, but received no response. It had been having trouble for some time before this transaction in securing remittances from the Thrift-Waggoner Bank on items sent it. At one time it had been clearing such items through the First National Bank at Burkburnett, but such bank refused to handle such collections further because of the trouble in securing returns from the Thrift-Waggoner Bank. On June 16 the Wichita Falls Bank sent an agent to Thrift, and collected some \$3000 "to apply on some of its items," but the plaintiff's check was not included in the amount thus collected. If the check had been presented and payment demanded "over the counter" at any time prior to the evening of June 16, it would have been paid. The Thrift-Waggoner Bank failed on June 16, without ever having remitted in payment of plaintiff's check, which it had received and retained. The Wichita Falls bank thereupon charged the amount of the check back to its account with the Tillman County Bank, and notified such bank of the facts. This was the first notice the Tillman County Bank had that the check had not been paid. This bank in turn charged the plaintiff's account with the amount of the check, and demanded payment of the \$400 required to cover the deficiency.

It is conceded that there are only two questions for decision on this appeal: First, whether the Wichita Falls bank was the agent of the Tillman County Bank, or of the plaintiff; second,

whether the facts support a finding that the Wichita Falls Bank was negligent in the matter of the collection of the check. The trial court found against the defendant bank on both issues, and such findings are assigned as error on this appeal.

It is an open question with the Supreme Court of this state as to whether a correspondent bank, to which commercial paper is sent for collection by a bank receiving the same from the owner becomes, in the absence of some agreement, express or to be implied from general usage which would become a part of the contract, the agent of the forwarding bank, or of the owner of the paper. *First National Bank of Shreveport v. City National Bank*, 106 Tex. 297, 166 S. W. 691, L. R. A. 1918E, 336; *Waggoner Bank & Trust Co. v. Gamer Co.* (Tex. Sup.) 213 S. W. 927, 6 A. L. R. 613. There was no special agreement in this case. No general custom known to both parties was proven, so that the question suggested is squarely up for decision. Both sides of it have been ably presented by counsel in this case, and an imposing array of authorities cited in support of their respective positions. So much has been said on the question by text-writers and by the various courts that we do not consider it necessary to discuss the matter at any length. A collection of a great many of the authorities will be found in the notes to any of the following text-book references: *Morse on Banks & Banking*, §§ 268-287; *Daniel on Negotiable Instruments*, §§ 341, 342; *Michie on Banks & Banking*, § 170; 7 C. J. pp. 606, 607; 3 R. C. L. p. 622. The Supreme Court of the United States holds that the correspondent bank is, under the circumstances stated, the agent of the forwarding bank, and that the forwarding bank is liable for the negligence of such correspondent bank. *Exchange National Bank v. Third National Bank*, 112 U. S. 276; 5 Sup. Ct. 141, 28 L.

Ed. 722. At least four of the Courts of Civil Appeals of this state have announced their adherence to the rule adopted by the United States court. *State National Bank of Ft. Worth v. Thomas*, 17 Tex. Civ. App. 214, 42 S. W. 1016 (Fort Worth); *Schumacher v. Trent*, 18 Tex. Civ. App. 17, 44 S. W. 460 (Galveston); *First National Bank v. Quinby*, 62, Tex. Civ. App. 413, 131 S. W. 429 (Dallas); *Kirkpatrick v. San Angelo National Bank* (Tex. Civ. App.) 148 S. W. 362 (Austin).

It is very desirable that the decisions of the state courts should conform to those of the Supreme Court of the United States in questions of commercial law, as otherwise we would have the federal courts and the state courts in the same jurisdiction apply a different rule of law to the same state of facts, as the case might fall in the one court or the other. *State National Bank of Ft. Worth v. Thomas Mfg. Co.*, supra; *Lone Star Trucking Co. v. City Bank of Commerce* (Tex. Civ. App.) 240 S. W. 1009, recently decided by this court. The question is fairly debatable, as the most eminent authorities may be found on either side of it, and whatever might be our opinion as an original proposition on the matter, we feel bound, in the absence of a decision by our own Supreme Court, to follow the rule announced by the United States court and followed by the other Courts of Civil Appeals of this state.

We think the finding of the trial court that the Wichita Falls bank was guilty of negligence in the matter of the collection of the check is sufficiently sustained by the evidence. The facts are distinguishable from those in the cases of *First National Bank of Shreveport v. City National Bank* (Tex. Sup.) 166 S. W. 689, and *Waggoner Bank & Trust Co. v. Gamer Co.* (Tex. Sup.) 213 S. W. 927, decided by the Supreme Court. In the first case referred to the drawee bank was the only bank located at the place where the check was payable.

"The express company there, apparently the only other public agency for

making a collection, would not handle protest paper at all. The established custom, under this somewhat extreme condition, was to send the checks to the drawee bank if it was in good standing, and the instructions to protest were generally observed by such banks. Appellant was aware of this general custom, and did not expect this business to be handled differently."

And it was held that under such circumstances there was no negligence in sending the check direct to the drawee bank. In the other case cited the drawee bank was the only bank at the place of payment, and there were no other facilities there for the collection of checks drawn on it, and the forwarding bank "had no reason to apprehend" that the drawee bank, which was in good standing, would not remit in accordance with instructions. It had been the custom also in that case of the forwarding banks to make collections by sending such items direct to the drawee bank. The trial court found that the forwarding bank was not guilty of negligence, and the Supreme Court approved such holding. In this case, while the officers of the Wichita Falls bank testified that this was their custom in collecting items drawn on the Thrift-Waggoner Bank, the only evidence as to a general custom among banks as applicable to the facts of this case is to the effect that the custom was when there was more than one bank in the same place to send the item to another bank rather than to the drawee bank. The Wichita Falls bank and other banks had been having trouble in securing remittances, and the conclusion is reasonable that it had reason to apprehend that remittance to cover this item might not be promptly made. The failure of the Wichita Falls bank, after the unexplained delay had occurred, to take more vigorous action, might also be imputed to it as negligence. We hold, therefore, that this finding of the trial court is sustained by the evidence.

The judgment will be affirmed.

Person Receiving Check Twenty-Four Days After Issued a Holder in Due Course

Anderson v. Elem, Supreme Court of Kansas, 208 Pac. Rep. 573.

The fact that a person cashes a check for the payee twenty-four days after its date, does not affect his standing as a holder in due course, where he paid value for it and had no notice of any defense to the check. Under such circumstances, the purchaser may enforce the check against the drawer, notwithstanding the fact that the drawer had stopped payment and had a defense on the ground of failure of consideration, good as against the payee.

OPINION

Appeal from District Court, Sedgwick County.

Action by J. Anderson against J. H. Elem. From judgment for plaintiff, defendant appeals. Affirmed.

Matson & Stearns, of Wichita, for appellants.

Stultz & Bryant, of Wichita, for appellee.

BURCH, J. The action was one by an indorsee of a check to recover from the drawer. The plaintiff prevailed, and the defendant appeals.

The check was drawn on a bank in Wichita, was given in a transaction concluded at night, in Wichita, and the drawer stopped payment the next morning, before the bank opened for business. Payment was stopped because consideration of the check failed. The check was not presented for payment by the payee. He remained in Wichita for several days, and was accessible to the maker, who knew where he was, but who took no steps to obtain possession of the check. The check was dated October 20, 1919, and on November 14 it was cashed at Salina, by a purchaser who had no knowledge of the failure of consideration. When the check was presented for payment, payment was refused.

The law of the case is simple enough. A "check" is a bill of exchange, drawn on a bank, payable on demand. Neg. Inst. Act, § 192; Gen. Stat. 1915, § 6713. A check must be presented within a reasonable time after issue, or the drawer will be discharged from liability thereon to the extent of loss caused by the delay. Neg. Inst. Act, § 193; Gen. Stat. 1915, § 6714. This was the law before passage of the Negotiable Instruments Act. *Gregg v. George*, 16 Kan. 546; *Mordis v. Kennedy*, 23 Kan. 408, 33 Am. Rep. 169; *Anderson v. Rodgers*, 53 Kan. 542, 36 Pac. 1067, 27 L. R. A. 248; *Noble v. Doughten*, 72 Kan. 336, 345, 83 Pac. 1048, 3 L. R. A. (N. S.) 1167; *Cox v. Bank*, 73 Kan. 789, 85 Pac. 762.

Under section 196 of the Negotiable Instruments Act, a check does not amount to an assignment of funds. Gen. Stat. 1915, § 6717. A check, however, may properly be regarded between the parties as something of an appropriation to the payee of so much money on deposit in the bank, which the payee may obtain by calling for it. *Gregg v. George*, supra. Should the payee delay presentment, and should the bank fail, the loss falls on the payee. Should the drawer have no funds on deposit to meet the check, or should he withdraw his deposit before presentment, he can suffer no injury by delay in presentment, and is not discharged. *Anderson v. Rogers*, supra. Stopping payment is equivalent to withdrawing the deposit. The drawer of a check is principal debtor, the person primarily liable and, unless he suffers loss by delay, is not discharged if the check be presented within the time prescribed by the statute of limitations. Negotiation of a check as a bill of exchange is one of the privileges of the payee, and the drawer does not suffer loss, within the meaning of the Negotiable Instruments Act, by the fact that the payee chooses to transfer the paper, instead of presenting it for payment himself. In this instance, the defendant did not suffer loss because of delay in presenting the check.

If a check be negotiated to an inno-

cent purchaser, it stands on the same footing as other negotiable paper with respect to defenses the drawer may interpose when sued on the instrument. For purpose of negotiation, a check is not "due" until presented for payment (*Cox v. Bank, supra*), and one who acquires an unpresented check a considerable time after it was issued may nevertheless be a holder in due course (*Bull v. First Nat. Bank of Kasson, 123 U. S. 105, 111, 8 Sup. Ct. 62, 31 L. Ed. 97*). Section 60 of the Negotiable Instruments Act (*Gen. Stat. 1915, § 6580*) requires that the time shall not be unreasonable. What is a reasonable time depends on a variety of facts and circumstances. *Neg. Inst. Act, § 4; Gen. Stat. 1915, § 6524; Investment Co. v. Fuller, 105 Kan. 395; 184 Pac. 727.*

The payee, W. B. Lynch, was a patron of the plaintiff's hotel in Salina. The plaintiff was in the habit of cashing checks for his guests, and had cashed a \$50 check for Lynch two weeks before he was asked to cash the check sued on. The plaintiff testified as follows:

"On the afternoon of November 14, 1919, W. B. Lynch presented check marked 'Exhibit A' to me at Planters' Hotel, asking me to cash same. I said to him I did not have \$200 in cash at the hotel. W. B. Lynch asked me if I would cash same at the bank. I asked if check was good. J. R. Stanley was standing near at that time, and asked to look at the check, and said: 'Mr. Elem, of Wichita, Kan., is O. K., and is known to me personally. He is a real estate man of Wichita, and is worth considerable money.' He mentioned the sum, \$50,000. So I told Mr. Lynch to sign the check, and I took it to the Planters' State Bank, Salina, the same

afternoon of November 14, 1919, and received \$200 currency, with which I returned to the hotel, and presented to W. B. Lynch."

Did the lapse of twenty-four days from the date the check was issued, without more, necessarily give to it, in the eyes of the plaintiff, or in law, the same appearance as that of a dishonored draft, or an overdue and unpaid promissory note?

No question arises with reference to solvency of the bank, or liability of parties other than the maker, or the statute of limitations. It is perfectly true that a check is ordinarily to be regarded as an instrument for present use; but the Negotiable Instruments Act did not declare that a check is due at once, or that it must be presented, or put in course of collection, by the close of business on the next business day after issue. A check is not overdue, for purpose of negotiation, unless there has been unreasonable delay in presenting it, and unreasonable delay must be interpreted to mean such delay as to make the check obviously stale.

The facts are all before the court. It is essential to uniformity that the court itself should determine questions of this character, and the court holds that the time elapsing between the issuing of the check and its negotiation did not deprive the plaintiff of the rights of a holder in due course.

The proof was uncontradicted that the plaintiff had no notice of infirmity in the instrument, and the circumstances under which he acquired it had no tendency to indicate bad faith. *Neg. Inst. Act, § 63; Gen. Stat. 1915, § 6583.*

The judgment of the district court is affirmed.

All the Justices concurring.



International Banking and Finance

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Future Fields For Foreign Trade

By Dr. W. F. Gephart

Vice-President First National Bank in St. Louis

THERE has been much effort during the past decade or more to stimulate interest in foreign trade, but the people of the United States are slow to recognize the importance of it. This is due, among other reasons, to

(A) The extent of the country and, therefore, the remoteness from the seaboard of a large percentage of our population. The vast majority of our people never come into direct contact with the agencies and instrumentalities for conducting foreign trade.

(B) The long-continued dominance of the extractive industries, especially agriculture. Farming has been for so many years the occupation of the majority of our people that we are disposed to think and even to legislate in terms of agriculture. What ever surplus food products we have had have readily found a market without very much effort on our part.

(C) A certain provincialism in the thinking and outlook of our people. We are a continental and not an insular people.

(D) The rapid increase in our population and the great diversity in later years of our industrial life together with our large area and diversified economic resources cause many of our people to believe that we can have every desirable measure of prosperity without the necessity of foreign markets.

Nevertheless, the economic development of the United States has progressed to that point where foreign markets for an increasing number of our products is absolutely essential if we are to have that measure of prosperity to which our people have become accustomed. Decade after decade our manufacturing industry has been increasing until now we have a producing capacity in this industry far in excess of our domestic demands. At the same time,

the rapid growth of our population has absorbed an increasing amount of our food products. It is, therefore, no longer a matter of contenting ourselves with the idea that we can, without effort, find a market for our surplus production. On the other hand, it has now become necessary for us to go into the markets of the world and sell our surplus manufactured products in competition with the products of the older manufacturing nations.

It is pertinent, therefore, for us to inquire what fields promise the best returns for our foreign trade. We have looked to Europe as our chief market, due, in part, to the fact that our people are of European origin, and there was, therefore, supplied a natural racial basis for trade.

In the second place, all the western European nations developed their manufacturing industries long before the United States did and were, therefore, in position to supply our people, who were chiefly engaged in the extractive industries, with many of the diversified manufactured products of the European factories.

In the third place, Europe had a very dense population and because of her restricted food producing area she needed to import a large amount of food supplies which we produced in abundance. There were, thus, many natural economic bases for a profitable trade between the United States and the European nations.

We also looked to Europe to supply us with the capital for the economic exploitation of our country and the interest on this capital, as well as a part of the principal, was returned to them in the form of exported raw products.

However, this natural basis of trade between Europe and the United States has been in process of changing and the world war very greatly accelerated

the forces producing this change. Our population has increased so rapidly that it takes an increasing proportion of our food production. Even what surplus we have of this kind largely sells itself, whether to Europe or to other nations. Europe is our chief competitor in selling most of the manufactured products which we export. It has become increasingly more difficult to sell manufactured products to the western European nations as they produced largely the same products for their home market. Again, we do not need, as in the past, to look to Europe for capital to further our industrial development. We have become not only self-sufficient in this respect, but we also find ourselves with surplus capital to invest abroad.

There is already evidence that American capital is tending to flow to newer countries. During the past eighteen months, \$1,373,750,000 of foreign nations' bonds were sold in New York. Of this amount, 35 per cent. were of North American countries, 24 per cent. of South American nations, and 28.9 per cent. of European. Europe of all the continents of the world is more largely economically exploited; for these nations have the oldest industrial history with the possible exception of Russia and some of the southeastern European area.

It is, therefore, pertinent to inquire whether Europe, as in the past, offers as good a field for mutually advantageous international trading, not only from the standpoint of the exchange of goods but also on the basis of whether much of Europe is as good a risk for capital investment as is to be found in other parts of the world. It is therefore, of increasing importance for us to examine other regions of the world as possible fields for foreign trade, such as the newer industrial nations to the south of us and to the north, as well as those to the far east. If we inquire into the economic development of such nations as Mexico, South and Central

America, Canada, Asia, and Africa, we find that they are in the relatively early stages of industrial expansion. Manufacturing has scarcely begun in most of these nations and in many of them there are not adequate natural economic resources to develop manufactures. Therefore, it would seem that many of these countries offer a great potential and permanent market for our surplus manufactured products. There is also, in many cases, a natural basis for the exchange of products, for many of these nations have products which can be exchanged for manufactured goods. Many of them have native food products which we consume in abundance. Mexico, Central, South America, and Africa have tropical and semi-tropical products for which we have enormous demands. Canada has forest products, and likewise in many of these other countries there exists the wherewithal in their native products to purchase our manufactured goods.

Statistics of the physical volume of our exports before and since the war show that Europe is becoming relatively less important. During the period 1885-1894, Europe took 80 per cent. in volume of our exports, North America 11 per cent., South America 4 per cent. and Asia and Oceania 4 per cent., but in the period 1905-1914, the 80 per cent. to Europe had declined to 66 per cent., North America had increased to 18 per cent., South America to 5 per cent., and Asia and Oceania to 9 per cent. Since the war this tendency has continued, Europe in 1921 taking only 53 per cent., North America 25 per cent., South America 8 per cent., and Asia and Oceania 12 per cent.

Again, all these newer nations offer splendid fields for the investment of our surplus capital, the principal of which we shall not want returned to us, but only the interest. It is true that the population of some of these potential markets is not yet large. The countries to the south of us—Mexico, Central and

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South America have a population of 81,355,000 and they have the enormous area of 7,815,662 square miles. Canada has a population of only 8,361,000, but it has the enormous area of 3,729,665 square miles, much of which has not begun to be exploited. But pressure on population is always in force and in the coming years it is more than probable that population will be more mobile than it has been in the past century. Whatever temporary obstacles are erected to restrict the movements of the people, in the final result, people will distribute themselves over the face of the earth, the basis of their economic needs and economic opportunities.

American banking, to assume its proper function in extending our foreign trade, needs a development of its present organization to the foreign field and most of all a trained personnel for this work. This is true, not only for the purely commercial banking, but also for investment banking. The United

States is now, and will continue to be, one of the chief sources of supply for capital, and our funds will be used increasingly, both to finance the trade of the world, and as a permanent investment in many countries. This condition has been brought about in a relatively few years, and consequently we have not had sufficient time to prepare for this new work. American banks need to acquire, as quickly as possible, an increasing number of men in the American banking field who have a comprehension of the fundamentals underlying international trading and a clear understanding of the significance of international commercial and investment banking. Perhaps no other industry or business task of greater magnitude has confronted our people and we shall need the energy and application of our very best men to acquire this knowledge as rapidly as possible. The opportunity is here, the laws are adequate, and the need is pressing.



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Commercial Acceptance Credits Useful in Export Financing*

By A. H. Titus

President First Federal Foreign Banking Association

THERE appears to be a prevalent opinion among many export executives that the use of the bankers acceptance to finance the sale of American products abroad is practicable only in a limited range of transactions in which it is particularly effective. This idea has obviously arisen from the fact that so much emphasis has been laid upon only a few of the advantages of financing regular export selling by means of acceptance credits. These advantages are important and deserve emphasis. They are so important that I want to summarize them, in advance of bringing forward some of the other uses of acceptance credit that should also be more widely known.

The program of sending documentary drafts to one's bank with instructions for collection, and then drawing a clean draft on the bank itself to obtain an advance against the future return of the money from the collection is very simple and attractive. As far as the export executive or his treasurer is concerned it is exactly as simple as drawing a check immediately and getting the money. The acceptance banker does the rest of the work, including the collecting, and does it all for a trifling commission. Moreover, acceptance credits are being accorded to responsible export firms and companies on the basis of their financial responsibilities solely, and without reference to deposit balances or the carrying of accounts.

To have the facilities of the low rates of acceptance financing available just as needed, the discount and commission charges applying definitely to a specific transaction and to it alone, with no general charges or overhead of any kind, is a step in the direction of clean figuring and allocation of costs in business.

Another highly important feature of

advantage in acceptance financing for the consideration of export executives and treasurers is that it provides a source of facilities that is independent of local limitations of credit facilities—it taps an open discount market that is as big as the whole country and will be even bigger when our acceptance market develops a world-wide command of liquid funds. In time of money-plethora due to a temporary slow-up in business, for the moment, this advantage does not appeal as strongly as it may just when business picks up actively. When the demand of domestic business revives, it will not be at all surprising if the supply of current funds represented in deposits of banks in the busy centers will be under considerable pressure of demand, so that the acceptance market will be a good thing for export and import business to have available. There may also be quite a differential in rates of discount.

The general advantages of a great open-discount market for bankers acceptances, as an indirect stimulation to international business, are now so strongly known by exporters that they need not be mentioned.

The advantageous use of acceptance credit, however, is not confined to the financing of ordinary merchandise sales to foreign customers on the usual terms by which the exporter here carries the credit and the bank advances the money with the understanding that the exporter shall reimburse it in case the collection does not come through as expected. It is entirely feasible to use the acceptance, and very common to use it, in connection with commercial credits arranged with banks here by the foreign customer's own bank. In such use of it,

*Reprinted from the ACCEPTANCE BULLETIN.

the foreign bank acts on behalf of its customers in carrying whatever risk there may be in the credit, while the American bank stands as sponsor for the credit in arranging to have all the funds for it provided here. At the maturity of the credit, of course, the foreign bank provides the American bank with funds to meet the payment of the acceptance, the foreign customer presumably meeting his part of the obligation to the satisfaction of his bank.

This use of the acceptance is in its practical effect the receipt of payment in absolute sale, without any risk on the part of the exporter, and without tying up or blocking his credit resources. There is, of course, the remote contingency that has been discussed over and over again, that, in case all the banks in the transactions become insolvent, the holder of the bankers acceptance could make a claim against the drawer for his money at maturity. Since no bankers acceptance has ever been dishonored, this theoretical contingency is not regarded by anybody as an element of risk or as counting in "current liabilities". It is practically the equivalent of selling abroad for cash, leaving the exporter's full "lines" free for the domestic business that turns over more rapidly on the basis of a given amount of capital or credit.

Foreign merchants at times naturally prefer to have the exporter extend them "time" in which to pay for consignments, thus allowing them time to turn the merchandise over and relieving them of the necessity of negotiation and payment of their own bank's charges for financing. The offering of these courtesies and conveniences of credit by the exporter is an inducement to do business with him, and a builder of goodwill, the effectiveness of which can not be intelligently minimized. But it is not always necessary, by any means. Foreign merchants understand the many practical considerations surrounding the giving of credit. It is true that there are countries whose merchants are sen-

sitive to all variations from certain very liberal terms of credit in sales. Most experienced export executives know these markets and their peculiarities. There are buyers who resent being asked for "cash in New York" in payment for their orders when English and German merchants are glad to sell them "C.O.D." or on a "time" basis. On the other hand, most merchants realize that these considerations are part of the trade and it is up to them to get the best terms possible. Under such circumstances our "best terms possible" should be strictly competitive in order that our foreign customer may not be made to feel that we are looking for the business on a temporary basis only, and therefore are quoting stringent terms. The frank suggestion that the customer arrange with his own bank to give him a commercial credit on New York, extending as a reason our American way of limiting lines of credit because of direct liabilities, ratio to bank balances, etc., thus broadening the terms of sale to him, would have, I am sure, very respectful consideration from practically every substantial foreign merchant.

In my own experience in Latin America, I have found business men familiar with the use of commercial acceptance credits as a medium for payment for their purchases. The banks understand the methods thoroughly. During the time I lived in South America and conducted the operations of banks there I do not recall ever having met a competing bank (either a native institution or branch of a foreign institution) the manager of which did not thoroughly understand the operation of acceptances and commercial acceptance credits. Such credits have been in use between Latin America and London for many years, and furthermore such credits have been used between Latin American banks and New York banking institutions, having started shortly after the acceptance was made legally possible by banks in this country. Not only that, but in my experience I have found that

there are some private concerns, big importing houses and local merchants of responsibility who have at times opened acceptance credits direct with banks in London and some of whom have had such facilities in New York.

In all probability this kind of business could be very much stimulated if American banks would study the Latin American situation a little closer and prepare themselves to give commercial credit facilities to banks in Latin American countries. I believe this can be done in a way and in amounts that will be perfectly safe and reasonable, and I know of many instances in which it is being done. Bankers, however, in South American centers do not see the need of their local customers financing their imports from abroad through acceptance credits in New York when they themselves have funds, and money is easy in their own centers. That happens to be the case just now in certain South American capitals, and under the circumstances bankers there prefer to employ their own money for this financing rather than turn the business over through banks in this country.

After all, the volume of business, either commercial or financial, between this country and Latin American countries is largely a matter of familiarizing ourselves with conditions there. English and various continental bankers did this many years ago; they have kept in close touch with the situation and local conditions; they have obtained close personal knowledge of individuals and concerns, and have been in a position to grant credits when needed. Large amounts of English and continental capital have been invested in local enterprises, railroads, etc., in South America whereas on the other hand the bulk of our American financial interest in South America has been to absorb reasonably large blocks of Government securities occasionally, at high rates and stiff terms, but we have not gone very far in local capital investment. This must come before a close intimate knowledge can exist.



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in granting necessary credit to cover his exportation; it would give him names of foreign banks in the country where his business is developing, any one of which it would be willing to accept as guarantor under the letter of credit principle, and would be of great assistance in advising him just how the matter could be best put up to the prospective customer and to the banks which might be called upon to stand back of that customer under the credit. Such credits can be adapted to special variations of terms with absolute correctness of form that will carry the whole transaction through without any delays. Frequently on such transactions a very large payment is exacted in advance, especially where certain equipment must be manufactured to order. When a bank whose organization is expert in such business is helping work out the transactions from the start, and assists in the negotiations with the foreign bank, the whole business may be so engineered as to throw plainly into the foreground the friendly offices of the American business interests in the coöperation for financing; as a matter of actual experience this kind of coöperation has proven to be an effective builder of mutually respectful goodwill, and foreign interests have shown that they are well pleased with such arrangements.

As far as commercial acceptance credits are concerned, I believe that if any American bank having banking correspondents in South American capitals really desires to extend such facilities to these correspondents, they could very easily awaken an interest in the matter with the result that there would be considerable stimulation at times when American credit is needed and useful abroad.

We have been told frequently that the lack of information on the part of Latin American merchants and banks has made it impossible to suggest commercial acceptance credits to them when the foreign buyer desires a little time for the payment of his merchandise. While this may be so in certain in-



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stances, I do not believe that it is generally a fact and I have found Latin American merchants and bankers quite as smart and up-to-date as any others, but it is a problem of fostering coöperative relationships between the commercial and financial interests in this country and similar interests in Latin American countries—first, by deciding for ourselves that we want to be useful and helpful in assisting their merchants to purchase our goods, and, second, by developing the relationships that will enable this condition to be brought about.



Great Britain

IMPROVED FINANCIAL POSITION

On the eve of negotiations for an adjustment of debt repayments to the United States, the British Government

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is probably in the best position with respect to home finances that it has attained since the end of the war.

Alone, among the former European belligerents, Great Britain balanced her last year's budget and achieved a surplus of £45,000,000 for debt redemption. The old-fashioned and sure procedure of keeping expenditure below income made possible the above result.

That program is to be repeated together with a rigid curtailment of expenditure in the present fiscal year which began on April 1, 1922.

The British budget estimates for the year anticipate a total expenditure of £893,437,000 or £186,000,000 less than was spent by the Government last year. According to British Treasury figures received by the Bankers Trust Company of New York from its English Information Service, the results already accomplished in the first six months promise success for the program of national economy.

Expenditure has been kept at £56,000,000 below income and is more than £150,000,000 below the amount spent by the Government in the corresponding period of 1921. The following British Treasury figures give the details:

	April 1 to Sept. 30, 1921	April 1 to Sept. 30, 1922
Revenue	£456,163,160	£403,089,412
Expenditure	497,993,849	347,423,844
Deficit	£58,169,311	Surplus £55,665,568

These comparisons show a present net improvement in the Government's

financial position, compared to last year, of more than £113,000,000.

Considerable improvement is also reflected in the status of the British national debt. At the close of the war Great Britain's total debt was £8079 millions. The total has since been reduced by approximately £360 millions, of which about £275 millions represents reduction of debt owed by Great Britain to other countries.

Repayment of Great Britain's share of the Anglo-French loan floated in the United States amounting to £51,370,000 was one of the important items of this foreign debt redemption.

Another significant and encouraging feature has been the reduction of the British floating debt. The following figures indicate the progress which has been made in that direction:

British Floating Debt:

December 31, 1919	£1,349,324,000
June 30, 1920	1,570,387,000
September 30, 1921	1,320,590,000
September 30, 1922	871,924,500

The above showing indicates that Great Britain's efforts to put her national finances in order has, so far, met with much success.

The dark side of the picture is the position of Britain's foreign loans and the very remote prospect of repayment by Britain's debtors. Latest official figures of the British Treasury disclose that the debt owed to Great Britain by her Allies increased by more than £50,000,000 in the last fiscal year, as follows:

Amounts Remaining Unpaid on Loans (Including Interest on various loans)	March 31, 1921	March 31, 1922
	£	£
To Dominions and Colonies	156,525,247	150,432,114
To Allied Governments	1,787,262,007	1,833,907,069
For relief	16,736,603	18,702,028
For reconstruction		11,393,617
Other loans (stores, etc.)	2,829,634	2,784,424
Total	1,963,353,492	2,017,219,253

Figures are available showing the amount owed to the United States by foreign countries at the above period of 1922, and the following interesting comparisons are possible:

Owed to United States April 1, 1922 (including interest)	\$11,361,867,217
Owed to Great Britain March 31, 1922 (at par of exchange)	\$9,817,806,104

The amount due to the United States is all European debt. In the case of Great Britain £1,866,787,189, or \$9-085,633,005 at par of exchange, is owed to her by Europe, the remainder being indebtedness of British dominions and colonies. However, a majority of the European countries owing money to the United States are also greatly in debt to Great Britain.

The following table shows the outstanding amounts owed to both Great Britain and the United States by the same group of European countries:

Owed by	To United States April 1, 1922	To Great Britain March 31, 1922 (at par of exchange)
Armenia	\$13,187,465	\$4,269,420
Austria	25,499,260	58,948,597
Belgium	420,263,996	43,603,000
Czecho-Slovakia	102,328,599	12,059,579
Estonia	15,694,147	1,237,702
France	3,717,021,987	2,842,291,409
Greece	15,000,000	104,632,990
Hungary	1,837,560	626,694
Italy	1,886,313,782	2,448,393,020
Latvia	5,572,296	98,162
Lithuania	5,479,790	81,819
Poland	148,318,057	19,531,193
Roumania	40,509,240	118,000,439
Russia	223,160,251	3,188,855,260
Serbia	57,210,786	130,910,424
	\$6,677,342,166	\$8,973,739,708

On the basis of the above figures Great Britain's loans to European countries which are also indebted to the



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United States have exceeded American loans by more than \$2,000,000,000.

France

THE NATIONAL BUDGET

The Finance Commission of the Chamber of Deputies has recommended a reduction of 269,546,769 francs in expenditure proposed in the French budget for 1923. The reduction brings total proposed expenditure down to 22,927,928,174 francs. The original estimate of expenditure submitted for 1923 by the French Minister of Finance was 23,197,474,943 francs.

As now proposed the 1923 budget expenditure is 1774 million francs below the amount of estimated expenditure in 1922. The Bankers Trust Company, of New York, is advised by its French Information Service that the budget for

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next year still shows a deficit of 8,711,000,000 francs. That sum is about equal to the interest and amortization charges on the loans made by the French Government on Germany's account for reconstruction and reparations.

In addition to the above national budget, there is a special budget for redeemable expenditure for next year which is expected to amount to about ten billion francs and is chargeable against Germany.

The Chamber of Deputies aim to pass the budget proposals before December 31, and thus avoid the "douzième provisoires", or monthly provisions necessary in case of delayed action on the budget. The 1922 budget was the first one voted on time since the war.

A total of 15,927 million francs had been advanced by the Credit National of France, up to the end of September, 1922, in aid of reconstruction in the war devastated regions. The total number of payments was 4,843,210. In September, alone, 302,851 advances were made, amounting to 806 million francs. A total of 347,583,061 francs has also been loaned to promote commerce and industry in the north of France.

The latest census of French live stock indicates that the losses sustained through the German invasion have been largely overcome. The following official figures show the number of animals owned in France at the end of 1921 compared to 1913:

	1918	1921
Horses _____	8,220,080	2,706,110
Mules _____	188,290	186,420
Donkeys _____	856,810	295,780
Cattle _____	14,787,710	13,343,440
Sheep _____	16,181,890	9,599,560
Pigs _____	7,035,850	5,166,080
Goats _____	1,434,970	1,361,180

The restoration has been the result of both Government initiative and private enterprise.

Italy

REVENUES MAKE RECOVERY

A marked improvement in Italian financial and economic conditions is reported in a cable to the Department of Commerce at Washington. Government revenues after showing an increase of only 2,000,000 lire in the first two months of the current fiscal year, made a sudden spurt in September when they amounted to 682,000,000 lire, an increase of 109,000,000 lire compared with September, 1921. During July and August, Treasury notes having less than one year maturity were issued in the amount of 685,000,000 lire, but during September there was a withdrawal of 253,000,000 lire. The total Treasury notes outstanding on September 30 amounted to 25,262,000,000 lire. From July to September, three to seven-year notes were issued, amounting to 246,700,000 lire; the total outstanding on September 30 was 7,479,000,000 lire.

The note circulation of the three Italian banks of issue on August 31

was 17,323,000,000 lire, compared with 17,911,000,000 lire at the end of the preceding month. Discounts on the two dates were 5,922,000,000 and 5,875,000,000 lire, respectively.

Germany

CONTINUED INCREASE IN NOTE CIRCULATION

The note circulation in Germany on September 30 amounted to 316,000,000,000, an increase of 86,000,000,000 over the outstanding marks on August 31, according to a cable to the Department of Commerce at Washington. The Government Loan Office notes increased from 13,382,510,000 marks on August 31 to 14,000,000,000 marks on September 30.

Private discounts at the Reichsbank amounted on September 30 to 50,000,000,000 marks, which is a tremendous increase over 21,704,000,000 on August 31 and 8,122,000,000 on July 31. The total floating debt of the German Government on September 30 was 528,000,000,000 marks, of which 451,000,000,000 was discounted treasury notes. The floating debt in Treasury Bills amounted to 807,810,000,000 on July 31 and 831,800,000,000 on August 31.

The internal purchasing power of the mark for September was estimated at sixteen hundredths of a cent, while foreign exchange value about seven hundredths of a cent, using Berlin quotations. The Tageblatt stock index on September 28 was 866, or an increase of 5 per cent. during the month. The fixed interest index remained stationary at 110.

The Reichsbank by raising its discount rate is attempting to curb unnecessary expansion of private credit, but the new price levels raise the minimum demands of German industry to such a point that any undue contraction of private credit will be dangerous and may cause a serious decrease of production resulting in immediate unemployment. Private banks now demand as high as 30 per cent. or more for some

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commercial loans and the competition for bank credit is increasingly severe.

Holland

INVESTMENT OPPORTUNITIES

The opening recently of a direct cable between the stock exchanges of New York and Amsterdam is evidence of the growing interest on the part of American investors in the opportunities afforded by the most cosmopolitan securities market in Europe, according to H. R. Jolles, the Dutch representative of a large American investment banking house, now in New York, who has recently made a survey of the trade and financial situation in Holland. Mr. Jolles says:

For a great many years Dutch investors have been familiar with American securities. They made extensive purchases of

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high grade bonds and stocks of American railroads and industrial companies in the period of development, and indeed right up to the outbreak of the world war. The war compelled the liquidation of a large amount of these securities, especially in the last two or three years, when Holland along with the rest of Europe was hard hit by the general deflation and by the industrial and financial chaos that reigned, especially in Germany.

During 1921, German competition was severe. It was a large factor in accentuating the industrial crisis in Holland. This year, however, German competition in the export markets of Holland has been much less felt, and stabilization of raw materials, prices and deflation of wages in Holland have made for general improvement.

However, the Dutch investors' power to absorb new securities has not yet been re-established on a normal basis, which has resulted in giving to foreign investors the opportunity to buy Dutch securities on an attractive basis.

The old situation is therefore reversed, as Holland is looking to America for funds to supplement what its own investors are able to advance.

As a matter of fact, prices of the best Dutch securities have risen well above the lowest quotations, though the improvement has been very gradual, and the real recovery toward normal will depend to a large extent upon the solution of the German problem.

The most encouraging factor to the American investor who has learned to know Dutch securities is the near approach of Holland's exchange to parity with the dollar. Current quotations show the florin, normally worth 40.2 cents in American money, just under 39 cents—a position proportionately better than that of any other European exchange.

Belgium

TEXTILE BUSINESS BETTER

Marked improvement in the Belgian textile trade is reported in a cable to the Department of Commerce at Washington. The raw flax market has shown an upward tendency during the past month owing to small stocks and increased buying by French and Belgian spinners. Flax yarn prices have shown marked strength as a result of considerable foreign buying, principally from Switzerland, Spain, Holland, Italy and France. The flax yarn mills generally are working at capacity, but some spindles are idle due to the labor shortage. Orders for linen goods for delivery before the middle of 1923 are being placed with difficulty.

Belgian cotton spinners are likewise well occupied and although receiving less current business, they are fully occupied for some months ahead. Idle spindleage around Braine l'Alleud in Brabant varies from 10 to 20 per cent. on account of the acute labor shortage. Most of the cotton weaving mills have orders which will keep them busy until well into next year and because of this advanced booking, recently experienced difficulty in securing large American towel contracts. The volume of business in East Indian cotton is increasing on account of falling prices resulting from the favorable settlement of the Near Eastern difficulty. Yarn stocks in Belgian mills at present approximate

2850 metric tons and cotton yarn production is about 85 per cent. capacity.


Austria

CONDITIONS CONTINUE CRITICAL

The financial situation of Austria remained critical during September, the circulation exceeding two trillion crowns. Funds received from Czechoslovakia and France during August aided in checking the rapid depreciation of the crown and caused something like stabilization of the currency throughout the month, according to a cable to the Department of Commerce at Washington. The Italian loan was partly paid over and a plan approved in October by the League of Nations for the rehabilitation of Austria. If passed by the Government this plan should help greatly toward the financial recovery of the country.

Under this plan \$134,000,000 is guaranteed, 84 per cent. of which is to be paid by England, France, Italy and Czechoslovakia. This loan is to be secured by a pledge of the gross receipts of imports and export duties and the tobacco monopoly on finding that the Austrian Government will receive full discretionary authority from Parliament for the next two years to take necessary measures to increase revenues, diminish expense and otherwise within that time balance the budget and effect a general economic reformation recommended by the League.

The execution of this plan will be under the direction of a general commissioner appointed by the League and through him a central committee of guarantee of powers which also guarantees the political and economic independence of Austria. The Government is to issue no paper money. The bank of issue is to be independent of the Government and is to act as its treasury allowing no increase in the circulation. There will be an immediate increase in the railway, postal, and telegraph tariffs and prices of articles under Gov-



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ernment monopoly. Reports are to be submitted to the League. Austrian opposition is anticipated from the pan-German party on account of the guaranteed independence of the country and from the Social democratic party because of the proposed foreign domination over Austrian finances.

Roumania

ECONOMIC CONDITIONS

Reporting on economic conditions in Rumania, the chairman of the Bank of Rumania at the recent London annual meeting stated that "the considerable increase in taxation and the efforts which the Government is making to stabilize the financial situation by careful examination of the expenses of the State should have the effect of bringing about gradually the balancing of the

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The bank was organized in 1919 to perform in France all operations connected with foreign trade in foreign countries and in the French Colonies and Protectorates all usual banking transactions, especially those connected with Exports and Imports.

budget. The industrial situation is set forth as follows:

The harvest of last year was larger than that of the previous year, and the export of cereals amounted to 1,472,760 tons, as against 917,780 tons in 1920. Hopes are entertained that the figures for this year will be even better, although it is still too early to speak definitely on the subject.

The total production of unrefined petrol also increased in 1921 to 1,160,885 tons, as against 1,030,086 tons in 1920, an increase of 129,799 tons; while the oil exported amounted to 362,340 tons, compared with 246,912 tons in 1920. The production has not yet reached the level attained before the war, owing to the insufficient means of transport, the lack of labor, and the difficulty of importing drilling materials. During the year, however, new oil companies have been formed and the position of existing ones has been improved, so that there is every ground for believing that the production will increase greatly in the future. I may add that there are large areas owned by the State and also by private individuals which only await more favorable conditions for exploitation.

Rumania is relatively one of the richest countries in Europe in forests. In the old kingdom, as well as in her new territories, the production of timber, etc., is not only sufficient for her own needs, but should constitute one of her principal exports. It is estimated that new Rumania alone could export annually about 100,000 wagons of timber. So far, however, the export has not been proportionate to the resources, owing principally to the lack of adequate transport to the ports on the Danube.

Poland

TRADE ACTIVITY

That Polish industry and commerce continue to expand in the face of cur-

rency difficulties is evidenced by the constant increase in the number of cars loaded and in the constant shortage of cars to handle goods offered, says a cable to the Department of Commerce at Washington. There is increasing difficulty in moving coal, grain, potatoes, and sugar beets, owing to scarcity of cars. This situation can be remedied only when the 7500 cars recently bought from the United States War Department are received.

As a result of the rising prices, there have been numerous strikes in Poland and the demand for wage increases is general. The strikes are of a purely economic nature and have no political significance.

The crop reports for September 1 were less favorable as regards the yield of grains but it is, nevertheless, anticipated that the country will have an exportable surplus of about 500,000 tons of grain and 150,000 tons of sugar, as well as a large surplus of potatoes which can be exported either as such or in the form of alcohol, starch, etc. The potato crop is estimated at 28 million metric tons, or 67 per cent. more than in 1921. The weather conditions have been unfavorable for fall plowing and seeding.

Production of coal in Polish Silesia continues to be restricted by the grave transportation difficulties, which largely result from the cutting of transportation lines by the new border.

Figures of Poland's foreign trade for the first quarter of 1922 show a decided decrease in imports, and an increase in

exports; but though the trend is now in Poland's favor, the trade balance still remains against her. In the three months imports were 177 per cent. of exports by weight and 280 per cent. of exports by value. Total values of imports were 85,659,000 marks, of exports 86,828,000 marks.

Of the total value of imports into Poland during the first quarter of 1922, a little over one-fifth (21.4 per cent.) came from the United States, Germany led all countries with 29.3 per cent. of the total. Austria furnished 12.5 per cent. England 4.5 per cent. and France 4.2 per cent. Of the total exports 44.3 per cent. went to Germany, 17.2 per cent. to Austria, and 12.3 per cent. to Czecho-Slovakia, the United States taking less than one-tenth of 1 per cent. of the total. This percentage might be slightly higher if trade through Danzig were included.

The chief item of imports were:

	Marks
Cotton and cotton waste.....	14,691,000,000
Metal products	13,402,000,000
Coal (mostly from Upper Silesia).....	11,462,000,000

The main exports were:

Oil products	8,040,000,000
Metal products	2,730,000,000
Timber and manufactures of wood	5,070,000,000
Cotton textiles	2,463,000,000
Lubricating grease	2,054,000,000

South Africa

THE FINANCIAL SITUATION

The financial situation in South Africa has eased, says a cable to the Department of Commerce at Washington, and less stringency is noted on the money market. Bills are being paid, but wholesale buying has been restricted somewhat due to apprehension in commercial circles. The general building and construction program has been large and continues to improve. Sales of motor cars during the month of September were very low. Imports of American cotton goods during the first six months of 1922 were satisfactory, especially in the case of piece goods, which equalled the total for 1921, Germany offering strong competition in South

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African markets. Imports from that country are rated at 226 per cent. above the 1921 level. The stock market shows distinct signs of improvement and a tendency towards more speculative issues has been manifested. The number of insolvencies during the first half of 1922 was exceeded only by those of 1921.

Gold mining industry continues its improvement. The August output is best in recent years. In many circles this improvement is attributed to greater efficiency and decreased costs of production. Government receipts have not equalled budget estimates, but it is expected that by the end of the fiscal year a balance will be struck. The South African export market is good. Demand is strong and a good wool season is expected.

At the Maize Conference it was estimated that the total yield of maize

throughout the Union would be 10,000,000 bags. Local consumption amounts to approximately 9,000,000 bags, leaving an estimated surplus available for export of only approximately 1,000,000 bags. Expectations of the harvest for small agricultural products are satisfactory.

India

THE TREND OF TRADE

Business conditions in India show a slight improvement says a cable to the Department of Commerce. Money remains easy with an evident surplus in banks and the bank rate continues unchanged at 4 per cent. Foreign trade for September shows a decrease, but the balance remains favorable. Encouraging crop conditions, lower prices for necessities and improved labor conditions make for greater economic stability.

In the September foreign trade of cotton piece goods 90 per cent. of the gray, 98 per cent. of the white, and 85 per cent. of the colored was chargeable to Great Britain, an average increase of 5 per cent. compared with the July report, whereas the shares of Japan with 8 per cent. of the gray, and of the Netherlands with 1 per cent. of the white and 5 per cent. of the colored, represent slight decreases. The foreign

trade of India in principal commodities as reported by cable is shown by the table at the bottom of this page.

The trade balance has been favorable since January, as shown in the following table:

1922	Imports	Exports	Trade Balance
January	276,200,000	229,900,000	-46,300,000
February	199,300,000	211,200,000	+22,700,000
March	214,800,000	276,100,000	+61,300,000
April	178,400,000	238,600,000	+60,000,000
May	190,600,000	273,000,000	+82,000,000
June	164,000,000	192,300,000	+28,300,000
July	181,500,000	244,000,000	+62,500,000
August	212,000,000	237,500,000	+40,100,000
September	182,000,000	205,000,000	+23,600,000

An awakening interest in the development of the industrial and natural resources of India is evident in the large trade centers. Capital is being invited and labor problems being considered more seriously for the mutual interest of laborer and employer. The Fiscal Committee in a recent report openly advocated a more friendly attitude toward foreign investment and the Madras Legislature is now considering a bill to regulate state aid for industries.

While industrial unrest is still apparent improved conditions seem evident. The continuance of the favorable monsoon implies a greater demand for labor in agriculture until after harvest with a corresponding diminution of men available for industries. Coöperation between employer and employee is increasing. A Workingmen's Compensation Bill has been introduced into the

Exports	Article	August 1922	September 1922
Cotton, raw	Tons	24,696	200,025
Hides	"	2,008	2,728
Jute:			
Raw	"	27,760	46,000
Manufactured	"	65,125	76,000
Skins	"	1,945	3,886
Wheat	"	262	282
Imports			
Vehicles	Number		5,031
Machinery, textile	Pieces	70	91
Iron and steel:			
Bars and channels	Tons	17,477	6,488
Beams, pillars, etc.	"	4,471	2,801
Tubes and fittings	"	4,479	3,321
Cotton goods:			
Gray	Yards	113,789,000	72,333,000
White	"	38,440,000	34,675,000
Colored	"	18,384,000	20,039

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Foreign Exchange

Letters of Credit

Cable Transfers

Legislative Assembly, supported by employers generally, except in Burma.

While crop reports continue generally favorably, cotton has suffered somewhat in Bombay and heavy rains have damaged the rice crop in sections of Bengal, whereas Madras has been deficient in rain. Observations, however, for all India indicate that prospects for cotton are fair and for rice good. Crop estimates place the first forecast for rice at 73,466,000 acres as against 73,949,000 acres for last year; the second forecast for cotton 17,412,000 acres, or 1,314,000 acres less than last year. The first estimate for the indigo crop this year is 2,269,000 acres, last year 2,375,000 acres with the estimated yield at 41,000 cwt. as against 42,500 last year, with indications fair for the new crop.

Japan

FINANCE AND FOREIGN TRADE

Inactivity of business in Japan is reflected in lessened credit demand and a

consequent easing of the money market, says a cable to the Department of Commerce at Washington. Interest rates on short term loans have been reduced. Bankers, remain cautious however and rates for long-term loans are still comparatively high. The financial position has improved somewhat. The total outstanding note issue was reduced by 52,000,000 yen during September; postal savings deposits increased by 4,000,000 yen.

Exports increased and imports decreased during September as compared with August. Exports for the month amounted to 149,600,000 yen (preliminary figures) compared with 145,600,000 yen in August; imports, to 134,400,000 yen compared with 137,000,000 yen in August. Raw silk was chiefly responsible for the improvement in the export trade. Exports of raw silk during July-September, 1922, were approximately 105,000 bales of which 92,000 bales went to America and 13,000 bales to Europe. September

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contributed the greatest amount, namely, 40,000 bales of which 36,000 bales were shipped to America and 4000 bales to Europe. Cotton yarn exports increased in value from 4,590,000 yen in August to 6,890,000 yen in September. Exports of knit goods increased from 1,490,000 yen in August to 1,920,000 yen in September. Lumber exports advanced from 1,010,000 yen in August to 1,410,000 yen in September. Certain other leading exports declined. Cotton textiles dropped from a value of 18,270,000 yen in August to 16,780,000 yen in September; silk textiles, from 10,120,000 yen in August to 9,300,000 yen in September. Exports of matches made a favorable showing and were valued at 1,550,000 yen during September. Exports of tea amounted to 2,490,000 yen.

China

THE REPUBLIC OF CHINA*

China, whose people call their country "The Middle Kingdom" has a total area of approximately 4,300,000 square miles, and a population estimated, through a rudimentary form of census, at something more than 350,000,000. It was proclaimed a Republic on February 12, 1912, and consists of twenty-one

provinces and the three dependencies of Mongolia, Tibet and Turkestan. China proper is somewhat less than one-half the area of the United States and has three times the latter's population. Its climate is highly diversified, the land is fertile, and there are two great inland waterways,—Hwang Ho and Yangtze rivers,—with their many tributaries, besides numerous smaller streams.

The individual purchasing power of the bulk of the Chinese people is very small, but in the aggregate, and indirectly through public utility requirements, the sum represented is large. The vast majority of China's 350,000,000 work for daily wages equivalent to from twelve to twenty-five cents of our money, for men,—and for women operatives in factories, from five to thirteen cents; eleven to thirteen hours constituting a day.

The monetary system of the country is extremely varied and complicated, but depends fundamentally upon the world commodity price of silver, which, chiefly in the form of Mexican dollars, —but reckoned in taels,—forms the medium of exchange. Sudden and extreme fluctuations of this value are disastrous to Chinese trade,—a rising price of silver favoring importation, and a falling price, exportation.

*From the FOREIGN TRADE REVIEW of the National Shawmut Bank of Boston.

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Banking in a general sense of exchange dealings is widespread, because of the many forms of currency in circulation, but standardized commercial banks are a modern institution which, headed by the Bank of China, is being steadily extended. Chinese bankers are thoroughly awake to the methods of their confrères in other countries, and through associations are studying national and local questions. Their National Bankers' Association at a recent conference at Shanghai passed resolutions favoring "a sound and stable financial policy"; "reform in the system of internal loans"; "the establishment of uniform currency", and the accomplishment of the Consortium of leading bankers of England, France, the United States and Japan to make large loans to China,—agreed upon but not yet operating. The Peking Bankers' Association, representing nineteen banks, opened its new building about a year ago. Seven cities have similar native bankers' associations, in-

cluding about forty principal modern type Chinese banks. There are also about twenty-five important foreign, or foreign-Chinese banks. Security margins of from thirty to fifty per cent., are required on local loans. Interest on loans and deposits is a matter of arrangement within universally accepted limits; on bills it is usually seven per cent.

Foreign trade with the Chinese is necessarily indirect because of the difficulties of their language and the peculiarities of their methods and customs. Import and export commission houses intervene between foreign houses and Chinese dealers, and they, in turn, depend upon the "comprador," a peculiarly Chinese functionary. He is the agent of foreign banks and business houses for all negotiations, purchases, collections, shipments, etc. He maintains a staff of clerks, messengers, and salesmen; and he must be possessed of or able to command large means, to provide the bonds or guaranties required

of him. He receives in payment for his services a monthly allowance for himself and the salaries of his employees, and a commission on the business he transacts.

World trade with China is through forty-eight treaty ports and some thirty other towns "opened to trade". A considerable portion of China is occupied by foreign governments under cessions or leases granted as war indemnities; compensation for claims of national injury; or equalization of spheres of influence; which in some cases are sources of humiliation and trouble that China seeks to have abolished through restoration of her sovereignty. These districts are favored bases for development of the interests of the nations in control. The influence of the United States through its "open door" doctrine, has been against these favored interests, and this policy has received new impetus through the agreements reached at the Washington Conference, which also promises much for the restoration of China's integrity, as evidenced by the withdrawal of foreign intervention in her Province of Shantung.

Foreign residents in China are subject only to the laws of their respective countries, and offenses are tried and rights of person and property adjudicated by well organized extra-territorial courts of those countries. Modification of this system in keeping with China's development also is contemplated under the new four-Power treaties.

China's total foreign trade for the year 1920 was \$1,616,812,400; of which \$671,622,440 was the value of exports, and \$945,190,000, imports. Of this the United States' share was of the exports \$192,708,094; and of the imports \$145,787,321. Corresponding figures for 1911 were: U. S. exports to China \$23,366,515; imports from, \$31,768,838. It will be seen that in each case the figures for 1920 are more than six times those for 1911.

Japan's trade with China amounts to three times our: that of the United Kingdom, recorded as such, is about

one-half ours, but it is impossible to know the value of British goods or purchases passing through Hong Kong, which is British territory. Before the war Germany's trade was important, and its recovery is to be looked for, as a treaty of amity and commerce between that country and China was signed on May 21 of this year. It will be noted that China buys more than she sells, a condition that she can be trusted to correct as her resources come into development. The United States is the only country that buys of her more than it sells her, and the payments we make for our purchases there are just about sufficient to pay Japan's favorable balance of exports over imports. This latter discrepancy has impressed itself upon Chinese business men and effort is to be made to reduce this drain.

China's outstanding need today is assistance in the development of her resources, natural and human. The Consortium, if realized, will provide funds for national utilities:—railroads, canals, etc. Money and coöperation are needed, and promise to be amply repaid, for the development of modern industry and agriculture. She has already gone a long way in some details of these,—notably, cotton growing and manufacture. Cotton goods are China's chief item of consumption apart from food, and notwithstanding her rapidly increasing production of these she still imports large quantities; and of the finer grades will continue to do so, as the market for these steadily increases.

In all, she has 110 mills with over 2,000,000 spindles and above 17,000 looms; and many further installations are under way and projected. The above are of English, American, and Japanese, as well as Chinese ownership. China's normal annual cotton crop is between 1,500,000 and 2,000,000 bales, but that of 1920 was only about 50 per cent. of this. Her cotton mills pay large dividends and the industry still offers attractive opportunities.

American cotton manufacturing machinery is highly appreciated, and it is reported that one American manufac-



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

**BUILT ON
THE SUCCESS
OF THE YOUNG
BUSINESS MEN
IT HAS HELPED**

© N. B. R.

turer sold a million and a half dollars worth to Japanese interests in Tsingtau and Shanghai in one month last year.

Railways, the introduction of which the Chinese at first resented, are now popular and profitable,—about 7000 miles being in operation,—and enormous projected extensions that will make China's interior resources available, await only capital for their construction. A loan of \$25,000,000 was recently obtained from the Netherlands for railroad building on the Kaifeng-Honan line,—a Chinese Government railway, built with French and Belgian capital. Chinese bankers have loaned to their Government \$6,000,000, for the purchase of locomotives and cars for their National railways. American rolling stock is preferred.

It is said that China has coal deposits sufficient to supply world needs for 1000 years. Mining has had comparatively little development, and while considerable coal has been exported, much is still imported. Railway extension, and laws defining the application of foreign capital to the mining indus-

try, long under consideration but as yet unenacted, will stimulate operations.

Wheat is the chief agricultural product and food dependence of North China, and it is estimated that 200,000,000 bushels were harvested, in the country as a whole, in 1920. About 50,000,000 bushels, or one quarter of this, were ground by the seventy flour mills of China, the remainder being ground by household and other primitive methods. In 1918 wheat flour to the value of \$10,000,000 was exported. Production of wheat is capable of great expansion but is restrained by inadequate transportation facilities; which, also, is one of the chief causes of China's periodic local food shortages.

Rice is the food staple of Central and South China, but its production,—about 600,000 tons annually,—is insufficient for the needs of the people of these sections, and much is imported. In North and Northwestern China rice is little known.

Cane sugar is extensively produced in South China, and beet sugar is an important product of Manchuria. The

Rotterdamsche Bankvereeniging

Rotterdam Amsterdam
The Hague

Capital *fl* 75,000,000
Reserve *fl* 36,000,000

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. G. van Breda Kolff, 14 Wall Street, New York

production of both varieties is capable of great expansion, and is being energetically developed. China exported about 14,000 tons of sugar in 1918.

Tea, the oldest and most characteristic of China's products, while still important in her trade, has suffered industrially both at home and abroad, by competition of other countries, chiefly: India, Ceylon, and Java. This is largely the result of superior foreign business enterprise, and the seriousness of the situation being now apparent in China, steps are being taken to rehabilitate the industry, and restore the popularity of Chinese tea, which is held by many experts to be actually of superior quality.

A survey of all China's products and needs is impossible here, as it would prove almost universal in variety and character. Among those not already touched upon, important export products are: soya beans and bean oil; peanuts and peanut oil; eggs and egg products; hams; vermicelli, furs and skins; feathers; wool, bristles; goat hair; human hair and hair nets; silk; matting; rugs;

straw braid, bamboo; tobacco; wood oil; linseed; fireworks.

Her chief imports from the United States are: cigarettes; tobacco; kerosene oil; cotton cloth; dyes; tin plates; steel; locomotives; machinery; lumber.

An essential for all commodities entering China for which a permanent market is desired, is a good trademark, or "chop". Pictures are an important element of identification for chops, which the Chinese regard very seriously, and those found by experience to mark worthy goods are loyally adhered to in their purchases. The picture should be accompanied by further identifying Chinese text, and the idea conveyed should be agreeable or impressive. Such marks should be prepared under competent native advice. Americans may apply to the Chinese authorities for provisional registration of copyrights and trademarks, and the protection of patents under treaty of 1903, through American consuls in China, and should do so before beginning operations. It is equally essential that the above rights be secured in other countries whose nationals operate in China, as the danger from infringement is greater from these than from natives. The matter of permanent protection in China has not yet been definitely concluded by laws satisfactory to foreign interests.

BANK OF ROUMANIA, LIMITED

Founded 1866)

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

Head Office : 64, CORNHILL, LONDON, E. C. 3.

Branch : 11, CALEA, VICTORIEI, BUCAREST.

Directors :

R. W. H. BARRY, Esq. C. DE CERJAT, Esq. THE VISCOUNT GOSCHEN
GENERAL THE HON. SIR H. A. LAWRENCE, K. C. B.
LIEUT.-COL. SIR ALBERT STERN, K. B. E. C. M. G.

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

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

For the safe and successful establishment of American enterprises in China, organization under known and respected authority is necessary. The Chinese can be excused for knowing little of the respective states of our Union, but the United States they do know and respect. A bill providing for Federal Incorporation of American companies for business with and in China (and other countries) sponsored by the American Chamber of Commerce in China, is now before Congress, and its early enactment is hoped for.

Much credit should be given to the United States Department of Commerce, through its Bureau of Foreign and Domestic Commerce, for alertness to trade conditions in China, and the preparation of comprehensive publications descriptive of, and bearing on, these conditions. Its representatives at home and abroad are competent, and always ready to aid and inform interested Americans.

American trade with China has a long and honorable record, that, with our splendid missionary, medical, and educational accomplishments in that country, and our notable national regard for her integrity have inspired for us in China a confidence and friendliness that assure hearty coöperation in future commercial association. China has thrown off despotism and is now striving to reestablish herself on modern enlightened principles of government, finance and industry. She cannot do this alone, and our sound business participation in her industrial development,—in China and through trade,—will contribute to her upbuilding while returning the reward of enterprise.

Australia

ECONOMIC IMPROVEMENT

Preliminary trade returns (subject to revision) for the fiscal year ended June 30, 1922, received by the Department

of Commerce at Washington, show a favorable balance of £26,885,794 compared with an unfavorable balance of £82,416,049 in 1921. Total imports for the year 1921-22 were £101,063,661, a decrease of £62,267,479 from 1920-21; exports were £127,949,455 compared with £181,925,091 for the preceding year. Not only has the volume of imports been substantially reduced, but the values have also shrunk considerably since the fiscal year ended June 30, 1921. Stocks of merchandise on hand in Australia now are somewhat depleted, hence with the continuance of a prospective good season, and the present purchasing power of the Australian people, it appears probable that imports will soon indicate considerable expansion in volume.

The following table shows the trade in the principal commodities during the last two years:

IMPORTS		
Articles	1920-21	1921-22
Textiles (not apparel)	£35,643,872	£24,257,690
Machinery (not agricultural)	9,071,324	7,336,518
Apparel	8,345,000	5,394,931
Metal manufactures	7,958,124	4,800,065
Petroleum spirit	4,123,573	3,099,975
Drugs and chemicals	4,264,093	2,564,699
EXPORTS		
Wool:		
Greasy	£25,302,348	£38,972,746
Scoured	6,422,096	7,795,704
Tops	2,049,588	1,207,048
Wheat	34,473,350	28,644,175
Butter	11,067,076	7,987,558
Gold and silver	5,424,819	4,359,121
Flour	4,948,924	5,519,917

The Australian note issue is now £6,285,000 less than at its highest point, namely, £59,676,000 in October, 1918.

This indicates deflation and an approach toward normal conditions.

Philippines

FAVORABLE TRADE BALANCE

Philippine exports continue to exceed imports according to a cable to the Department of Commerce at Washington, though an increase in imports in September of approximately 3,000,000 pesos reduced the favorable trade balance to 1,000,000 pesos; imports amounting to 14,000,000 pesos and exports to 15,000,000. Increases in imports were principally in cotton cloth, which totalled 3,000,000 pesos, and iron and steel manufactures, 1,500,000 pesos. Cotton and manufactures of cotton except cloth were imported to the value of 1,000,000 pesos and meat and dairy products, 500,000 pesos. But for the fact that sugar shipments for the season have been practically completed, September exports would have been more than the same figure of 15,000,000 pesos for the previous month, for gratifying increases were noted in exports of three of the chief commodities, abacca exports amounting to 4,000,000 pesos, an increase of 500,000 pesos; coconut oil, to 3,000,000 pesos and copra to 3,500,000 pesos, each an increase of 1,000,000 pesos. Exports of cigars and cigarettes remained at 1,000,000 pesos.

Demand for Philippine cigars and cigarettes is increasing, and all Manila factories are running at full capacity.

South America

CONDITIONS IN ARGENTINA

The situation is normal with respect to stocks on hand, building and construction, railway traffic, agriculture, and shipping, improvement being noted especially in the two last-named industries, according to a cable to the Department of Commerce at Washington.

The weather has continued fine and unless unfavorable conditions should

develop soon, large crops may be expected. Planting is progressing normally and the acreage planted exceeds that of last year, a 25 per cent. increase in the wheat acreage and a large linseed harvest being promised. As a result of these increased activities importers of agricultural implements report that sales are much larger than were expected. Prevailing prices of the chief agricultural products, wheat, corn, and linseed have been lower than last month.

Both imports and exports are decreasing, although there has been a notable increase in imports of certain lines of American goods, such as silk goods, hardware, and automobiles as compared with imports of last year. An increasing number of American salesmen are in the field and credit is less difficult to negotiate, but there is not a strong demand for replenishment, the wholesale and retail demand for stocks being lower than at the same period last year. Prices of specialties remain about the same as for last month.

The following importations were made during the period from September 21 to October 25: Cotton textiles, United States, 1777 boxes, Great Britain, 5000 boxes; Italy, 1397 boxes; and from other sources 961 boxes; cotton yarn, United States, 1486 boxes, and from other sources 1007 boxes, coal, 148,000 tons all from Great Britain; fuel oil, 53,000 tons from Mexico; agricultural machinery and parts, 5390 cases of which 2604 cases came from Canada; machinery and parts, United States, 131 boxes; Germany, 2538; and from other sources 738 boxes; paper, cases and rolls, United States, 2376; Germany, 18,325; and from other sources, 4901; pianos, Germany 533; and from other sources 9.

Exports for this year to date, compared with exports for the corresponding period of 1921, respectively, are as follows: Wheat, 3,352,000 tons and 1,591,000 tons; corn, 1,894,000 tons and 2,395,000 tons; linseed, 797,000 tons, 1,129,000 tons; flour, 81,000 tons and 40,000 tons; sheep skins, 57,000 bales

BANKING BUSINESS WITH BELGIUM

American banks and bankers are cordially
invited to utilize the organization of the

BANQUE DE COMMERCE, Antwerp

for their business in Belgium

Capital Subscribed . . . Frs. 40,000,000
Capital Paid Up . . . Frs. 16,884,000
Reserve Frs. 6,220,945

Branches :
BRUSSELS _____ OSTEND
CORRESPONDENTS
AT ALL BANKING POINTS

and 25,000; salt hides, 3,360,000; dried hides, 1,824,000. Shipments of wool from October 1, the beginning of the wool year, 16,728 bales and last year 24,515 bales. The following exports are given for the nine months period: Beef, 3,982,000 quarters and 3,610,000 quarters; quebracho, logs, 94,000 tons and 5000 tons; quebracho extract 123,000 tons and 91,000.

BRAZILIAN COFFEE CROP

The coffee trees of the 1923-24 crop are reported to be in excellent condition, and the largest crop since the harvest of 1915, or possibly that of 1906, is confidently expected.

It is yet too early to form a definite opinion as to whether the minimum of approximately 7,000,000 bags (182 pounds each), or the maximum of a little over 8,000,000 bags of all coffees available for export from Santos during the year ending June 30, 1922, will prove to be the more nearly correct. The territory from which Santos draws its supply of export coffee is comprised primarily of the State of Sao Paulo, which usually furnishes more than 90 per cent. of the total; of the southern part of the State of Minas Geraes which furnishes from 7 to 9 per cent., and of the northern part of Parana which furnishes less than 1 per cent.

An estimate of the 1922-23 coffee crop, prepared by the Sao Paulo State Department of Agriculture gives the following results of investigations made by that department:

	No. of bags
Total of Sao Paulo	7,140,000
Coffee of Southern Minas	795,000
Coffee of Parana	55,000
Total	7,990,000
With the following discounts:	
Coffee seeking the Rio market 50,000	
Consumption of the Capital (Sao Paulo)	150,000
Total	200,000
Probable entry at Santos	7,790,000

Arrivals at Santos of the 1922-23 crop are now approximately up to the maximum allowed. Stocks in the interior, held over by the planters from 1921-22 crop are said to have been almost wholly exhausted before August 1, 1922. Planters were so eager to avail themselves of the good milreis prices prevailing that they failed to reserve enough coffee for consumption in their own districts, and in the cases of two municipalities at least, coffee was re-shipped to them from the city of Sao Paulo.

CONDITIONS IN COLOMBIA

A return to approximate normalcy by the first of the approaching year is assured by present indications of the economic situation in Colombia. Exports of Colombia's most important raw products are gradually increasing. The steady prices prevailing in the New York market for coffee have caused largely increased exports of that commodity until there is now only a comparatively small portion of the last coffee crop remaining in storage. Banks continue to extend credit cautiously, demanding 15 per cent. for short-time loans. This careful financing, together with continued improvement in commercial con-

ditions, should rapidly lead to economic stability.

Trade in American foodstuffs continues fair, particularly in lard and flour. American firms selling rice have underquoted the German houses which had temporarily corralled the market with oriental rice at low prices based on low freight rates. Oriental rice is preferred in this market, however, and the statistics show that imports of Chinese rice average about 70,000 bags per year, whereas yearly imports of the American product have never exceeded 10,000 bags.



International Banking Notes

Hew Fan Un has been appointed agent of the Bank of Canton, Ltd., succeeding Ginarn Lao, who returned to China several months ago.

Mr. Un is a Cantonese and speaks several dialects of Chinese. He first entered an English bank in the Straits Settlements where he held various responsible positions for several years. He resigned from the bank and returned to China where he engaged with his friends in Hongkong in general import and export business for many years. He is a shareholder of the Bank of Canton, Ltd., and subsequently he joined this institution as the secretary at its head office in Hongkong in which capacity he continued until his appointment to the New York agency of the bank. While in his former capacity as secretary of the said bank he gained first hand knowledge of China's home and foreign trade.

The Bank of Canton, Ltd., is the first bank purely of Chinese capital that was organized by prominent Chinese merchants of Hongkong to take part in China's foreign trade and incorporated in 1912 under the Companies Ordinances of Hongkong originally with a capital of \$2,000,000. Owing to the steady growth of its business, in October, 1919, it was deemed necessary to convert the capital into sterling and increase to £1,000,000 which, in March, 1921, was further increased to £1,200,000, £1,066,520 of this was paid up. The bank has a silver reserve fund amounting to \$400,000.

Since its organization branches have been established in Canton, Shanghai, China, and



HEW FAN UN

New York manager Bank of Canton

Bangkok, Siam. In Swatow and Hankow, China, branches also are being established. Its New York agency is at 1 Wall street.

Comparative statements show the growth of the bank as follows:

Year	Resources	Profits
1912	\$3,459,301.30	\$32,856.81
1913	3,718,164.67	113,987.26
1914	4,190,618.19	102,233.21
1915	5,807,426.96	112,692.03
1916	6,046,941.60	203,178.89
1917	6,269,126.28	269,750.72
1918	8,297,416.82	326,358.08
1919	13,068,534.99	466,710.06
1920	19,411,161.28	1,147,408.37
1921	31,449,423.07	1,435,612.47



The New York agency of the National Bank of South Africa at 44 Beaver street, has received the following cable from its head office in Pretoria:

"Official trade returns for South Africa for the six months ending June, 1921, show imports £23,000,000 and exports £25,000,000 of which the export of wool and diamonds register the largest gain.

"In agricultural implements and machinery the demand is very encouraging, especially for ploughs and other field imple-



Banking Service in the Far East

BRANCHES

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

Chartered Bank of India Australia and China

Head Office
London

New York Agency, 44 Beaver Street
William Baxter, Agent

Capital and Reserve
Over \$30,000,000

ments from the Transvaal and for harvesting machinery from the Cape Province.

"Production of gold continues to increase and the diamond buying is on a larger scale. "New season's arrival of wool is increasing and combing wools are in very strong demand."

Permission has been granted to the Asia Banking Corporation by the New York State Superintendent of Banking to open a branch office in Yokohama, Japan. The Insurance Credit Union has been permitted to change its place of business from 80 Maiden Lane to 975 St. Nicholas avenue.

The Bank of Athens has been authorized by the Banking Department of New York State to maintain an agency at 25 Pine street, New York. The bank has been represented in New York for the last year by John Plastropoulos, now New York agent, whose office was formerly at 136 Liberty street. Mr. Plastropoulos has been in New York for two years. The New York agency of the bank formally opened on December 1. Figures taken from the

balance sheet of the Bank of Athens published on October 31, 1922, show:

	Drs.
Capital paid up	48,000,000
Surplus	10,850,000
Average deposits	600,000,000
Loans and discounts	146,000,000

An agreement has been entered into by which the banking house of Cox and Co., London, acquires the banking business of Henry S. King and Co. and the latter's Indian branches, King, King and Co., and King, Hamilton and Co.

Henry S. King and Co. was founded under the title of Smith, Elder, and Co. in 1816, and H. S. King joined that firm in 1853. For the last forty-four years Sir H. Seymour King, who is now nearly seventy-one, has been sole partner.

For the present no change will be made in the title or management of the business.

The Chilean Government recently accepted the bid of the National City Company of New York, associate corporation of the National City Bank, for a loan of \$18,000,000,

according to the *Associated Press*. The loan will issue at 91½, will bear 7 per cent. interest and mature in twenty years, with a 2 per cent. amortization after two years.

⊙

The Bank of British West Africa, Ltd., announces that after December 31 next, the New York agency at 100 Beaver street will be discontinued, and the business hitherto



W. H. MACINTYRE

New York agent Standard Bank of South Africa, Ltd.

conducted by that agency will, from January 1, 1923, be taken over by the Standard Bank of South Africa, Ltd.

The Standard Bank of South Africa, Ltd., maintains about 400 branches, situated in South and East Africa, and the arrangement just entered into will give the New York office of the bank at 68 Wall street direct connections with the rest of British Africa, Egypt, Morocco and the Canary Islands. Rowland Smith, the present agent of the Bank of British West Africa, Ltd., will join the staff of the Standard Bank of South Africa, Ltd., on January 1.

The New York agent of the Standard Bank of South Africa is W. H. Macintyre. The success which the agency has achieved

since beginning business in New York has been due very largely to the intimate knowledge of foreign banking operations which Mr. Macintyre has gained through his long experience.

⊙

At a recent meeting of the managing board of the Reichsbank, Rudolf Havenstein, president of the bank, emphasized the necessity of retaining the bank's gold reserve, according to the *Associated Press*. This, he declared, by its existence prevented the utter collapse of the mark and thereby rendered invaluable service to Germany's economic life. Herr Havenstein said the credit and strength of the Reichsbank would vanish with the disappearance of the gold reserve.

The board disapproved on principle the issuing of gold exchange bonds, owing to the danger which threatened to arise when the time for the redemption of the bonds become due. Utilization of the gold reserve as a guarantee for these bonds was declared to be impossible and no lasting improvement of stabilization of the mark could be realized by such means.

⊙

The following information regarding the Bank of the Far Eastern Republic was furnished to Trade Commissioner Mayer of the Department of Commerce at Washington by officials of the bank at Chita:

The bank, a semi-governmental institution, was opened with headquarters at Chita on April 25, 1922; the board of directors consists of five members, three representing the Government of the Far Eastern Republic, one representing the Chita Chamber of Commerce, and one representing the Centrosoyus or Union of Coöperative Societies. The bank has an authorized capital of two million gold rubles, as yet not fully subscribed. The Government proposes to hold 55 per cent. of the stock and the remainder is open to subscription by private individuals and firms. Foreigners may buy shares under certain conditions. Branches have been established in Verkhne Udinsk, Stretensk, Blagoveschensk, Troitskosavsk and Bergusin and Harbin. The Harbin branch of the International Banking Corporation is at present the principal foreign correspondent. The Bank of the Far Eastern Republic is empowered to exercise all the functions of a regular commercial bank.

The balance sheet of the bank as of date August 1, 1922, including the business of the

Banque Francaise de L'Afrique Equatoriale

Head Office; 2, Rue Meyerbeer, Paris

ESTABLISHED 1904

Capital Frs. 15,000,000.00

Reserve Funds " 6,250,000.00

BRANCHES

Bordeaux (France)	Dakar (Sénégal)	Cotonou (Dahomey)	Lome' (Togo)	Port Gentil (Gabon)
Douala (Cameroun)	Brazzaville (Congo Français)	Kinchassa (Congo Belge)	Grand Bassam (Cote d'Ivoire)	

Every description of banking business is transacted

Special facilities for discounting or collecting clean or Documentary Bills on or from French West Africa and French Congo

branches without elimination of duplications, shows total assets of 4,600,654 rubles (excluding 877,950 rubles of shares unsubscribed but including 659,160 of stock subscriptions not yet paid up).

©

The annual reports of the four great German banks give a very interesting sidelight on the comparative efficiency of bank operation in Germany during the present time and the period before the war. A legitimate basis of comparison is found in the percentage of operating expenses to the gross profit in the times under discussion.

	Dresd- Darm- Deutsche Disconto ner stadter Million Marks			
Gross profit 1921	1173	825	835	578
Operating costs 1921	745	499	497	411
(Per cent. Operating Cost to Gross Profit)				
1921	63.5	60.3	59.5	71.1
1920	56.9	52.6	56.3	68.7
1919	50.3	49.7	53.3	63.7
1913	37.8	31.3	33.1	49.6

The immediate causes for this marked development in the direction of an increase in the percentage of operating costs are the forty-six hour week for all bank employees which has necessitated the employment of

additional clerks and the extension of bank facilities to provide additional bureau space; and the administrative burdens imposed on the banks by the present tax system, such as the duty of informing the Government periodically of its transactions, probate duties, collection of the tax on the capital of corporations, necessity of opening its books at all times to all tax authorities, etc. Operating with these is the more fundamental fact of the impoverishment of the salaried classes. Before the war the salaried position was regarded as an enviable career, now it is the unfortunate destiny of those who through character or inclination, are unfitted for the more remunerative form of manual labor. The result is an indifference in the quality of service which has been the common experience of most people who have had dealings with German banks in recent times.

It is necessary to call attention to the precarious condition of the banks in order to correct the widespread fallacies that have gained circulation since the bank dividends were announced last summer. The large percentage gave the initial impression of great prosperity, which of course is dis-

sipated when it is remembered that capital values have ceased to express real values even in a rough way. But granting even that the profits of the banks were substantial during the past year, the more veracious evidence of the condition of an industrial enterprise is the fact of an increase or decrease in the ratio of its operating expenses toward its income, for while the former may be dependent on the special and precarious conditions of a given time, the latter discloses the inherent health, or lack of it, in the industrial organism.

The Earl of Selborne, a director of Lloyds Bank, Limited, London, has been appointed to a seat on the board of the P. and O. Banking Corporation, in the place of the late Sir Richard Vassar Vassar-Smith.

Lord Selborne is chairman of the Bank of British West Africa, Limited, and is also a director of the Standard Bank of South Africa, Limited.

The net profits of the Banco Espanol del Rio de la Plata, (Spanish Bank of River Plate), for the year ended June 30, 1922, were £815,700. The shareholders receive 7 per cent., which is the same as was paid in respect of 1919-20, although 1 per cent. less than the distribution for last year. The chief changes in balance-sheet items appear in the table below:

	Year ended June 30	
	1921	1922
	£	£
Net profit	959,500	815,700
Dividend	8%	7%
Carry forward	22,900	38,100
Capital paid up	8,635,600	8,642,100
Reserve	4,344,300	4,365,100
New reserve—Undistributed profits account		9,800
Deposits	45,759,600	47,392,600
Cash	13,083,300	13,953,100
Branches	3,727,100	6,283,600
Discounts and advances	36,867,800	33,552,700
Securities	783,700	793,900
Freeholds	2,345,900	2,313,700
Mortgages	1,969,300	2,092,000
Total assets	61,617,300	62,160,400

An early recovery to prosperity in Argentina is predicted confidently by the directors. The bank's foreign branches have given satisfactory results, those at London, Paris, Genoa and Hamburg having rendered valuable assistance to the bank in its operations abroad. In January last a branch was established in Antwerp to facilitate business in Belgium. The relationship of the undertaking to Spain appears to be thoroughly cordial. The statutory reserve fund has

reached its limit, being at £4,365,100 equal to 50 per cent. of the subscribed capital. In consequence a new reserve called "Undistributed profits account" is started with an allocation of £9900.

The statement of condition of the Commonwealth Bank of Australia, Sydney, as of June 30, 1922, shows total assets of £140,552,478. Following is a condensed statement:

LIABILITIES	
Deposits, accrued interest and rebate	£42,091,309
Bills payable and other liabilities	2,458,853
Savings Bank Department—	
Depositors' balances	31,056,979
(With interest accrued)	
Capital—Debentures issued—	
Reserve fund	2,000,829
Redemption fund	2,000,829
Contingent liabilities—	
Outstanding credits per contra	386,978
Note issue department	53,556,698
	£140,552,478
ASSETS	
Gold, bullion and cash balances	£6,145,211
Australian notes	3,047,213
Money at short call in London	19,325,006
Investments—	
British, Colonial and Government securities (face value, £25,363,957 6 3)	25,179,156
Commonwealth Government Securities (face value, £9,766,466 7 5)	9,696,564
Fixed deposits of other banks	929,000
Bills receivable in London and remittances in transit	2,212,176
Bills discounted, loans and advances to customers and other sums due to the bank	14,459,387
Bank premises	614,985
Liabilities of customers and others on letters of credit per contra	386,978
Note issue department	53,556,698
	£140,552,478

The balance sheet of Cox and Co., London, as of March 31, 1922, shows total assets of £18,952,875; capital of £650,000; reserve fund of £600,000; and total current, deposit and other accounts of £16,643,725.

The profits of the Colonial Bank, London, for the six months ended June 30, 1922, were £58,600, showing a falling-off of £14,000 compared with December, and of £22,000 compared with the corresponding period of last year. The dividend is maintained at 8 per cent. per annum. A material advance in the prices of sugar has improved the outlook for the West Indies, although trade generally is slow to recover from the severe depression; it is stated that prospects for the growing sugar crops are most encouraging. The West African cocoa crop is described as unusually early, but up to the

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[Yokohama Shikin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed Yen 100,000,000
 Capital paid up Yen 100,000,000
 Reserve Fund Yen 65,000,000

(¥1.50=1 Yen)

Branches and Agencies

Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fongtien	Iloilo	Manila	Peking	Saimonoweki	Tokyo
Buenos Aires	Hankow	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsusan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Sourabaya	Tsingtau
Changchun	Harbin	London	Newchwang	Saigon	Sydney	Vladivostok

Agencies in United States

New York San Francisco Los Angeles Seattle

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

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

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present estimates as to its size vary. The interesting statement is made that stocks of manufactured goods on the coast have been absorbed to a large extent, but that only a limited demand for their replacement has arisen so far.

A comparison of the figures for the past two half-years appears hereunder:

Half-year ended	December 31		June 30,	
	1921	1922	1921	1922
Net profit	£87,600	£53,600		
Dividend	8% p.a.	8% p.a.		
Carry forward	3,200	25,700		
Capital paid up	900,000	900,000		
Reserve	400,000	300,000		
Notes circulating	648,900	629,700		
Deposits	6,646,800	7,351,700		
Cash	1,547,600	1,691,500		
British Treasury bills	300,000	75,000		
Investments	398,100	1,298,900		
Advances, etc.	4,841,600	4,375,800		
Total assets	10,768,900	11,457,300		

Deposits, although still considerably less than at the corresponding period of last year, recovered to quite a fair extent during the past six months, while advances outstanding became smaller again. While Treasury bill holdings were allowed to run off, a good deal more money flowed into investments. The possibility of further provision being required for doubtful debts is met by a transfer of £100,000 from reserve,

which leaves the latter at £900,000, in comparison with a paid-up capital of £900,000.

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The net profits of the Kajima Bank, Limited, Osaka, for the half-year ended June 30, 1922, including balance brought forward from previous half-year, and less interest paid and expenses, were Yen 1,807,174. This sum was distributed as follows:

	Yen
To legal and special reserve fund.....	300,000
" dividends at 10 per cent. per annum.....	755,000
" remuneration to directors and auditors	50,000
" pension fund	50,000
" reserve for bad debts	200,000
Balance carried forward to next half-year	452,174

The bank has total resources of Yen 180,442,088; paid-up capital of Yen 15,100,000; and reserve fund of Yen 8,400,000.

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The statement of condition of the Bank of Chosen, Seoul, Chosen (Korea), for the half-year ended June 30, 1922, shows net profits, after deducting expenses, providing for interest on deposits, rebate on bills, and for all doubtful debts, amounting to Yen

The Bank of the Philippine Islands

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

Capital fully paid-up

Reserve Funds



(₱.50 = 1 Peso)

. (Pesos) **6,750,000.00**

. " **5,972,500.00**

William T. Nolting..... *President*
 F. Borromeo..... *Vice-President*
 P. J. Campos..... *Mgr. Iloilo Branch*
 J. M. Brown..... *Mgr. Zamboanga*

R. Moreno..... *Secretary*
 D. Garcia..... *Cashier*
 E. Byron Ford..... *Chief For. Dept.*
 S. Freixas..... *Accountant*

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Correspondents

London: Nat'l Bank of Scotland, Ltd.
 Spain: Banco Hispano Americano
 Hongkong: Netherland India Com'l Bank
 San Francisco: Wells Fargo Nevada Nat'l Bank
 New York: National City Bank, The Equitable Trust Co. and Irving National Bank

Paris: Comptoir Nat'l d'Escompte
 Australia: Bank of New South Wales
 Shanghai: Bank of Canton, Ltd.
 Chicago: Continental & Commercial Nat'l Bank
 Japan: Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

2,412,725.37, to which has been added the balance from the previous half-year, Yen 517,231.02, making a total of Yen 2,929,956.39. This sum has been distributed as follows:

	Yen
To a dividend at 6 per cent. per annum on old shares	1,200,000.00
" a dividend at 6 per cent. per annum on new shares	300,000.00
" an additional dividend at 2 per cent. per annum on old shares	400,000.00
" an additional dividend at 2 per cent. per annum on new shares	100,000.00
" reserve fund to provide for losses	200,000.00
" reserve fund to equalize dividends	50,000.00
" bonus and allowances	30,000.00
Balance carried forward to next half-year	599,956.39

The following interesting information is quoted from the "News of South China" column of the *Weekly Review*, Shanghai:

"The Bank of Canton, Ltd., a private institution of good standing here and in other parts of China, and other Chinese bank, have opened savings departments for small deposits, giving special attention to women and children. The popular savings bank boxes

for dropping in subsidiary coins before the sum is big enough to warrant a visit to the counter are being distributed to many homes and finding favor."

The statement of condition of the Commercial Bank of Greece, Athens, for the first half-year 1922, shows net profits of Drs. 2,415,831. This sum has been allotted as follows:

	Drs.
To the ordinary reserve plus interest	159,463.30
" the ordinary dividend at Drs. 3 per share	612,600.—
" to extra dividend at Drs. 7 with tax	1,452,343.—
" directors fees	161,371.70
Carried forward	30,053.12

The statement of condition of the Bohemian Union Bank, Prague, Czechoslovakia, for the year ended December 31, 1922, shows total assets of Kc 2,996,419,813; capital paid in of Kc 120,000,000; and sur-



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plus of Kc 64,900,000. The condensed statement reads as follows:

LIABILITIES		Kc	h
Capital owned by the bank:			
Capital paid in	*120,000,000	—	
Surplus	**64,900,000	—	
Capital not owned by the bank:			
Depositors:			
Savings books	420,250,629	11	
Accounts payable	1,973,896,479	60	
Drafts	5,357,348	81	
Unpaid dividends	565,402	—	
Transitory items	384,963,851	40	
Guarantees outstanding on behalf of customers Kc 417,282,221-39			
Profits	26,486,102	86	
	2,996,419,813	78	

* Since raised to Kc 160,000,000
** Since raised to about Kc 88,000,000

ASSETS		Kc	h
Cash on hand	134,436,014	77	
Balances in our favor with bank and bankers	271,669,254	67	
Foreign exchange	5,179,058	12	
Bills of exchange receivable	335,155,296	03	
Securities	27,965,560	17	
Participation on syndicates	11,600,508	62	
Advances:			
on securities Kc 249,179,571-95			
on current and other accounts Kc 1,681,867,412-24	1,931,046,984	19	
Real estate (buildings in which offices of ours are located)....	18,027,785	05	
Inventory	1,117,872	11	
Transitory items	260,221,480	05	
Secured liabilities of customers Kc 417,282,221-39			
	2,996,419,813	78	

The statement of the Bank of Taiwan, Taipeh, Taiwan, for the half-year ended June 30, 1922, shows total resources of Yen 741,957,214; subscribed capital of Yen 60,000,000; and reserve funds of Yen 11,780,000. The condensed statement follows:

LIABILITIES		Yen
Capital subscribed	60,000,000.00	
Reserve funds	11,780,000.00	
Notes in circulation	34,180,082.87	
Current accounts, fixed deposits, etc.	220,230,645.01	
Bills payable	254,470,256.92	
Bills rediscounted	13,486,106.54	
Exchange sold	22,187,504.08	
Acceptances	109,107,890.46	
Correspondents cr.	5,526,700.82	
Suspense accounts	7,740,927.50	
Net profit	3,206,766.43	
Dividend unclaimed	40,353.51	
Total	741,957,214.14	

ASSETS		Yen
Cash account		
In hand	13,653,008.08	
At bankers	10,439,475.10	
Bullion and foreign money	11,140,592.75	
Bills discounted, loans and over-drafts	350,584,864.74	
Interest bills and exchange bought	153,514,482.12	
Customers liabilities	109,107,890.46	
Government bonds, etc.	73,802,615.04	
Correspondents dr.	3,951,729.40	
Suspense account	1,437,934.54	
Bank's premises, property, furniture, etc.	6,756,046.91	
Capital uncalled	7,569,575.00	
Total	741,957,214.14	

British Chamber of Commerce

THE British Empire Chamber of Commerce held its first meeting of the year at the Bankers Club, New York, in October. Approximately 200 members were present. Edward F. Darrell, of E. F. Darrell & Co., and president of the organization, presided. Following a luncheon Mr. Darrell reviewed the activities of the chamber since their last meeting, disclosing the



EDWARD F. DARRELL
President British Empire Chamber of Commerce

fact that this body now has 341 members, consisting mostly of prominent banking and industrial institutions here and abroad. The British Empire Chamber of Commerce was organized slightly over a year ago.

The principal speaker at the meeting was Dean Joseph F. Johnson, of New York University. The title of his address was "Kilowatt Money". He

criticized the suggestions of Henry Ford and Thomas A. Edison for making this country financially sound. While the ideas of both these leaders of industry are as "old as the hills," he said, the practice of using commodities, other than those now in use, has never proven successful.

"If England and the other European countries pay their debts to the United States it will do us considerable harm," Dean Johnson said. "We already have too much gold, and this gold is going to play mischief with us."

Dean Johnson declared that this country was on the eve of another period of prosperity, and that because of too much gold he predicted that we are likely to see America again "drunk with prosperity".

Sir Mark Sheldon, K. B. E., was scheduled to speak after Dean Johnson, but declined on account of the late hour. Seen at his office later, however, he discussed the economic situation of Australia, of which until recently he has been Commissioner of Trade.

He said that Australia was recovering wonderfully from the effects of the late war. This was due, he said, to the substantial advance in the price of wool. The wheat crop, which will be harvested in December and January, looks exceptionally good at the present time, and will add greatly to the purchasing power of the farmers. Sir Mark Sheldon declared.

Asked what effect the tariff recently placed into effect by this country would have on Australia's trade, he said that while it would probably be felt to some extent, he did not believe that it would tend in any way to paralyze its industries.

"Exports are exceeding imports at the present time," he said, "and the country's budget shows a substantial surplus". They have reduced taxes to an appreciable extent, income taxes being cut about 15 per cent. and land

taxes about 20 per cent. Even with the taxes reduced, however, Australia will show a comfortable surplus at the end of the year.

The railroads in Australia, he said, are under the control of the Government, which will spend about \$250,000,000 for the unification of the gauges. Of this, Sir Mark Sheldon said about

\$110,000,000 will be expended immediately.

He declared that the Australian Government, together with the British Government, are offering special attractions for emigrants from the latter country to settle in Australia. This consists of financial help in the purchase of homes and farming implements, he said.



My Impressions of Europe*

By J. L. Johnston

President Liberty Central Trust Company, St. Louis

I HAVE been asked to speak to you informally on my impressions of Europe. When your president called on me and suggested that I talk on European problems and solutions, I immediately and emphatically declined as the topic would indicate that I had given the subject deep and prolonged thought and had consequently arrived at a conclusion which would solve this great problem. I say, great problem, advisedly as it is truly the great problem facing this generation from the economic viewpoint.

I do not feel that any man is capable of spending a short time abroad and returning with a "cure-all plan". This is a world problem which requires the concentration for a long period of the keenest minds of all nations if we are to successfully bring order out of chaos. I do not put myself in that class so I have agreed to discuss informally some ideas which I have—these ideas are the result of a considerable amount of thought and reading at home, and a short trip abroad this summer, at which time I had the very great privilege of meeting and talking with some of the leaders of economic thought in England and France.

*From an address before the Junior Chamber of Commerce, St. Louis.



J. L. JOHNSTON

President Liberty Central Trust Company of St. Louis,
who has just returned from a European trip

It is agreed, I believe, that the great obstacle to so-called normalcy is that of reparation and international debt. None of the nations involved can move forward with sureness and safety until

these problems are settled. The European nations are doing better physically than financially. France and Belgium are being rebuilt, crops are good in all continental Europe, people are working, but financially they are far from well.

From time to time we hear speeches and read articles advocating the cancellation of international debts. Next we hear or read of learned men who insist on collecting them in full. Frankly, I do not agree with either program—I am in favor of an adjustment of reparation and debts.

There is no gainsaying the fact that the money was loaned and borrowed in the utmost good faith and it follows that a just debt should be paid in full, but we are facing a debt, the size of which never before was dreamed of and which on account of conditions brought on by the war should be given special consideration.

I believe that it is beyond the power of the European nations, with the exception of England, to pay in full, England can, she is the only one of the warring nations, who up to date, has balanced her budget. In addition, according to the best authorities, England still has large foreign investments available for debt paying purposes.

When I say impossible to pay, I want to qualify to a certain extent, namely, if there was an unlimited market for goods Germany could pay her reparation in full—no one has ever questioned her power to produce, but production is useless without a market for her exports and a control and limitation of her imports.

The only ways for nations to pay foreign debts are the shipment of gold—most foreign nations can't do that and we don't want it—the sale of their foreign-owned securities and by their surplus exports. It follows that a market must be found for those surplus goods.

According to statistics, Germany's exports never, in her most prosperous days, exceeded her imports to an extent that would pay anything like the

annual dues on her present reparation.

France is in much the same position when it comes to her external debt. Both of these countries must pay by their export surplus or by their now owned foreign balances and investments.

Save England, as the figures I read indicate, all European countries are facing an enormous deficit each year. These deficits must necessarily be met by loans or by the inflation of currency.

France's deficit is estimated at about 28,000,000,000 francs which includes some 20,000,000,000 spent on rebuilding her devastated region, which is chargeable to Germany when collection is possible.

This whole problem is not unlike many faced by American business men in the past few years. When they found a concern which had met reverses and owed more than it could pay, the common sense way was for the creditors and debtors to meet and after a frank disclosure and full discussion to extend time of payment and in some cases effect a composition agreement, and if possible, keep the business going.

I do not know what it is possible for Germany, France, Italy or any of the other debtor nations to pay, but this can be found out. The problem is one of economics, not politics. The best business minds of the world should be put to the task with full power to act. Let this commission of business men, if you will call it that, decide on what can be paid by each, how much at the present time and how much time shall be given for future payments, the rate of interest payment and the rate of amortization. Let them settle the reparation and international debt problem at the same time, after, of course, the various European nations have had a house-cleaning of their own. I mean by house-cleaning, the balancing of their budget and the revision and stabilization of their currency.

From my standpoint, I cannot see the wisdom of America's remaining aloof. We are an important factor in the

world, probably the most important factor, and it seems to me that it is not only our duty to do our part, but to take the lead.

I cannot see great and permanent prosperity for our country without revised and stabilized conditions abroad. We have a surplus production and it does not take very much of an econ-

omist to see the ultimate result of such a situation.

This is a big opportunity for America's initiative and ingenuity. Let us tackle the problem in a business-like way and do a constructive job which will react to our everlasting credit both from the altruistic and the dollars and cents viewpoint.



The Central Bank of India

THE Central Bank of India, Bombay, completes the eleventh year of its existence with the close of the year 1922. It was on December 21, 1911, that it was registered in Bombay as a joint-stock company and it first opened its doors for business in the beginning of 1912. To supply the long-felt want of an Indian bank on the most modern and improved lines, run by Indians, was the chief aim and object of the new bank. The public confidence enjoyed by the bank from the very start of its career is indicated by the fact that within eighteen months its public deposits amounted to Rs. 1,12,00,000. In the very stage of its infancy, that is, in the second year of its existence, came a great crisis in the shape of a notorious crash of several Indian-managed banks, which resulted in the collapse of sixty-three of them and the consequent loss of all public confidence in banks under Indian management.

The Central Bank of India survived the shock. It not only stood the ordeal, but emerged from it wiser, stronger and stabler than ever. Above all, it restored confidence in banks under Indian management, and may thus claim to have done signal national service. The subsequent years, too, were by no means a round of undisturbed, quiet work. Thanks to panics in certain markets and thanks also to the malicious rumors



Officers of the Central Bank of India

spread by interested parties—rumors that were calculated to harm the interests of the bank and injure its fair name and reputation—there were minor runs on it on more than one occasion. The Central Bank passed through these trials, which, if they did anything, only enabled it to be more successful and advance with more rapid strides in progress and prosperity. The policy of the bank has, all along, been to avoid devoting itself to any particular or exclusive line of banking, and its chief

aim has been to accommodate all kinds of business and all classes of business men. Pursuing steadfastly this policy, it has secured an ever-increasing number of customers, and today it stands in the front rank of the large leading banks of India.

A BRIEF HISTORY

The bank's reserve fund, which on June 30, 1918, amounted to Rs. 8,00,000, has gradually increased, and on June 30, 1921, stood at Rs. 20,00,000.

The bank paid a dividend of $4\frac{1}{2}$ per cent. in 1915; $6\frac{1}{2}$ per cent. in 1916; $7\frac{1}{2}$ per cent. in 1917; $8\frac{1}{2}$ per cent. in 1918; 11 per cent. in 1919; 14 per cent. in 1920 and 14 per cent. in 1921.

The following figures of the bank's deposits show the measure of success it has achieved in securing the complete support and confidence of the public during the ten years of its existence:

	Rs.
June 30, 1913	1,12,00,000.
December 31, 1913	40,60,000.
December 31, 1915	50,80,000.
December 31, 1917	3,57,47,000.
December 31, 1919	9,57,72,000.
June 30, 1921	13,69,05,000.

In Bombay the bank has about 15,000 constituents on its list of current accounts, perhaps the largest number in the existing banks of the city.

The bank is on the list of bankers of the Bombay Municipality, Bombay Improvement Trust and other public bodies, and by a resolution of the Bombay Government the local municipal boards are also authorized to deposit their surplus funds in it. The Central Bank is the first and the only bank under Indian management thought fit to deserve and enjoy this privilege.

A regular department is maintained for sale and purchase of gilt-edged securities such as Government Loans, bonds and municipal and port trust debentures. Every facility for the purchase and sale of these kinds of investment is offered to the bank's customers. In 1920, this department sold Rs. 3,15,00,000 worth of gilt-edged securities.

The bank encourages the public to make investments through it, and has, from time to time, introduced schemes for partial payments to enable persons with small income to invest their savings in war bonds, etc.

In 1911, the Central Bank of India occupied a space of about 2000 square



The Central Bank of India, Ltd.,
Hornby Road, Bombay

feet and in 1915 it moved into other premises with an area of about 3500 square feet. In 1921, it removed to its new home on Hornby Road, on which it has spent no less than Rs. 15,00,000. It now occupies an area of more than 20,000 square feet, and has still sufficient accommodation and liberal space in reserve for the future growth and extension of its business. In its new home it is better able to meet the needs of its patrons and to realize many of its ideals of service.

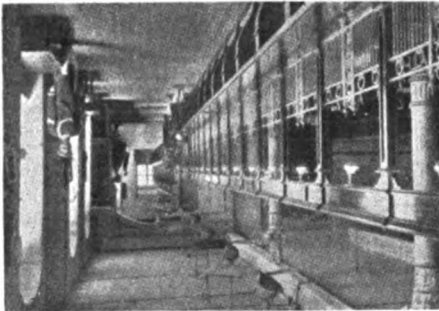
When the bank began its work in Bombay it had a staff of thirty employees. Now it employs more than 400 men in its Bombay offices, and more than 300 in its branches all over the country.

BRANCHES AND AGENCIES

The bank has four branches in Bombay, located in Indian business quarters, and has branches in Calcutta, Karachi, Lahore, Amritsar, Lyallpur and Jharia. Its London agents are the London Joint City & Midland Bank Ltd.; its New York agents, the Equitable Trust Company of New York; and its Berlin agents, the Deutsche Bank.

The bank has an internal audit department of its own. Messrs. A. F. Ferguson & Co., the well-known firm of chartered accountants, are entrusted with the weekly audits of the bank's business. They, along with Khan Bahadur J. A. Dalal, the late auditor of the Bank of Bombay, look also to the audit of the half-yearly statements.

The bank was the first joint-stock bank in India to publish its statements of liabilities and assets every fortnight, on the same lines as the weekly statements of the Imperial Bank of India. This system of giving publicity to the



Public lobby

fortnightly statements of liabilities and assets has been maintained throughout these years.

The bank is prepared to answer in-

quiries from English and foreign banks and firms, and it is well-equipped to make prompt collections of cheques,



Board room

drafts, bills, etc. A special department for handling this class of business is organized, and the foreign banks are cordially invited to make use of the facilities thus placed at their disposal.

The management of the bank is in the hands of directors and officers who have built their reputation as experienced, successful men in banking and commercial circles. All courtesy and consideration, consistent with the safety and progress of the bank, are extended to depositors and other constituents, and their business dealings with the bank are treated as strictly confidential. Every inquiry receives prompt and careful attention, and all possible endeavor is made to increase the number of "satisfied customers". From the very beginning, it has been the policy of the bank to give good service to its clients, and as a "rational bank," it has always safeguarded their interests with scrupulous care and energy.



Currency and Credit

By Sir William Carruthers

General Manager, Barclays Bank, Limited, London

(The following article is part of an address recently delivered by Mr. Carruthers before the London Y. M. C. A.—THE EDITOR.)

THE FINANCIAL disorganization which the war has caused in so many countries is so obviously an evil needing drastic treatment that it is not surprising that a whole army of doctors has come forward, each claiming to possess the one and only cure for the disorder. I do not think that any solution will be found which will dispense with the necessity of observing the sound principles of currency.

What is currency and what are the functions it should perform? If our currency is to serve us properly it must be a real standard—it must itself be related to a real value which, so far as is possible, is unchanging.

Before the war Great Britain, in common with nearly all the important trading nations of the world, had found this constant value in gold.

In very brief definition, the adoption of a gold standard means that the value of all commodities is measured in relation to gold. It is not a perfect standard. In theory, no one commodity can be relied upon as a standard of value. But experience has proved that gold is less open to objection than any other known commodity. Nevertheless, the use of gold has been most strenuously criticized.

The extreme view, on the one hand, is that no attempt should be made to limit the issues of currency, but that the interests of commerce can best be served by a liberal provision of what is called purchasing power.

On the other hand, it is argued that a much more scientific basis is now required, that the value of currency should be kept constant by maintaining the relation of its volume to the varying volume of purchaseable commodities, as revealed by a specially designed index number. In other words, that the in-

fluence of currency upon prices should be to maintain a steadier level.

I do not propose to be drawn into a discussion of these opposing theories—it would be a sufficiently attractive subject, but I should be unable to deal with it adequately in the time at my disposal.

All that I think it is necessary to say is that the gold standard, with all its defects and anomalies, has worked in practice and worked well, whether it is theoretically perfect or not.

BRITISH CURRENCY

We in Great Britain are over the worst of our currency troubles. We are no longer allowing our Government to spend more than they can raise from taxation, and so long as we insist upon this we can feel secure against the great evil which is still so lamentably evident in some other countries.

The printing press will not be used as a cheap and easy method of bridging a gap between revenue and expenditure, a method which merely results in multiplying tokens without increasing values, the final end of which we have already seen in Russia.

But although we are in no danger of any real degradation of our currency, we still have no accepted basis for our note issue. The £ sterling is no longer worth 20s. in gold, and until it once more attains that value we cannot restore the old standard and the old ratio.

Ultimately, I am confident that we shall return to the stability of our former gold parity, but we cannot hasten the process unduly. To raise the value of our currency note, until its purchasing power is equal to that of the gold contained in the sovereign, would still entail an appreciable fall in general prices, and we cannot afford in times of grave industrial depression to risk the uncertainty and the shock to

business confidence which falling prices involve.

We all of us are fairly confident that we know what currency is, at least we know quite well when we possess it and to what extent we possess it. But credit is a vague, intangible thing, difficult to define and still more difficult to appraise. The whole organization of credit is built upon a system of deferred payments. The great dealers in credit are, of course, the banks, and a bank is said to create credit when it makes a loan to one of its customers. But the bank is only able to make such a loan because of the resources at its disposal, resources which are represented by the deposits which stand to the credit of other customers.

But these deposits themselves are only representative of something else. When a customer pays in a cheque to his credit, he is in reality assigning to his banker a right which he possesses. It is the accumulation of these deferred rights which the banker lends: he gives to one customer the control of purchasing power which is not at the moment being exercised by another customer.

The organization of banking gathers together all the small streams of reserve purchasing power, which individually are of little value, but which collectively are a real power.

BANK AMALGAMATIONS

In my opinion, it is beyond question that the formation of the great banks has been one of the greatest safeguards in the abnormal conditions which result from the world war. Never before have we needed so carefully to conserve our resources, or to use them with more economy or greater skill.

The policy of amalgamation has not, of course, been achieved without arousing criticism, but I do not think that, in general, such criticism will bear examination. An eminent banker has stated that he had never known a case in which a prospective borrower had not been able to obtain accommodation to as great an extent as his credit justified, and from my long experience as

an administrative officer of one of our largest banks, I can not only endorse his statement, but assert that small commercial and agricultural borrowers can always get the temporary accommodation their credit justifies.

The first principle in good banking is the maintenance of such liquidity of resources that at any time the potential needs of depositors can instantly be satisfied. This is not only a question of keeping adequate reserves, it affects the basis upon which credit may be granted. Banking accommodation is not, and cannot legitimately be employed as a substitute for permanent fixed capital, it may not be used to finance merely speculative ventures.

Above all, the responsibility rests with the bankers of ensuring that the credit structure is not over inflated—that more purchasing power is not placed at the disposal of industry than is really represented by the accumulations of many individual reserves.

During a period of rapidly developing trade there is a very real danger of over-inflation of this nature, and the careful banker is obliged to restrict his commitments so that not only is the accommodation granted of a nature which can, on an emergency, rapidly be realized, but also that a due proportion is observed between the total liabilities and the actual legal tender held to meet them.

Here, you will note, the connection is established between the two sections of my subject tonight. The whole credit structure is reared upon a basis of currency, for the only legal evidence of purchasing power is legal tender money. Deposits held by a banker may at any time be demanded in the form of cash, and he must always be prepared to meet such demands.

The limits which the scientific banker sets to his advances are fixed by the ratio of cash holdings, which experience has taught him must be observed. Under normal conditions, when the supply of currency was automatically restricted by the reserves of gold, this limit was entirely effective in preserving a due

proportion between the genuine trade of the country and the volume of credit employed in financing that trade.

We bankers in this country have sometimes been criticised for our refusal to adopt the conception of banking which is held in certain continental countries. This criticism has not been

so much in evidence since the collapse of the post-armistice boom.

We have suffered, as the rest of the world has suffered, the losses and hardships inevitably entailed by the Great War, but we are emerging from the acute phase of the trade depression with resources conserved and with a financial position uncompromised. We are able, therefore, to face the future with confidence. The great asset of British credit is still unwasted, and the name of any one of our great British banks is unchallenged from one end of the world to the other.



What goes on inside a large bank?

MANY individuals and corporations fail to benefit fully in the use of their banking connections, because of their unfamiliarity with the many features of banking service and their application to specific requirements.

Banking, in the popular sense of receiving and paying money and making loans, is only one of the functions of a company like The Equitable. The ideal relationship between banker and depositor is as personal and confidential as that between lawyer and client.

In becoming a depositor of The Equitable, we want you to look upon us as a group of business counselors, sincerely interested in your success.

We want to help you develop your business, invest your savings safely and profitably, build your assets, relieve you of its care and management and finally, administer and conserve your assets for the benefit of your family. We want you to feel free to consult us about your financial plans and problems.

On this page are mentioned, very briefly, some of the more important features of Equitable Service. They are comprehensively available in each of our eleven New York City offices where addresses are given below.





An officer will be glad to explain our services in detail, or a copy of "Equitable Service" will be sent upon request.


American Bankers' Association

To the delegates attending the Convention of the American Bankers' Association, the Trustees and Officers of The Equitable extend a cordial welcome and an invitation to make use of the facilities of this company in any way possible during their stay.

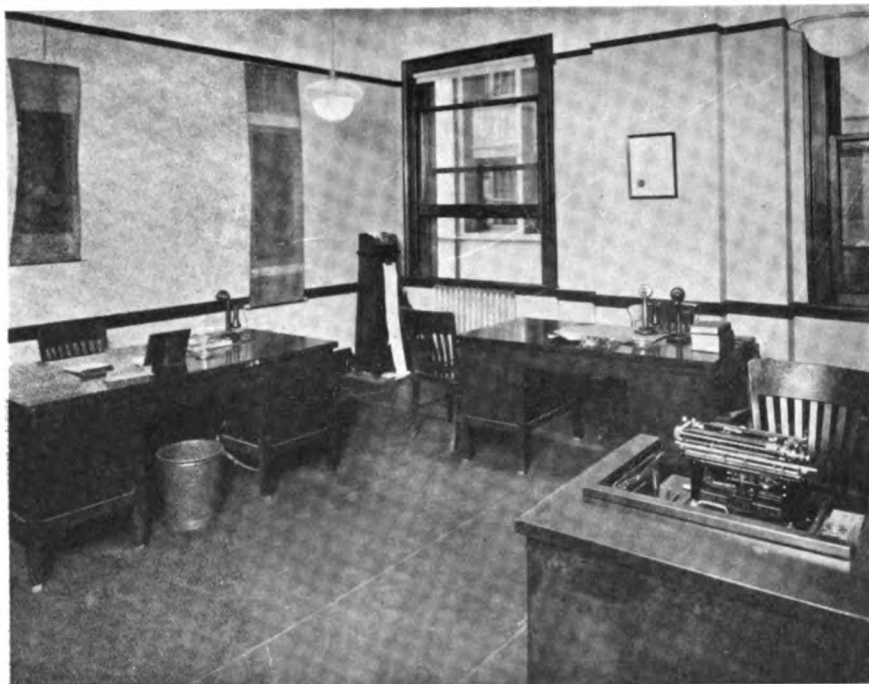
THE EQUITABLE TRUST COMPANY OF NEW YORK
37 WALL STREET

UPPER OFFICE: Madison Avenue at 6th St. LOWER OFFICE: 37 Wall Street
PERSON OFFICES: OFFICE REPRESENTATIVES:
London, 1 King William St., E.C.4. Philadelphia, 100 Pine Building
New York, 37 Wall St. in Post Office Baltimore, Colton and Baltimore Bldg.
Boston Office, 100 State St. San Francisco, 400 Bank Building
San Francisco, 400 Bank Building

 <p>Banking Service</p> <p>We receive every feature of a commercial national bank. Interest is paid on all checking balances, and the interest on deposits, bearing higher interest rates, are secured for the holder.</p>	 <p>Business Counsel</p> <p>Our officers are essentially business men who will give you the benefit of their practical knowledge gained from contact with manufacturing and commercial enterprises of many kinds.</p>
 <p>Income Tax Service</p> <p>We will assist you in the preparation of your income tax returns and will furnish you with available information regarding Federal, State and Municipal taxes upon request.</p>	 <p>Service to Banks and Bond Houses</p> <p>Parties who come to New York are encouraged to Philadelphia, Baltimore, Cleveland, Chicago and San Francisco, making Equitable Service directly available to banks and bond houses in these districts.</p>

 <p>Credit and Research Service</p> <p>We will endeavor to obtain information regarding the financial status of firms or individuals, and will supply you with information on business conditions or nature of business organizations.</p>	 <p>Safe Deposit Service</p> <p>The Equitable Safe Deposit Boxes, all of which are located in the main building of our New York Office, will afford the best and most reliable protection for your valuables.</p>
 <p>Foreign Service</p> <p>We serve every international banking facility. Our offices in London, Paris and Mexico City are complete banking units and our foreign correspondents, numbering over 1000, cover the world.</p>	 <p>Safe Keeping Service</p> <p>We can refer you to the name of your accountant, holding your accounts, or to any other professional service, including real estate, insurance, or financial advisory and investment management.</p>
 <p>Foreign Travel Service</p> <p>Our Foreign Offices throughout Europe, Turkey, Persia, India and elsewhere, will advise you of every travel route, including travel details. The E. T. C. Dollar Letter of Credit is known and honored throughout the world.</p>	 <p>Individual Trust Service</p> <p>We act as executor, trustee or administrator, settling the personal affairs of an individual with the special knowledge, financial responsibility and personal confidence of a trust company.</p>
 <p>Investment Service</p> <p>Our Bond Department will help you to invest safely and profitably, and to meet your requirements in your individual business or personal requirements. You may invest your deposits without charge.</p>	 <p>Corporate Trust Service</p> <p>We act as trustee under mortgages and deeds of trust, receiving bond interest, or fiduciary under provisions regarding corporations or organizations. We are engaged in various and in local affairs.</p>

During the recent A. B. A. Convention many New York banks took advantage of the opportunity to capitalize the public interest in all classes of banking. One of the best advertisements to appear in the newspapers was that of the Equitable Trust Company reproduced above. Each of the many services offered by this bank is separately treated and illustrated with an appropriate drawing. This is one of the few advertisements attempting to set before the public in one piece of copy the complete range of services offered by a trust company.



Partial view of the executive office

New York Agency of the Chinese Merchants Bank, Ltd.

THERE has been a great demand for a Chinese bank in this country for a long time, chiefly for the purpose of helping the exporters and importers of the United States, who have been doing and who want to do business with interests in China. The business conducted so far by our people with the merchants in China has been in a roundabout and unsatisfactory way, and there have been delays and inconveniences encountered by those who have business transactions to perform between the two countries.

The New York agency of the Chinese Merchants Bank, Ltd., of Hong Kong, China, which was opened at the beginning of this year, will now facilitate to a very great extent the trade relations between the United States and China.

USUAL BANKING FACILITIES

The bank finances commercial letter credits, collections, money cable trans-

fers, selling and buying drafts and foreign exchange. From this it is obvious that the bank will be of great assistance not only to the Chinese merchants in our country, but also to others of our citizens who are interested in the export and import line with the Orient.

China is a country known for its vast resources and it has vast supplies of materials needed in this country. China on the other hand needs American manufactured goods also and she is looking to the United States in preference to the European countries to supply her with what she wants.

The agency of the bank, which is in the Woolworth Building, has had an unusually good beginning, and its business has grown so rapidly that it recently became necessary to move into more commodious quarters as Chinese business men and merchants have become better acquainted with the bank and the facilities which it offers them.



LO NAAM LAU
New York Agent Chinese Merchants Bank, Ltd.

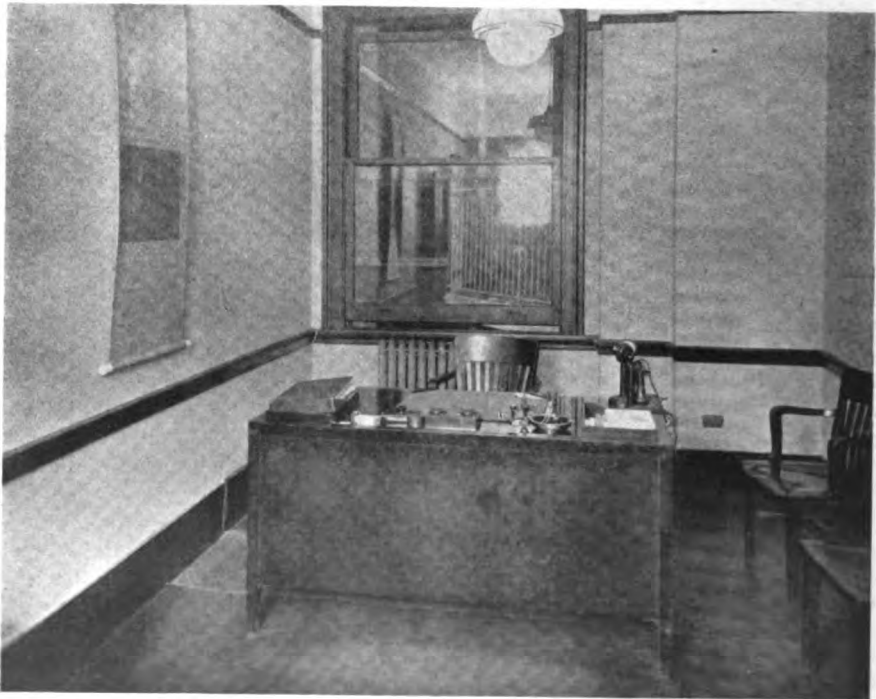
The new agency in New York is operating under the laws of the New York Banking Department.

It might be said in this connection that the bank in China is modern in every sense of the word and it is conducted by men who were educated in the United States and in Europe. American banking methods are used by both the home bank and its branches in China and this country.

HEAD OF NEW YORK AGENCY

Mr. Lau, the New York agent, was graduated from Cornell University in 1919, receiving the degree of A. B., and as soon as he was graduated he went back to China and spent some time in the head office of the bank. He saw the great possibilities of trade relations between his country and the United States and he considered the opening of this agency as indispensable.

At one time Mr. Lau was the acting director general of the Canton mint. Four of his cousins had a hand in



Private office of Mr. Lau, the New York agent



Section of the foreign exchange department

establishing the Chinese Merchants Bank, Limited.

E. M. Field is the manager of the foreign department of the New York agency, and T. W. Chu is the assistant manager of this department.

The Chinese Merchants Bank, Limited, of Hong Kong was opened

in 1918, and organized under the laws of the British Crown Colony of Hong Kong. The bank has three branches in China, namely, in Canton, Shanghai and Saigon.

The statement of condition of the bank at September 30, 1922, is given here:

ASSETS

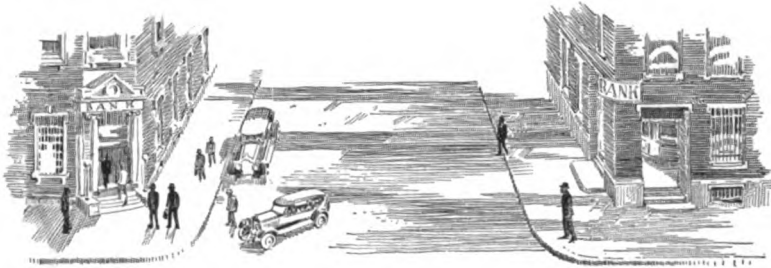
Loans and discounts	\$1,078,494.44
Overdrafts	156,136.34
Due from banks and duly incorporated banking institutions.....	1,189,859.30
Real estate	117,539.45
Stock of private corporations (market value)	45,400.00
Silver coins (all countries).....	41,679.23
Bank notes (all countries)	224,758.85
Other currency (all countries).....	9,964.90
Exchanges and checks for next day's clearings	17,326.80
Furniture and fixtures	14,119.10
Accrued interest to date of report	47,934.19

\$2,943,212.60

LIABILITIES

Capital stock (paid up)	\$ 573,487.12
Deposits subject to check (not preferred)	810,853.24
Demand certificates of deposit (not preferred)	61,660.62
Deposits withdrawable only on presentation of passbooks (not preferred)	368,700.24
Time certificates of deposit (not preferred)	235,420.27
Certified checks	1,682.80
Due banks and duly incorporated banking institution	588,516.70
Bill payable, including indebtedness for borrowed money however represented	148,261.47
Bills rediscounted	62,425.00
Accrued interest to date of report	92,205.14

\$2,943,212.60



Where Two Banks are Bidding For the Same Business

WHEN one merely tells the public through publicity of its desirable points and the other through the same medium demonstrates so that the public can see for itself, all the advantage is with the bank that demonstrates. Its advertising, being more convincing, is more resultful.

It is more dignified as well, and dignity is a quality required in bank publicity. The banker renders the most responsible service of a commercial character in his community. And if people are to come to him, they must come because they feel that funds can be placed on deposit with confidence, that acceptable credit, or dependable advice, is available when desired.

It would be contrary to the very nature of his service for the banker to make a too urgent, suppliant or facetious appeal for business. It might easily indicate a lack of those very qual-

ities which characterize a desirable bank.

But by taking as the keynote of his advertising campaign, the giving of information, the extending of service to further prosperity and happiness, he builds a reputation for his institution and demonstrates that his is a bank of responsible, helpful service. He has his readers in a frame of mind which makes them particularly susceptible to a direct message from him with reference to one of those phases of his service to which otherwise they might be indifferent in the hurry and bustle of daily life.

*For the most efficient advertising that
embodies community service consult*

The Collins Service

The Recognized Standard of Financial Advertising

Philadelphia, Pa.

Banking Publicity

Special Section of The Bankers Magazine

DECEMBER 1922

A Complete Plan For Renting Safe Deposit Boxes

By S. Reid Warren

ANY EXPERIENCED bank publicity man can safely guarantee to rent every vacant safe deposit box in any bank or trust company. Such a guarantee has been given time and time again, and fulfilled.

Safety in making such a guarantee lies in one chief factor and other auxiliary ones. The main reason why such a guarantee can be fulfilled is the fact that once a person has tried the protection, convenience and ease of mind resulting from the use of a safe deposit box, he is unlikely to relinquish it. The value of the protection is far higher in his estimation than the cost of the same.

A second reason why the renting of safe deposit boxes can safely be guaranteed is the fact that so large a proportion of the population has never tried this service, the number of "prospects" is large and the chances of renting all the boxes any one bank may have open are also great.

Coming closer to the needs of the prospect himself, there is hardly a family in the country that does not possess some document or article worth to them—the small amount of money involved in the rental of a safe deposit box. Even a poor family renting a small house has a lease to guard from destruction and loss.

From the standpoint of the bank, there is a decided advantage in keeping its safe deposit boxes all rented, aside from any direct monetary return. Every

renter of a safe deposit box is a live prospect for other services of the institution. Every one may eventually become a depositor, a borrower, a user of the bank's fiduciary or trust services.

Demonstration is better than

explanation. So to show how safe deposit box renters may be attracted, I propose to lay before my readers the specific wording for folders or letters to use in bringing the advantages of safe deposit boxes to the attention of those who might benefit by their use.

But before quoting the wording of this literature, it will be well to refer to one of my early

(Continued on page 1079)



Bumper Crops and BONDS

The confidence inspired among business interests and the people in general by the bumper crops now being harvested and marketed is ample evidence that agriculture is the basis of our national prosperity. Everyone who believes in the future of America believes in its agriculture and realizes that farming must pay adequate profits if this country shall go ahead.

There can be no sounder security, therefore, than Joint Stock Land Bank Bonds, which are a first mortgage on rich, improved farm land.

These bonds furnish the operating capital for productive farms, and are in reality a first mortgage upon the future of this country.

Exempt from all Federal, State, Municipal and Local taxation (excepting inheritance taxes)

Central Iowa Joint Stock Land Bank of Des Moines, Ia. Due May 1, 1942 (Optional 1937) Price 103 and interest	Kansas City Joint Stock Land Bank 5's Due May 1, 1932 (Optional 1930) Price 103 1/2 and interest
Southern Minnesota Joint Stock Land Bank 5's Due May 1, 1931 (Optional 1930) Price 103 and interest	Hetcher Joint Stock Land Bank of Indianapolis, Ind., 5's Due May 1, 1932 (Optional 1932) Price 103 1/2 and interest

These Issues to Yield From 4.55% to 4.60%

STEVENSON BROS. & PERRY
INVESTMENT SECURITIES
105 S. La Salle St., Chicago Randolph 5520
Correspondents: Brown Brothers & Co., New York

A strikingly effective departure from the "usual" style of investment copy. There is nothing flighty or fanciful about the copy. The facts are there. Their presentation in readable and interesting form does not detract from the strength of the advertisement. Here is evidence that investment copy is not necessarily unconvincing simply because it makes both easy and interesting reading.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

DECEMBER 1922

IN all advertising, but perhaps even more particularly in bank advertising, it is a hazardous business to talk about too many things in any one advertisement—we almost said to talk about more than one thing in any one advertisement.

You must catch your reader on the fly, so to speak, and an effort to convey several impressions in a moment's time not only confuses him and distracts his attention, but it nullifies the lasting qualities that any given impression, standing alone, might have had in his mind.

If you are after safe deposit box business, talk safe deposit boxes; if you are after a savings account, talk savings; if you are after a commercial checking account, talk commercial checking accounts. Concentrate on one subject, stick to that subject, and when you are through talking about it—stop.

SOMEONE HAS said of the outdoor sign that "at least you can't throw it in the waste basket".

One of our earliest recollections of advertising in any form is that of Mr. Fletch-

er's Castoria signs along the routes of various eastern railways. We don't recall that we either cried for this remedy, or even that it was ever tried on us—we doubt in fact if it ever was. But the memory of those signs has stayed with us.

Plastering the countryside of a community with large outdoor signs would be a prohibitive undertaking for any single bank, unless it were one of unusual size and strength.

For a group of banks in a given community, advertising coöperatively, such an undertaking might not be so prohibitive.

A coöperative bank advertising campaign of, say, an educational nature, might embody the use of outdoor media to good effect.

Who has forgotten the effectiveness of the widespread use of outdoor advertising in the thrift stamp and liberty loan campaigns?

THERE ARE some things that the intelligent reader of financial advertisements wants to form his own judgment about, and to form it on the basis of cold facts, unembellished by a display of colorful exclamations or illustrations.

In most investment advertisements facts must come first. That they need to be presented in rather somber garb is perhaps unfortunate; the day may come when it will be unnecessary.

However, for a reliable institution to depart in the present day from a conservative style in the presentation of bond offerings would be a procedure of questionable expediency. To the unwary and uninformed for whom the hook of the "sucker" advertisement is baited, it might not matter so much. But your investor of sound judgment fights shy of unusual departures from the accepted form of investment advertising.

That the average financial page remains so much Greek to the man in the street is too bad. This situation must exist, however, until time and accepted custom change it.

BANK ADVERTISING is no longer something calculated to cause surprise or astonishment. Events move with such rapidity that that which was an oddity yesterday is today a commonplace. Nevertheless, one cannot fail to take particular notice of the ingenuity which is being exercised in designing bank copy that is filled with human interest and still does not offend the proprieties.

Up to a very few years ago most copy writers dreaded to tackle a bank advertisement. The choice of material was felt to be extremely limited. This was due, in measure, to the restrictions imposed by the bankers. Advertising was something rather new, and being cautious by nature, most bankers insisted that the advertising copy progress by easy stages to the point where it could compete with other advertisements for reader attention.—*Printers Ink.*

A Complete Plan For Renting Safe Deposit Boxes

(Continued from page 1077)

statements—"that once a person has tried the protection, convenience and ease of mind resulting from the use of a safe deposit box, he is unlikely to relinquish it". On this assumption, the following described campaign is based.

In order to drive home to every recipient of your literature the fact that *every* family has need for the protection of a safe deposit box, start him thinking at the outset of the various articles and documents that need protection from fire, theft, loss, etc. To do this send him a letter or a folder or circular worded along the lines of the following:

Dear Sir or Madam:

Are you concerned in the safe-keeping of any of the following?

Agreements, adoption papers, abstracts of titles, bank books, blue prints, bills (receipted), birth certificates, bonds, books (rare), charters, checks (cancelled), cash records, correspondence, coins (rare), certificates of deposit, court decrees, contracts, deeds, deposit books, diamonds, diaries, documents, drawings, fire insurance policies, precious gems, heirlooms, insurance policies, jewelry, keepsakes, leases, ledgers, letters, legal instruments, lodge papers, life insurance policies, marriage certificate, mortgages, notes, pension certificates, photographs, precious stones, private papers, receipts, rituals, seals, silverware, stamps (rare), stock certificates, wills.

No article of value, no heirloom, no keepsake or important paper is safe from loss or destruction if kept about the house. No known safeguard positively protects against fire and theft except the massive concrete walls and impregnable steel doors of the MODERN SAFE DEPOSIT VAULT.

In every home there are some such valued or valuable possessions, for which a safe deposit box in our vaults would provide absolute protection at trifling cost, only a few pennies a week.

This letter is to invite you to call and inspect our safe deposit vaults and their very interesting time-lock mechanism. A visit will incur no obligation whatever.

Very truly yours,
FIRST NATIONAL BANK,
John H. Williams, Cashier.

"Rome was not built in a day; one shot never brought down a whole flock, etc., etc."

Who's Who in Bank Advertising



ALEXANDER E. LEIGHTON

Advertising manager The Williamsburgh Savings Bank,
Brooklyn, N. Y.

MR. Leighton is responsible for all the copy produced and used by The Williamsburgh Savings Bank which stands among the first four savings banks in the United States, having assets of over \$129,000,000, and more than 118,000 depositors.

Mr. Leighton's style is as original and unique as it is effective. He combines wit with dignity and takes the reader into his confidence in telling him all he wants to know about saving and savings banking, compelling him by his homely philosophy to act upon his suggestions to save.

He has been employed by The Williamsburgh Savings Bank for the past twenty-one years, having had commercial banking experience prior to that time with the National City Bank of Brooklyn.

Mr. Leighton has achieved an enviable reputation as a creator of slogans and is frequently called upon to write special articles for the Savings Banks Association of the State of New York and similar organizations.

Recently he became associated with the "BALANCE BUILDERS" through which firm his services have been made available to banks generally.

Note: The information contained in this advertisement is of importance to every member of the family, from the head of the house to the youngest child. For this reason it appears in the Sunday newspapers. On the day when the members of the family are gathered together, they will have a good opportunity to read and discuss the message and to decide upon some course of action. Further information is given in the booklet mentioned below.

How A Living Trust Touches The Life Of Your Family

HERE are some pertinent questions for men of a family:

Do you wish to assure your wife of an income during your life and afterward?

Would you like to provide now for the education of your son and his establishment in a business or profession?

Have you thought of making provision for your daughter so that, whether married or unmarried, she will always have an independent income?

Have you other relatives who rightfully look to you for support and for whom you wish to provide systematically and surely?

Do you want to insure your own old age against anxiety about money matters?

A Living or Voluntary Trust is the best solution of these problems.

It removes from the many uncertainties of daily life whatever sum of money the creator of the trust wishes to set aside for practically any purpose desired. In so doing the person establishing the trust is automatically relieved of all responsibility involved in its management. His principal is protected.

We are administering Living Trusts established to pay for the education later of sons and daughters who are now children or to provide independent incomes for married daughters and their children. Living Trusts are also established for the protection of a wife, friend or other dependent relative and for a variety of other purposes.

All Trust fund investments of the Bankers Trust Company are reviewed periodically by the Trust Investment Committee which meets every week. This committee consists of three Vice-Presidents and one Director and they in turn select their recommendations to our Executive Committee for final approval.

Our pamphlet, "Through A Living Trust" and "How To Establish A Living Trust," sent on request, explains more fully the services of such a trust. We shall be pleased to have you write, call or telephone for them. Our Trust officers will be glad to answer inquiries at any of our offices mentioned below:



Facts About The Living Trust

The principal of the trust is protected. The creator of the trust is relieved of all details in connection with the care of investments and the distribution of the income.

The income from the trust can be devoted to practically any purpose desired—the protection of a wife, friend, or relative, the education of a child, the maintenance of a charity, or for the benefit of the person creating the trust.

The income can be paid to one person and the principal distributed to another. The creator of the trust can reserve the right to supervise the trust or revoke it, or it can be made irrevocable and free from estate in case of inheritance.

Arrangements can be made to draw on principal in case of emergency.

A trust can be created by depositing with the trustee cash, life insurance policies, securities, or other property. The fund can be added to from time to time.

BANKERS TRUST COMPANY

Downtown Office: 16 Wall Street Fifth Avenue Office: 42nd Street 57th Street Office: at Madison Avenue Paris Office: 3 & 5 Place Vendôme

This trust copy was run in Sunday newspapers. It is somewhat long without being tiresome. A good deal of interesting trust information is given in condensed form. The prospect might have his interest more readily aroused if the copy mentioned, by way of example, some definite amount with which a living trust might be established and suggested benefits to be derived from the establishment of such a trust with this amount as the basis.

say those who would impress us with the value of persistence in accomplishing an end. And all these trite quotations apply in the present instance. It is not expected that every prospect will be landed by our first invitation; some ammunition must be saved for the harder to convince.

There's a "kick" in the plan under consideration; an inducement that has never been known to fail to attract enough renters to fill all vacant boxes, but we may as well get the easier prospects first; hence a second and third invitation is recommended.

Letter No. 2 might therefore continue the educational work in order to help fully convince the prospect before we actually get him to try the safe deposit box service. The more fully he is "sold" on the idea, the better the chances of retaining him permanently.

The following wording is suggested as a follow-up, either in the form of a letter or printed communication:

Dear Sir or Madam:
Referring to our previous letter regarding the safekeeping of valuable things, may we again urge the importance of this matter and renew our invitation to call and let us demonstrate the ingenious means of protection which clever

brains have evolved in the MODERN SAFE DEPOSIT VAULT.

The security afforded by the invulnerable walls of our vault is available to you at a very slight annual cost, averaging but a few cents a week.

Loss of a single paper might incur an expenditure of many times the rental of a SAFE DEPOSIT BOX. Often the loss of an heirloom, keepsake, old letter or something of sentimental value is irreparable. Even fire and burglar insurance are ineffectual in such cases.

No protection is absolute excepting the SAFE DEPOSIT VAULT. Why not utilize the facilities of our safe deposit department in the protection of your important papers, jewelry, silverware, leases, policies, deeds, mortgages, bonds, stock certificates, heirlooms, etc.

Very truly yours,
FIRST NATIONAL BANK,
John H. Williams, Cashier.

At this point, the banker can either play his trump card—the "inducement" for immediate action—or give the unlanded prospects another urge, as might seem better according to results to date.

The "inducement" is the free trial of a safe deposit box, for a three-month period, or rental on a guarantee of satisfaction or money refunded after a three month trial. Such a trial will convince any reasonable person of the usefulness and value of a safe deposit box, and the offer of a free trial will seldom if ever fail to fill all your vacant boxes. But it may be deemed advisable to make one more effort to secure straight rentals before springing the free trial offer. For this follow-up the wording below is suggested:

Dear Sir or Madam:
Ease of mind regarding the safety of important papers and valuable articles is worth far more than the trifling cost of a safe deposit box.

Fire or theft may at any time rob you of some treasured heirloom or keepsake, some important paper such as a deed, mortgage, stock certificate, insurance policy, will, etc., or of a valuable piece of jewelry, a rare coin, stamp or book.

A SAFE DEPOSIT BOX in our fire-and-theft-proof vault will place your valuable and valued possessions beyond danger of theft or destruction and also serve to safeguard against mislaying the same.

We again invite you to invest-

gate our facilities for serving you in this matter and hope that you will call and see our safe deposit department or ask us for any further information desired.

Very truly yours,
FIRST NATIONAL BANK,
 John H. Williams, Cashier.

To all who have not been convinced by the follow-up thus far something more than argument is necessary. The remaining prospects are surely "from Missouri" and you can prepare to "show them" by actual experience that a safe deposit box is a convenience and a means of protection worth the mighty small amount charged for annual rental.

Whether you have used letters or circulars in the first three follow-ups, a letter had best be used for the final offer. It should not have the appearance of a general public offer, but take on the atmosphere of a special, individual courtesy. The following wording presents the matters in the form of a guarantee of satisfaction:

Dear Sir or Madam:

Use of safe deposit boxes would be more general if everyone knew **BY EXPERIENCE** the comfort and satisfaction, the ease of mind in having all valued and valuable articles absolutely safe from theft, or fire, or destruction by any means.



The Seaboard National Bank, New York, commissioned a well-known illustrator to make the above reproduced sketch of their building. This sketch was then used on the outside cover of folder published and distributed by the bank.



What He Will Be Depends Upon You!

There is a great world outside the door of your home. It is a world of opportunity and of achievement. It is a world where the man who is prepared to take the most direct path to his goal will find the most certain way to success. The man who is not prepared to take this path will find himself lost in a maze of uncertainty and failure.

Industrial Trust Company
 Member of National Business System



Talk to a man about his children and you take the most direct path to his heart. This savings advertisement has made good use of that angle of approach.

We are, therefore, inviting a few persons to test the benefits of our **SAFE DEPOSIT BOXES** on a plan that will cost the renter nothing unless the trial proves satisfactory.

You are offered opportunity to rent a box with the understanding that if for any reason you are not thoroughly satisfied, you may at any time within three months cancel the rental and receive repayment of the entire sum paid.

Present this letter to the writer or any attache of the bank and he will cheerfully show you through our safe deposit department. Then if you decide to accept this special offer, a box will be assigned to you at once.

Yours very truly,
FIRST NATIONAL BANK,
 John H. Williams, Cashier.

Some banks using this plan have presented the matter in a slightly different way, stating that "we have reserved a safe

deposit box for your use for three months without cost, in order to give you a thorough test of the benefits of using this service. If you will kindly call at the bank and have your name recorded, you can obtain the key and begin using the box at once. No obligation is incurred by acceptance of this trial lease of the box, and, furthermore, you will be entirely at liberty to discontinue the service at the end of the trial period if you so desire".

Of course, a box holder will continue the service after the trial period. He is, as a rule, sold on the proposition when he accepts the trial offer.

Nothing has been said in this



A word to the wives is sufficient~

IF housewives had been paid wages in 1918, says a statistical expert, they would have received 18 billion dollars. That's a good deal more than the farmers got for their crops last year.

The interesting point is that the housewives don't get it. However, in the great work of keeping house they are the spenders. But if they wish to do some saving, this Bank will help them.

Savings deposits made on or before the tenth will draw interest from the first of the month

CONTINENTAL and COMMERCIAL
TRUST AND SAVINGS BANK
 La Salle, Adams, Quincy and Wells Streets

OPEN ALL DAY SATURDAY UNTIL 8 P. M.

The women of the nation are in large part the spenders in matters relating to the household. On how wisely they spend depends the economic welfare of the home. Also the status of the bank account. It is a good idea to talk directly to them on this latter subject, and worth while to do so repeatedly and consistently.

article about quoting actual rentals, as these vary considerably in different banks and for different sized boxes in the same bank. Of course definite in-

formation regarding cost should be given. This can be incorporated in the follow-up literature in any way found convenient.



An Advertising Man's Opinion of the Usual Bank Advertising

By Sewell Peaslee Wright

THE AVERAGE advertising man handling the publicity for a bank generally hears quite often and very fully the opinion the banker has of him. The ad man is usually constrained to merely think his opinion of the banker, as his bread and butter is more or less in the balance.

The banker might, however,

be interested in what the advertising man thinks of him, and might incidentally, from the outsider's view point, gain some valuable information. It seems worth trying.

Briefly, then, bankers as I see it have two prime failings: they are too Conservative, and too strong on Dignity. The caps are warranted.

Please note that I have not accused bankers of *actually* being too conservative or too dignified; it is simply that they can't forget this pose or attitude or whatever it may be—habit, perhaps?

Let it be understood before we go any further, that I am speaking always of the banks in towns of just a few hundred thousand—not the really big cities nor the little villages; just the great majority of American banks. Savings represent the "feeder" phase of their business, and savings are what they go after most strongly in their advertising. Let's switch back now to the always-objectionable but frequently instructive personalities.

I believe, as I have just stated that bankers are over-wedded to the pose of being conservative. They talk in a conservative manner, dress in conservative clothes, own a conservative looking car—conservatism is the fetish that they worship until they become convinced that it is an all-powerful god.

Naturally, when the banker is asked to write or supervise the advertising for his institution, anything bordering on the "different" is taboo. In other words, what his bank says must be as nearly as possible like what the other banks in town are saying, supposing, of course, that they are equally affected with dry rot. Anything that would serve to differentiate his advertising from that of the crowd would be an innovation, and hence undesirable.

The banker forgets that while he and his institution (as he is fond of calling it) should be conservative, to a certain degree at least, the public to whom the advertising is addressed is not conservative.

There was a time when folks had to be sold on the safety of a bank; now they have to be sold on the humanness of it.

The average American citizen is thoroughly convinced that the home-town banks are all safe. With the Federal Reserve System, and the general uplift of the banking business during the last two or three decades, bank failures have been reduced to a practically negligible minimum—and he knows it.

What he is on the fence about is the personality of the bank. The average wage-earner holds his banker in considerable awe; the beautiful marble and gilt banking rooms scare him. All this may seem amusing to the banker, but it is a fact. The banker deals with big men and in big figures, thinks big and talks big, and it is for these very reasons that he does not get the view-point of the man that works in the factory out in the North End, or the East Side.

And so the banker comes out with well-rounded, conservative drivel about "exceptional facilities for serving the public",

"policies that have been building public confidence for umpty-odd years", and empty nothings of that sort that only go to confirm the reader's belief that his is an institution without bowels of compassion.

What the man on the street really wants to be told is that he will be welcomed, even if he only has a few dollars to start with, that the banker and the tellers are really human beings just as he is, except that they wear white shirts and hard-boiled collars. Write the way he talks and thinks and tell him this and he'll believe you and bring his money to you; tell him this in the stilted phraseology that so many bankers cling to, like a barnacle to a deserted hulk, and he'll name you a liar to himself, and never a penny of his will you see.

His Dignity! How the banker loves it, worships it, nurses it and fosters it! "The tremendous burden assumed by an institution of our standing in rendering to the people in the community which we serve"—how he likes that sort of thing! And, equally emphatically, how completely the general public ignores it, or, worse yet, hates it!

The average banker would about as soon appear in public minus his collar and necktie as to allow anyone to suspect from his advertising that he was a real fellow with a wife who bossed him around and a youngster that bossed them both around; that he liked to swim and hunt and fish, and that he occasionally said "damn" just like any other normal man, yet it is just such impressions as these that give to the average man a fellow-feeling for his banker.

Understand, please, that I am not saying that most bankers are not this kind of men. Most of them are. The big trouble is that the banker tries to make his advertising sound like an in-

Don't let your money remain idle a SINGLE MONTH—

INTEREST
computed by the month
on deposits

A deposit made as late as the third day of any month will draw a full month's interest even if the account is withdrawn the first of the following month. If the account remains until one of our dividend periods—which are January 1st and July 1st—it will receive a larger rate of interest.

For 72 years we have been leaders in movements for the benefit of our depositors.

EMIGRANT
INDUSTRIAL SAVINGS BANK
INCORPORATED 1890
51 CHALMERS STREET
NEW YORK

This well-known savings bank computes interest by the month on deposits. Here is one of a series of interesting newspaper advertisements which the bank has been running since the adoption of this system of computing interest.

stitution talking, rather than a red-blooded man, and the public to whom he is addressing his remarks, doesn't appreciate "institutional" language. The banker forgets the fact that the public usually deals with him as an individual, and not as a company or corporation; a man's banking connections are a very personal thing with him, but bankers often seem to ignore this fact. The banker thinks it's all an institution to him, like the reform schools, orphan asylums or hospitals. Normally the public doesn't put banks in this classification; but a lot of them are succeeding in getting there, through their advertising.

If I had complete and unsupervised charge of the advertising for the usual type of savings bank in a town of three or four hundred thousand or less, I would make it a fixed rule never to use any high-sounding, empty words that



Straight to the Mark

HAVE you an objective? Saving is easier if you have a definite purpose. Your savings account will be more useful to you if you will look ahead and put aside part of your earnings.

For Christmas, For Investment,
For Your Next Vacation,
For Insurance Premiums
For the sums you must meet at a particular time

Shoot at a mark. Start your savings account today.

SAVE a SLICE on PAYDAY

This savings copy, one of the "Save a Slice on Payday" series of the Union Trust Company, Cleveland, goes, as its caption reads, "straight to the mark." It is compact, concise, and well-balanced.

--Say, "Show him right in"

He is a Representative of One of These Companies

He is a man whose advice can save you thousands. He can show you the real romance of the most necessary investment you will ever make—and its real value. He is the Life Insurance Salesman. Have you been regarding him in the light of a connoisseur?—That's what he is—a specialist who can help you solve the problem of your future estate.

He's a busy man. He is helping others like yourself every day—He will give you some of his time; and, because he has a sound, business proposition, he can make the interview as brief as you wish—

"Show Him Right in"

Life Insurance

1. A. ...
2. B. ...
3. C. ...
4. D. ...
5. E. ...
6. F. ...
7. G. ...
8. H. ...
9. I. ...
10. J. ...

11. K. ...
12. L. ...
13. M. ...
14. N. ...
15. O. ...
16. P. ...
17. Q. ...
18. R. ...
19. S. ...
20. T. ...

An interesting example of good co-operative life-insurance advertising. This is one of a series which ran in newspapers.

would not occur in ordinary conversation. I would bear in mind that the best advertisement is the one that comes nearest to being a real, personal, convincing talk to the reader, and one that he can understand. I'd use contractions wherever possible. I'd say "we'll" and "you'll" and "don't"; and I'd use homey, comfortable friendly words such as "folks" and "fellows" and "chaps".

I don't think I'd go so far as to use slang, except perhaps some mild form, such as "Feeling like thirty cents" or "Isn't it the limit?"; it isn't necessary to do that in order to make your ads sound like real man-to-man stuff. I'd forget that I was a Bank Official (the caps are the usual bank official's own) and talk to the readers just as I'd talk to old Bill Jones who sat right in front of me at school, played hooky with me, and got licked by the same teacher with the same strap. Bill would laugh at me if he heard me "putting on dog", and I'd write my ads

just as if I were writing them especially for Bill. Bill's friends would accept them for the real thing then; because they're a good deal like Bill, you know.

I'm mighty sure I wouldn't forget Bill's wife. Not being up in the local 400, Bill has been married to the same wife most all his adult life, and he still thinks a lot of her.

"A mighty fine woman; got a good head on her" is about the way Bill puts it. Mrs. Bill's opinion goes a long way with Bill, and I've been out to Bill's place too many times not to know it. You can be sure that I'd tell Mrs. Bill every once in a while that this bank of mine was getting a lot of women customers these days, since women were entering more and more into business affairs (Bill's wife is a bit of a progressive, you know, or at least, she likes to think she is), and that she had a lot of influence with Bill, and could do more to make him save more and more regularly than any-

thing we could say or do possibly, which is something women will just eat up. (I'm married myself).

Bill's mighty fond of his youngsters, and naturally I'd talk to Bill about them, once in a while. Young Bill, Jr., has a college course all cut out for him, and of course Bill ought to start saving for that right now; and Helen is going through college too, when her time comes, and Bill's got to save up for that, also. Bill's all wrapped up in those two youngsters, and when I talk about them and their future, you bet Bill's going to listen—if I talk like a real friend with a real service to offer, and not like "an institution offering exceptional facilities for transacting financial matters of all kinds". Bill's not interested in that.

The funny-paper (Bill calls it that, rather than the Comic Section, as you would) was made a feature of the Sunday paper because several millions of Bills friends liked it. The comic-strip artists that do the strips in your daily paper are getting rich, and retiring, because of the demand for their work created by Bill's sense of humor, and his love of a joke. I'd remember that little fact when I was writing these ads; not that I'd make them merely funny, or fill them with jokes, but when there was a chance for a little quiet humor, I'd develop it, rather than choke it to death. And Bill would chuckle to himself and think "That a good one, all right", and it would make him feel kind of friendly towards me and towards my message.

I'd not worry about the length of my ads. You bankers deal so much in cold, crisp facts, and little, hard figures, that you think ads ought to be clipped to essentials. I don't.

If I had to fill my space full of eight-point, in order to say

what I wanted to in the way I wanted to say it, I'd do it, and then I'd make it so interesting that folks would wade through the eight-point to read it—and that can be done, I may add.

I'd—but why go on? You fellows are just smiling to yourself and thinking "Beautiful ideas, but not practical", and tomorrow you'll proudly insert a neat little ad on "Courtesy and Service Paramount" with the calm assurance of having done a good bit of advertising, and forget all I've said.

Do you know, if my ideas hadn't proved themselves over and over again to be correct, I'd almost believe you were right.



How Banks Are Advertising

THE OLD National Bank Union Trust Company of Spokane has issued a booklet under the title "To the Officers and Employees", and descriptive of the bank's new safe deposit department. The booklet was originally compiled for the benefit of, and distributed among, members of the bank's staff, so that they would be thoroughly informed about this new department, and would be in a position to answer all questions with regard to it. In the belief that the information contained in the booklet would be of interest to prospective customers of the department, the booklet was sent out to them under its original title with the thought that additional interest might be aroused in this manner. Each booklet sent out is accompanied by the following letter:

We are pleased to enclose a booklet of questions and answers regarding our new safe deposit vault now under construction, which is to be opened for business in November.

The information in it consists of data that we deem important

that the public should have regarding this new service. It has been compiled principally to assist you in answering inquiries and to be in a position to better acquaint people with the superior Safe Deposit Service that is offered by the Old National and Union Trust.

We are anxious to increase the number of reservations for safe deposit boxes that have been received so far, and with this object in view are making quite a wide distribution of the booklet through the mails to prospective customers of the city.

We wish to rent at least 1000 boxes in advance of the opening of the vault. Just as the "First One Thousand Is the Hardest" in saving money, we believe that if we can pass this mark it will be clear sailing to fill our vault to capacity.

Of the required number, 600 have already been secured by Mr.

Ellard in the lobby campaign which we have been conducting. With your help in distributing copies among your friends and telling them of this service, we can easily accomplish our objective. Additional copies may be secured from the publicity department.

Yours very truly,
W. J. KOMMERS,
President.

"WITH INTEREST", a compact little bi-monthly publication of the Vermont National Bank, Brattleboro, Vermont, has recently made its debut in the field of bank house organs. This publication is edited with a touch that is both original and human, and contains some in-

The General With the Wooden Leg

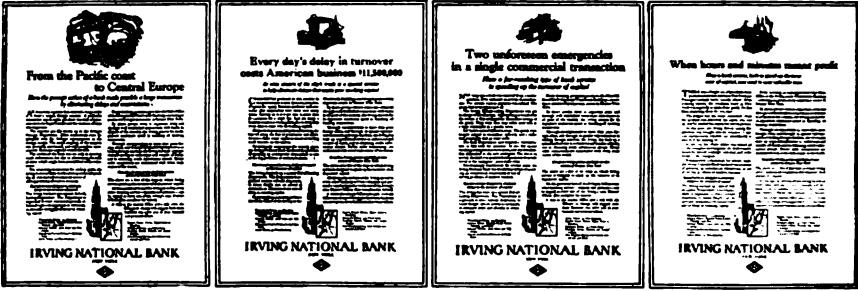
There is a story told of the general with a wooden leg who after having his horse shot from underneath, was captured by the enemy because he could not run—nothing to fall back on.

It is just like the story of a man or woman who started out with a good credit rating and then, by continually failing to pay their bills which they had just contracted, stigmatized their name in the eyes of their merchant until finally they had no credit and had nothing to fall back on.

The Minneapolis Retail Credit Association is organized for the purpose of keeping check on how you pay your bills. When you ask for credit your merchant knows in a few minutes whether you are a good risk or not. Learn to pay your bills promptly.

RETAIL CREDIT ASSOCIATION OF MINNEAPOLIS
affiliated with
MINNEAPOLIS CREDIT SERVICE EXCHANGE INC.

This advertisement run by the Retail Credit Association of Minneapolis deals with a subject that bank advertising might more often discuss to advantage, namely the value of a good credit standing.



This group of advertisements sets forth the value to the business man of this bank's special bill-of-lading department through giving concrete examples, interestingly presented, of how the department has served individual business interests.

interesting matter presented in very readable fashion.

"Wise Spending", a folder sent out by the Third National Bank, Scranton, Pa., contains some good thrift copy, reading as follows:

Nearly every day you save money. But how much of it do you save and keep?

You buy something for six dollars that just suits you. You expected to pay ten dollars for it. But you shopped around. You put some time and thought into the thing. You spent your money wisely, and you are four dollars ahead.

But wait a minute. Are you really four dollars ahead, or not? Do you keep that four dollars that you were so pleased at saving? Or do you simply "rob Peter to pay Paul" by spending it on something else? Something that you bought thoughtlessly, just because the money is there?

Next time you make a wise purchase and save a dollar or so—think of your savings account.

Here is this strong and friendly bank, ready to serve you every business day.

It doesn't take long to make a savings deposit. It doesn't take long to build up a savings account—if you spend wisely and deposit what you save.

"The Chelsea Primer", a booklet published by the Chelsea Savings Bank, Norwich, Conn., gives much useful savings bank information in the form of questions and answers calculated to be of practical interest to the bank depositor. The booklet gives concise answers to such questions as:

- What is a savings bank?
- How can a savings bank invest its money?
- Is a bank book necessary when a deposit is made?
- How are withdrawals made?

What is the procedure in the case of a lost bank book?

How is the depositor protected against payment being made to the wrong party, either through error or forgery?

Questions and answers in the latter part of the booklet center on the Chelsea Savings Bank in particular, and the services afforded depositors by various departments of the bank.

The Genesee County Savings Bank, Flint, Mich., has issued an interesting and well illustrated booklet in commemoration of its fiftieth anniversary. The booklet contains a history of the bank's founding, its development and the expansion of its interests, and a record of the men who have been, as well as those who are at present, associated with its interests and active in the conduct of its affairs.

The Corn Exchange Bank, New York, has published and distributed in booklet form the Constitution of the United States with the following introductory explanation of the bank's purpose in sending the booklet out:

The Constitution of the United States is one of the greatest and most important instruments ever written, and sets forth the great principles of American government. It is the supreme law of the land as to the matters which it embraces.

A more intimate acquaintance with the Constitution would undoubtedly be of benefit to us all, and believing that you will be particularly interested in it at the

present time, we take pleasure in sending you this copy with our compliments.

THE CORN EXCHANGE BANK.

The Corn Exchange Bank has also distributed a booklet "Better Banking Under the Federal Reserve System", an outline of the organization, function, powers and advantages of the Federal Reserve System.

The Old National Bank, Grand Rapids, Michigan, issues a bi-weekly bulletin on current investment and financial conditions. The bulletin contains interesting and informative comment on the more important phases of economic and financial affairs both in this country and abroad.

The Commerce Trust Company, Kansas City, has published a booklet, "An Analysis of the Business Methods of Cattle Loan Banks and Companies", by Victor A. Newman. This booklet has been favorably commented on by authorities throughout the country as being a very thorough and helpful treatment of the subject.

"Two Friends and Their Supporting Investments", by Ellis Parker Butler, author of "Pigs is Pigs", and with illustrations by the well-known cartoonist Tony Sarg, has been published by James H. Oliphant and Company, New York. It is an extremely entertaining booklet, and one well worth reading.

Bank Advertising Exchange

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

Watch for New Names and Other Changes.

- Albany, N. Y., Albany City Svgs. Institution, F. H. Williams, treas.
Asbury Park, N. J., Asbury Park Tr. Co., W. C. Rogers, secy.-treas.
Asheville, N. C., Hackney & Moale Co., P. E. Morrow.
Atlantic, Iowa, Iowa State Bank, H. M. Butzloff, asst. cash.
Baltimore, Md., Nat'l Bank of Baltimore, W. B. Thurston, Jr., mgr. for. dept.
Battle Creek, Mich., Old National Bank, E. R. Obern, asst. cash.
Boston, Mass., Internat'l Tr. Co., T. F. Megan, asst. secy.
Boston, Mass., Nat'l Shawmut Bank, A. L. Winship, V. P.
Boston, Mass., Old Colony Tr. Co., E. H. Kiltredge, pub. mgr.
Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. to Pres.
Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
Brooklyn, N. Y., Williamsburgh Svgs. Bank, V. A. Lerner, comp.
Bruxelles, Belgium, Moniteur des Interets Maternels, 27 Place de Louvain.
Buffalo, N. Y., Citizens Tr. Co., H. G. Hoffman, treas.
Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
Buffalo, N. Y., Marine Tr. Co., J. A. Edwards, adv. mgr.
Buffalo, N. Y., Peoples Bank, P. E. Illman, V. P.
Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Auracher, adv. mgr.
Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman.
Charleston, W. Va., Charleston Nat'l Bank, C. F. Snyder, Jr., adv. mgr.
Chattanooga, Tenn., American Tr. & Bkg. Co., E. L. Smith, asst. cash.
Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, adv. mgr.
Chattanooga, Tenn., 1st Tr. & Svgs. Bank, J. H. McDowell.
Chester, Pa., Pennsylvania Nat'l Bank, E. C. Burton, V. P.
Chicago, Ill., American Press League, 11 S. La Salle St., T. J. Sullivan, pres.
Chicago, Ill., R. E. Bauder, 738 S. Michigan Ave.
Chicago, Ill., Critchfield and Co., L. E. Delson, finan. adv. mgr.
Chicago, Ill., Englewood State Bank, 63rd St. & Yale Ave., E. N. Baty, mgr. new bus. dept.
Chicago, Ill., Liberty Tr. & Svgs. Bank, A. L. Rosenthal, asst. cash.
Chicago, Ill., Merchants Loan & Tr. Co., C. A. Gode, adv. mgr.
Chicago, Ill., Nat'l City Bank.
Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
Chicago, Ill., Union Tr. Co., P. L. Hardesty, adv. dir.
Clarksville, Tenn., 1st Nat'l Bank, M. A. Bland, V. P.
Cleveland, Ohio, Central Nat'l Bank Svgs. & Tr. Co., R. J. Izant, adv. mgr.
Cleveland, Ohio, Cleveland Trust Co., C. K. Matson, pub. mgr.
Cleveland, Ohio, Garfield Svgs. Bank, E. V. Newton, mgr. new bus. dept.
Cleveland, Ohio, Reliance Tr. Co., E. J. MacNab, asst. secy.
Cleveland, Ohio, Union Tr. Co., C. H. Handerson, pub. mgr.
Clinton, Iowa, City Nat'l Bank, A. C. Smith, pres.
Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
Dayton, Ohio, Nat'l Cash Register Co., H. W. Karr, dir. pub.
Denver, Colo., Denver Nat'l Bank, G. T. Wella, asst. cash.
Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, asst. cash.
Elmira, N. Y., 2nd Nat'l Bank, H. E. Mallory, adv. mgr.
Emporium, Pa., 1st Nat'l Bank, C. R. Zimmer.
Evansville, Ind., City Nat'l Bank, J. C. McCorkle, pub. mgr.
Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
Flint, Mich., Citizens Commercial & Svgs. Bank, H. E. Potter, asst. cash.
Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
Gardner, Mass., Gardner Tr. Co., R. E. Merrill.
Greenville, Pa., Farmers & Merchants Tr. Co., M. M. Simons, asst. treas.
Greenville, S. C., American Bk. & Tr. Co., R. Anderson, cash.
Greenville, S. C., Woodside Nat'l Bank, J. L. Williams, V. P.
Haverhill, Mass., 1st Nat'l Bank, C. K. Wormwood, adv. mgr.
Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
Jacksonville, Fla., Atlantic Nat'l Bank, J. M. Quincy, asst. cash.
Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell.
Jacksonville, Fla., United States Tr. Co., B. W. Lanier, secy.
Joliet, Ill., Will Co. Nat'l Bank, F. R. Adama.
Kankakee, Ill., City Tr. & Svgs. Bank, A. M. Shoven, cash.
Kansas City, Mo., Commerce Banks, F. M. Staker, mgr. pub. dept.
Kansas City, Mo., Kansas City Terminal Tr. Co., H. G. Hunter, V. P.
Lansing, Mich., Capital Nat'l Bank, H. D. Bennett, asst. cash.
Lima, Peru, S. A., Banco Mercantil Americano del Peru.
Los Angeles, Cal., 1st Nat'l Bank & Tr. & Svgs. Bank, R. M. MacNennon, adv. mgr.
Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, dir. pub.
Los Gatos, Cal., 1st Nat'l Bank, C. F. Hamsher, pres.
Madrid, Spain, Banco Hispano Suizo, Para Empresa Electrica, Plaza Canalejas 3, E. C. Hirt.
Madison, S. D. Lake Co. Nat'l Bank, T. A. Wadden, V. P.
Manila, P. I., Banco de Las Islas Filipinas, W. T. Nolting, pres.
Meridian, Miss., Merchants & Farmers Bank, M. Keeton, mgr. svgs. dept.
Milwaukee, Wis., Second Ward Securities Co., R. P. Hammond, bus. serv. dept.
Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. H. Wallace.
Minneapolis, Minn., Midland Nat'l Bank, L. L. D. Stark, mgr. pub.
Minneapolis, Minn., Minnesota Loan & Tr. Co., W. E. Brockman, pub. mgr.
Minneapolis, Minn., Northwestern Nat'l Bank, F. Merrill, adv. mgr.
Missoula, Mont., Western Montana Nat'l Bank, J. Bennett.
Monterey, N. L., Mex., A. Zambrano, Jr., care of A. Zambrano y hijos, Apartado No. 6.
Montreal, Que., Banque d'Hochelega, 112 St. James St., H. G. Gonthier, dir. pub.
Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, adv. dept.
New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P. W. E. Brown, adv. mgr.
Newport News, Va., 1st Nat'l Bank, D. L. Downing, asst. cash.
N. Y. C., Ambrose R. Clark & Co., 71 Broadway.
N. Y. C., American Express Co., S. D. Malcolm, gen. mgr. adv. dept.
N. Y. C., American Union Bank, R. Stein, asst. cash.

- N. Y. C., The Bankers Magazine.
 N. Y. C., Bank of America, 44 Wall St., W. Woolford.
 N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gating, V. P.
 N. Y. C., Equitable Tr. Co., A. DeBeblan, adv. mgr.
 N. Y. C., Henry L. Doherty & Co., 60 Wall St., T. B. Pratt.
 N. Y. C., The Farmers Loan & Tr. Co., I. H. Meehan, asst. secy.
 N. Y. C., Hoggson Bros., 485 5th Ave., E. L. Wight, pub. mgr.
 N. Y. C., Internat'l Bkg. Corp., R. F. Crary, asst. cash.
 N. Y. C., Mechanics & Metals Nat'l Bank, F. W. Gehle, mgr. adv. dept.
 N. Y. C., Metropolitan Tr. Co., E. S. Van Leer.
 N. Y. C., Morris Plan Bank, 261 E'way, W. D. McLean, V. P.
 N. Y. C., New York Tr. Co., E. Langstroth.
 N. Y. C., North Side Svgs. Bank, A. A. Ekirch, secy.
 N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 N. Y. C., S. W. Strauss & Co., 5th Ave. at 46th St., H. B. Mathews, adv. mgr.
 N. Y. C., Union Bank of Canada, 49 Wall St., A. G. Sciater.
 Norfolk, Va., Seaboard Nat'l Bank, W. V. Capps, adv. mgr.
 Norfolk, Va., Tidewater Bank & Tr. Co., G. W. C. Brown, asst. secy.
 Norfolk, Va., Virginia Nat'l Bank, R. J. Alfriend, Jr., asst. cash.
 Northampton, Mass., Hampshire County Trust Co., G. L. Willis, pres.
 Norwich, Conn., Chelsea Svgs. Bank, J. D. Colt, asst. treas.
 Oak Park, Ill., Oak Park Tr. and Svgs. Bank, L. A. Clarahan, mgr. new bus. dept.
 Orizaba, Ver., Mex., J. C. Gutierrez, Apartado 148.
 Paterson, N. J., 2nd Nat'l Bank, W. Van Blarcom, asst. cash.
 Pendleton, Ore., American Nat'l Bank, J. De Wilde, pub. mgr.
 Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hosbach.
 Phila., Pa., Phila. Nat'l Bank, W. R. D. Hall, com'l serv. dept.
 Phila., Pa., R. H. Thompson, 1524 Chestnut St.
 Phila., Pa., Tradesmen's Nat'l Bank, H. E. Delly.
 Pine Bluff, Ark., Cotton Belt Svgs. & Tr. Co., L. E. Bassett.
 Pine Bluff, Ark., Merch. & Planters Bank, R. W. Etter.
 Pittsburgh, Pa., Mellon Nat'l Bank, J. M. Williams, pub. mgr.
 Pittsburgh, Pa., W. H. Slivter, 122 Dithridge St.
 Pittsburgh, Pa., South Side Tr. Co., pub. mgr.
 Prague, Czechoslovakia, Bohemian Industrial Bank, head office.
 Raleigh, N. C., Citizens Nat'l Bank, R. A. Brown, asst. secy.
 Raleigh, N. C., Com'l Nat'l Bank, E. E. Culbroth.
 Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., adv. mgr.
 Richmond, Va., Virginia Tr. Co., W. Scott, V. P.
 Ridgewood, N. J., 1st Nat'l Bank, L. F. Spencer, V. P.
 Ripon, Wis., 1st Nat'l Bank, W. R. Dysart, cash.
 Rochester, N. Y., East Side Svgs. Bank, C. C. Davy, atty.
 Rochester, N. Y., Union Tr. Co., A. J. Meyer, pub. dept.
 San Antonio, Tex., Central Tr. Co., D. Ansley.
 San Francisco, Cal., Anglo-California Tr. Co., R. P. Anderson, asst. mgr. bus. dev. dept.
 San Francisco, Cal., 1002 Monadnock Bldg., L. G. Peeda.
 San Francisco, Cal., Security Bk. & Tr. Co., W. F. Morrish, V. P.
 San Francisco, Cal., Union Tr. Co., M. Newman, asst. cash.
 Santa Rosa, Cal., American Nat'l Bank, J. G. Morrow, V. P. & cash.
 Scranton, Pa., Anthracite Tr. Co., L. A. Haggerty, asst. treas.
 Scranton, Pa., 3rd Nat'l Bank, T. A. Hopps.
 Shanghai, China, American Oriental Bkg. Corp., F. J. Raven.
 Shelbyville, Ill., J. C. Eberspacher, asst. cash.
 Sioux Falls, S. D., Sioux Falls Nat'l Bank, J. W. Wadden, pres.
 Smithtown, N. Y., Nat'l Bank of Smithtown, J. A. Overton, cash.
 South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
 Spokane, Wash., Old Nat'l Bank, A. F. Brunkow, pub. mgr.
 Spokane, Wash., Union Tr. Co., W. J. Kommers, pres.
 St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan.
 St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
 St. Louis, Mo., Mercantile Tr. Co., S. P. Judd, pub. mgr.
 St. Louis, Mo., Nat'l Bank of Commerce, W. B. Weisenburger, adv. dir.
 Stockholm, Sweden, Aktiebolaget Svenska Handelsbanken, P. G. Norberg.
 Stroudsburg, Pa., C. B. Keller, Jr., cash.
 Stroudsburg, Pa., Stroudsburg Nat'l Bank, C. B. Keller, Jr., cash.
 Tampa, Fla., Citizens Bank & Tr. Co., L. A. Eize, pres.
 Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Strelcher, new bus. dept.
 Toronto, Canada, Canadian Bank of Commerce, F. C. Biggar, head office.
 Toronto, Canada, H. J. Coon, 68 Farnham Ave.
 Toronto, Canada, Home Bank Monthly, Home Bank of Canada.
 Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off.
 Tuscaloosa, Ala., City Nat'l Bank, S. F. Claibough, cash.
 Utica, N. Y., Svgs. Bk., H. W. Bell, dir. serv.
 Valdosta, Ga., Merchants Bank of Valdosta, A. F. Wain, Jr., pres.
 Warren, Pa., Warren Nat'l Bk., E. W. Johnson.
 Washington, D. C., Federal Nat'l Bank, John Poole, pres.
 Washington, D. C., Union Tr. Co. of D. C., 15th & H Sts., W. S. Lyons.
 Washington, D. C., Washington Loan & Tr. Co., E. H. Thomson, pub. mgr.
 Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
 Wausau, Wis., Marathon Co. Bank, H. C. Berger, cash.
 Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
 Wellsboro, Pa., 1st Nat'l Bank, L. M. Matson, adv. dept.
 Westchester, Pa., Farmers & Mechanics Tr. Co., J. C. Hall.
 Wilkes Barre, Pa., Luzerne Co. Nat'l Bank, W. J. Ruff, cash.
 Wilkes Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. new bus. dept.
 Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, Jr., pres.
 Winnipeg, Manitoba, Union Bank of Canada, J. H. Hodgins, mgr. pub. dept.
 Winston-Salem, N. C., Buck & Glenn, Inc., C. L. Glenn, secy.
 Winston-Salem, N. C., Wachovia Bank & Tr. Co., P. Garner, pub. mgr.
 Youngstown, Ohio, 1st Nat'l Bank, J. N. Higley, pub. mgr.
 Yuma, Ariz., Security Tr. & Svgs. Bank, J. O. Blithen, cash.
 Zurich, Switzerland, J. Muller, 49 Sonneggstrasse.
 Zurich, Switzerland, Union de Banques Suisses, H. de Muralt, sub-mgr.

©

New Names

- Long Beach, Cal., Long Beach Nat'l Bank, P. L. Hudson, asst. cash.
 Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, mgr. serv. dept.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

Helping Philadelphia Buy Its 'Flivvers'

The Franklin Trust Company Plays an Important Part in Financing New Owners

NEARLY 5000 Philadelphians are doing their Ford financing on capital furnished by the Franklin Trust Company. They are the people you see at the window marked "FORD DEPARTMENT". Carrying out the trade acceptance idea, this institution is not only giving material aid to owners, but also helps sales for the dealers as well. Here's how the plan works out:

Mr. Phil A. Delphian has need for a car—something good, but inexpensive. A "flivver" would answer very nicely. But Henry's price tag reads \$595, whereas Delphian has but \$150. How can the difference be handled? Maybe the Ford dealer will trust him? This can be arranged, but the Detroit office, from whence all "Lizzies" flow, is strong for cash in full right shortly after shipment. This means that the dealer would have to turn down part-payment orders, or go borrow the cash. This latter alternative would keep the dealer's assets in a semi-frozen state.

THE FRANKLIN CREDIT BRIDGE

To save the situation the Franklin Trust Company has devised what might be called a credit bridge between user and dealer. Under this safe and equitable plan, Mr. Delphian secures delivery of his car with a cash down payment of 25 per cent. or more. The balance is covered by his note bearing the usual 6 per cent. interest. This the dealer turns over to us, getting cash (or a credit to his account) in return. This note by the way, is paid off in twelve installments—one each month.

Along with the note, certain agreements are signed whereby title to Mr. Delphian's car is vested in this company until such time as the note has been fully satisfied. Our interests in the machine are safeguarded by insurance against fire, theft and so forth, paid by the owner. An additional security to the bank is provided in a clause whereby the dealer agrees to take

up the obligation should the car-buyer fail to meet his payments. Let it be said, though, that because of Philadelphia thrift, dealers are seldom called upon to do this.

A REAL BUSINESS BUILDER

By this plan the dealer makes a cash sale, yet the purchaser has all the advantages of time payment. Furthermore, the credit arrangements are conducted on a fair and square basis by responsible parties. We might say, too, in passing, that Ford owners and dealers alike appreciate this fact. For there have been times, and not very far in the past either, when finance and credit companies were charging all the traffic would bear.

In passing by the Ford department window one thinks of it as part of a great enterprise—a channel through which flows a stream that contributes to one of the country's greatest industries. Extending from this window to the dealer and connecting him with the purchaser is a credit bridge that greatly facilitates car distribution. To give an idea of the volume of business transacted by this department, there are over 60,000 separate notes handled in a year. Between \$5000 and \$6000 in cash payments are handled by this department daily, and at present more than half of all the authorized Ford dealers in Philadelphia are now making use of our facilities exclusively.

The Franklin Trust Company was a pioneer in establishing this branch of service, just as it was the first institution to give Philadelphia day-and-night facilities. During that time the purchase of some 15,000 cars was financed, their owners enjoying the pleasures of motoring while paying for the privilege under a plan that is easy on the purse. From a purely commercial viewpoint this service is not overly profitable. Yet the bank is happy in the thought that it rendered a service that is enriching it in public good will.—From "Franklin's Echo".



Lynchburg National Bank, Lynchburg, Va.

THE building of the Lynchburg National Bank of Lynchburg, Va., is considered one of the finest individual bank buildings in the country. It is a splendid example of complete, up-to-date banking quarters with every facility provided for the comfort and service of customers. It was designed by

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

Correspondence Invited



Madison Avenue office of the United States Mortgage & Trust Company, New York

New Madison Avenue Office of the United States Mortgage & Trust Company

THE building housing the new uptown office of the United States Mortgage & Trust Company is considered one of the finest and most modern banking structures in the country. It was designed by Henry Otis Chapman, architect, and much of the work of supervising the construction was in charge of Henry L. Servoss, vice-president of the United States Mortgage & Trust Company. The cornerstone of the building was laid early last January. The branch is in charge of John A. Hopper, vice-president.

This Madison Avenue Building won the first prize offered by the Fifth Avenue Association of New York for the best building erected in the Fifth Avenue section in 1922. Formal presentation of the prize, a beautiful gold medal, was made at the Association's annual dinner, November 14, at the Hotel Waldorf by Will H. Hays, toastmaster, to

Vice-president Henry L. Servoss, representing the Trust company.

As a complete banking unit the new building contains practically everything needed in the way of comfort, convenience and safety. To meet the needs of women clients of the trust company, the new branch is equipped with a special ladies' department in charge of Mrs. William Laimbeer, assistant secretary of the company. This department is provided with a special section of the main banking floor, which contains a rest room, retiring room, in fact, a whole suite, done in the most attractive manner. One striking feature of the decorations of this department is the Adam mantel forming the center around which the ladies' room is furnished. This mantel came from an old house in St. James street, near the Palace, in London.

The officers' desks are located at the



MANTEL IN THE LADIES' DEPARTMENT

This Adam mantel came from an old house in St. James Street, near the Palace, in London

southern end of the main banking room, looking out upon Seventy-fourth street. The rest of this floor is given over to the tellers' cages which are all finished in solid bronze. On the mezzanine floor are the accommodations for the girl employees.

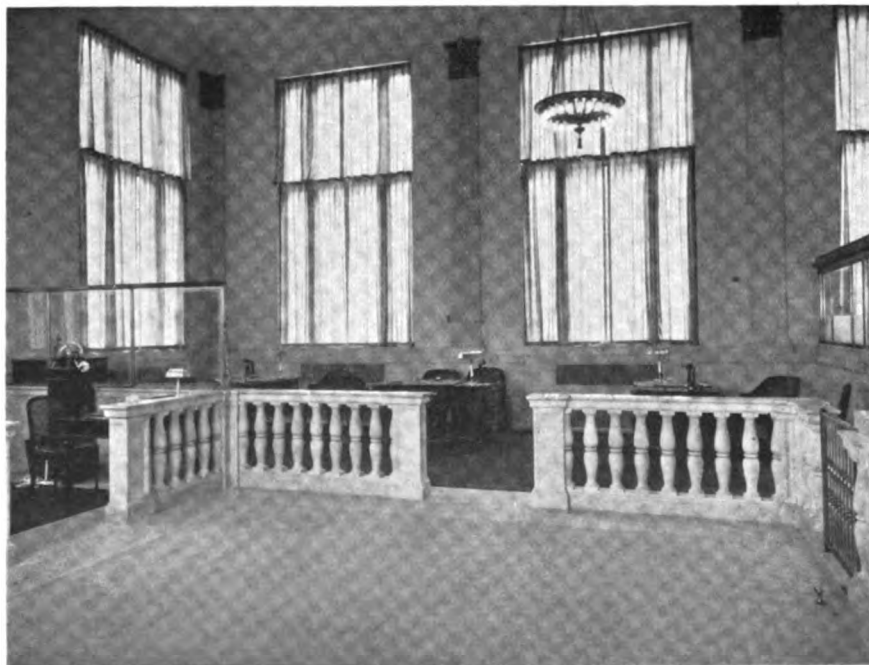
The second floor is divided into several parts, one of which contains the kitchen and lunch room to be used by the employees. The main working space for bookkeeping is located on the second floor and is extremely well lighted and ventilated. It is connected with other parts of the building with telephone, tel-autograph, and pneumatic tube system.

SAFE DEPOSIT VAULTS

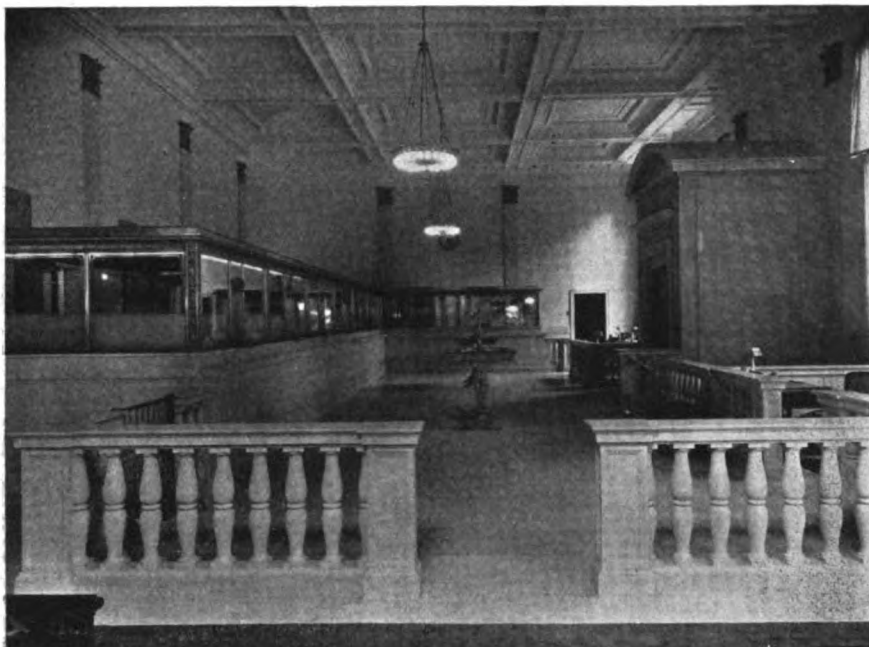
Sharing the handsome new Madison avenue quarters of the United States Mortgage & Trust Company of New York, with which it is affiliated, the United States Safe Deposit Company offers to the public the facilities of one of the finest safe deposit plants in the country. Removal from the old office



● UNDERWOOD & UNDERWOOD, N. Y.
JOHN W. PLATTEN
 President United States Mortgage & Trust Co.



Quarters of the officers in charge



This view of the interior is taken from the officers' quarters, the stairway to the basement is this side of the building entrance and the ladies' department is in the farthest corner

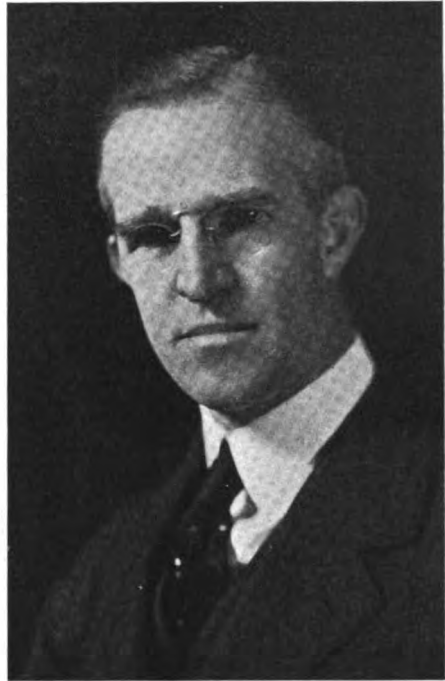


This view is looking toward the officers' quarters, and shows off well the perfectly proportioned windows which flood the room with daylight

at Seventy-fifth street and Madison avenue took place on September 18.

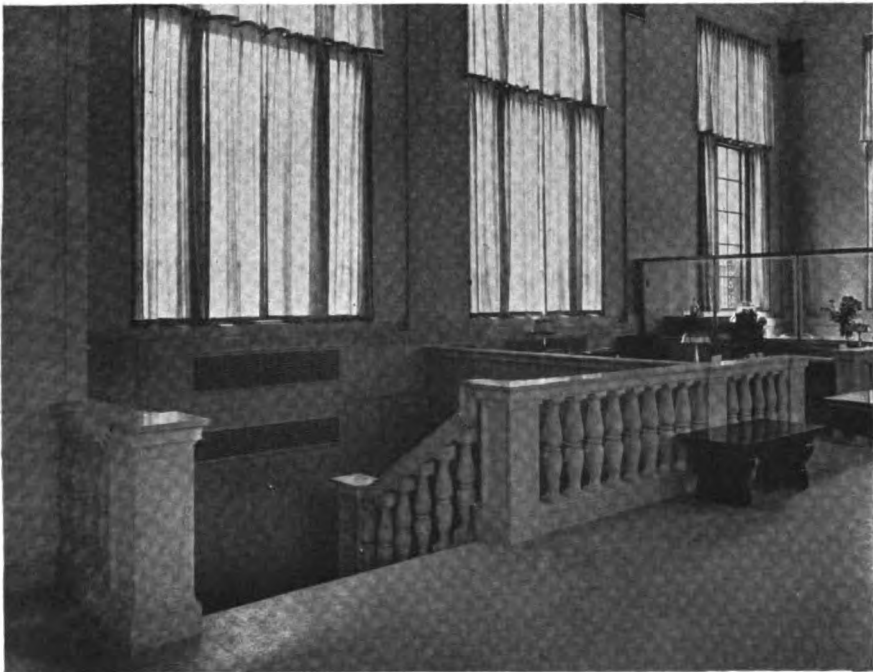
Modern devices have been installed throughout. The United States Safe Deposit Company's vaults, which were installed by the York Safe & Lock Co., occupy a part of the basement and embody all of the latest features such as combination emergency door and forced air ventilation in the main vault.

The safe deposit and security vault is seventeen feet wide by twenty-four feet deep on the inside with a height of nine feet. The laminated type of construction is used, the lining being two and one-half inches thick built up of open hearth and five-ply steel and a layer of torch-resisting metal. This vault has a main entrance with a solid door fifteen inches thick, this door being built up of open hearth steel, five-ply steel and a plate of special non-burnable metal. The open hearth steel is used for the purpose of resisting explosives or mechanical forces. The five-ply steel is to resist drills and cutting tools, and this particular non-burnable metal successfully



● UNDERWOOD & UNDERWOOD, N. Y.

HENRY L. SERV OSS
Vice-president United States Mortgage & Trust Co.



Stairway to the basement



ENTRANCE TO THE SAFE DEPOSIT VAULT

This door, fifteen inches thick, is equipped with heavy bolt work controlled by two combination locks, each capable of 100,000,000 changes of combination. The vault was installed by the York Safe & Lock Co.

resists the action of the oxy-acetylene cutting burner.

The door is equipped with heavy bolt work, controlled by two combination locks, each capable of 100,000,000 changes of combination. The bolt work is further checked by a three-movement time lock of the latest design. This timelock prevents access to the vault during the time the vault is locked even against the persons who control the combination locks. The door is supported on a heavy cast steel crane hinge and has powerful pressure mechanism for seating it in the jambs. The joints are carefully fitted, metal to metal so that they are absolutely proof against the introduction of liquid explosives. The entrance is protected during the day by a steel grille day gate.

At the left hand side of the vault an emergency entrance is provided to permit access in case of an accidental lock-out of the main entrance. This emergency entrance also serves for the introduction of fresh air from an air chamber surrounding the space immediately outside of this door. The emer-

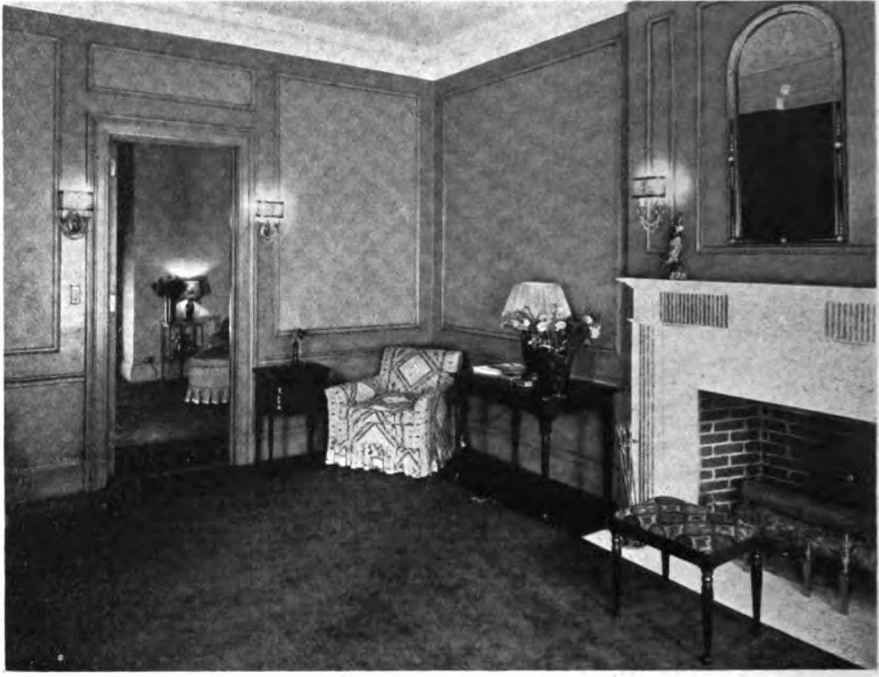


● UNDERWOOD & UNDERWOOD, N. Y.

JOHN A. HOPPER
Vice-president in charge of Madison Avenue branch



The special ladies' department is in charge of Mrs. William Laimbeer, assistant secretary



One of the rooms in the ladies' suite

gency door is of the same thickness as the main entrance, hung on crane hinge and controlled by double combination locks and timelock as in the case of the main entrance. This entrance is also equipped with a day gate for use during open hours.

The vault is surrounded with concrete walls twenty-four inches thick reinforced with steel beams and rods. These beams and rods forming a cage were first placed in position and the concrete

poured around them forming a monolithic fireproof structure encasing the steel lining.

The storage vault is large, well lighted and equipped with steel shelving to receive the trunks, boxes and other large packages requiring bulk storage. The entrance to this vault is protected by a handsome steel vault door with heavy bolt work and has folding inner doors and a day gate for protection during the open hours.





Banking room of the State & City Bank and Trust Company of Richmond, Va.

Increasing the Usefulness of the Bank

By James Taylor Robertson

BUSINESS development is measured by the strength of banking service; and in order to be of greater usefulness in the development of its city, its state and the South, the State & City Bank and Trust Company, of Richmond, Va., has so added to its facilities that it now offers a complete financial service covering every department of banking, trusts, investments, mortgage loans, collections and foreign exchange.

A part of this service extension has been made possible by a recent merger by virtue of which the National State & City Bank and the Old Dominion Trust Company became one institution—an institution with a new name, but carrying forward the same ideals, the same sound policies and constructive purposes which marked the progress of the National State & City Bank and that of the Old Dominion Trust Company through all their years of existence



RICHARD E. CUNNINGHAM
VICE-PRESIDENT



WILLIAM S. RYLAND
VICE-PRESIDENT



JESSE F. WOOD
VICE-PRESIDENT AND CASHIER



B. FRANK DEW
VICE-PRESIDENT



HARRY H. AUGUSTINE
VICE-PRESIDENT



WALTER S. ROBERTSON
VICE-PRESIDENT

OFFICERS OF THE STATE & CITY BANK AND TRUST COMPANY

Back of the State & City Bank and Trust Company is a history extending more than half a century; and it runs parallel with the story of the upbuilding of Richmond and Virginia and the South. Its sources were in those distant years immediately following the Civil War when the South was fighting its way through the Reconstruction period; but its heritage is one of successful experience and high achievement.

VIRGINIA'S BANK NOTES

Before the Civil War, Virginia's banking system had developed rapidly. It was considered one of the best in the country, and in 1860 Virginia's bank notes—State banks being then banks of issue—were at a very small discount in New York. But during the war all the Virginia banks invested their assets in Confederate securities, and when the Confederacy fell the banks went out of existence. A great part of Richmond had been burned. Looking from its ruins the city faced the future bravely, but without a single financial institution to assist in rebuilding its destroyed business enterprises.

In 1870 several men of hardy courage and far-seeing vision organized what was known as The State Bank of Virginia. It was established in a corner of a downtown dry-goods store. The following year another group realizing the need of facilities which one bank alone could not then give, formed the City Bank of Richmond. Forty years later—in 1910—these two institutions of kindred history and ideals united to form the National State & City Bank.

GREATER BANK NEEDED

This banking house prospered remarkably. It soon was one of the strongest commercial institutions in the South. Nevertheless, there was still need of a greater bank—one that could offer a more complete service and more extended facilities to meet the growing demands of business development. Consequently, on July 1, 1922, another forward step was taken, the National



JULIEN H. HILL

President State & City Bank and Trust Company

State & City Bank merging with the Old Dominion Trust Company—"the strongest trust company in the South Atlantic States,"—the merged institutions becoming the State & City Bank and Trust Company with a capital and surplus of \$2,400,000 and with present resources exceeding \$21,000,000.

While adhering to that policy of constructive conservatism developed through its more than half a century of successful banking experience, the State & City Bank and Trust Company has perfected an organization offering complete facilities in every department. This means that a customer, no matter how varied or complex his needs, can transact every detail of his financial business at one institution, and the transactions will be with the same staff of officers—each an expert in his particular field, but all available for conference or counsel on business problems. For the further convenience of its friends the bank maintains two branches

—one on West Broad street; the other on the Northside, both branches being in populous centers and both offering a complete service.

ITS DISTINCTIVE PERSONALITY

One of the great factors in the development of business of the bank has been the distinctive personality of the institution as reflected in its service. The bank is widely known for its sincere spirit of hospitality; for the personal interest it takes in the welfare of its customers.

From Richmond the operations of the State & City Bank and Trust Company radiate through the South, and, in other directions, reach the financial markets of the North and East. Its transit department maintains direct connections with every banking point in Virginia, West Virginia, North Caro-

lina and South Carolina. Its mortgage loan representatives cover not only the Virginias and the Carolinas but Georgia as well, and its bond department is in daily touch with the principal markets for investment securities.

But the strength of this bank with its manifold facilities is something more than the possession of the institution alone—its development represents more than the wisdom of the men who have guided its destinies. Its strength is indicative of the sound business integrity of Richmond, the State of Virginia and the South, and its development from a struggling, but virile institution of 1870, operating in a corner of a dry-goods store, to its present position of financial leadership is evidence of the sane vision and constructive energy of the business men of the South—ever building for a greater future.



Origin of the "Dollar"

IT was in 1792, just 127 years ago, that the Congress of the United States authorized the establishment of a mint in Philadelphia. With the founding of this institution the almighty dollar began to come into its own. The Spanish dollar had been common in America for years, and when Gouverneur Morris attempted to harmonize all the moneys of the States he took the dollar as a standard. Some sample dollars were exhibited in Congress. The plans of Morris were later amended by Jefferson, who proposed to strike four coins upon the basis of the Spanish milled dollar—a gold piece of the value of ten dollars, a dollar in silver, a tenth of a dollar in silver, and a hundredth of a dollar in copper.

While America borrowed the dollar from Spain, its origin was really German, the word "dollar" being the English form of the German "thaler". It

was just four centuries ago—in 1519—that Count Schlick of Bohemia began to issue silver coins weighing an ounce each. These were minted at Joachimstahl, in Bohemia, and thus became known as Joachimsthaler, later shortened to thalers. In the sixteenth century, through trade with the Dutch, these coins became common in England, where they were known as "dalers" or "dollars". Shakespeare mentions "dollars" in the second scene of the first act of "Macbeth".

The dollar is now the standard value not only in the United States, Canada and Newfoundland, but in British Honduras, the Straits Settlements, Liberia, the Dominican Republic and Colombia. The paper dollars of Colombia, however, are worth less than a cent each in gold, while the dollar of the Straits Settlements is worth about 57 cents.—*New York Evening World*.



Frost National Bank, San Antonio, Texas

Frost National Bank, San Antonio, Texas

WHERE cowboys and ranchers gathered years ago in San Antonio after covering miles of dusty cattle ranges to buy their supplies, drink their liquor and eat their chili and beans has now been erected the fine new home of the Frost National Bank. The building of granite and limestone is twelve stories high, the main floor, two mezzanines and basement of which are used by the bank, and ten stories rented as offices.

The latest word in architectural design has been followed throughout. The electrical fixtures, featured with a design copied from the \$5 gold piece and the buffalo nickel, and desk equipment, bronze doors, etc., were made by Tiffany, New York. Decorations throughout are of Georgian design and the color scheme is carried out in the fixtures, equipment and tintings as well as draperies.

Two huge bronze doors lead into the bank lobby on entering which an impressive Italian Tavernelle-Clair marble stairway attracts the eye. Running entirely around the room is a stone arcade or system of arches, supporting the mezzanine; this in turn being capped by a stone balustrade at the upper floor level.

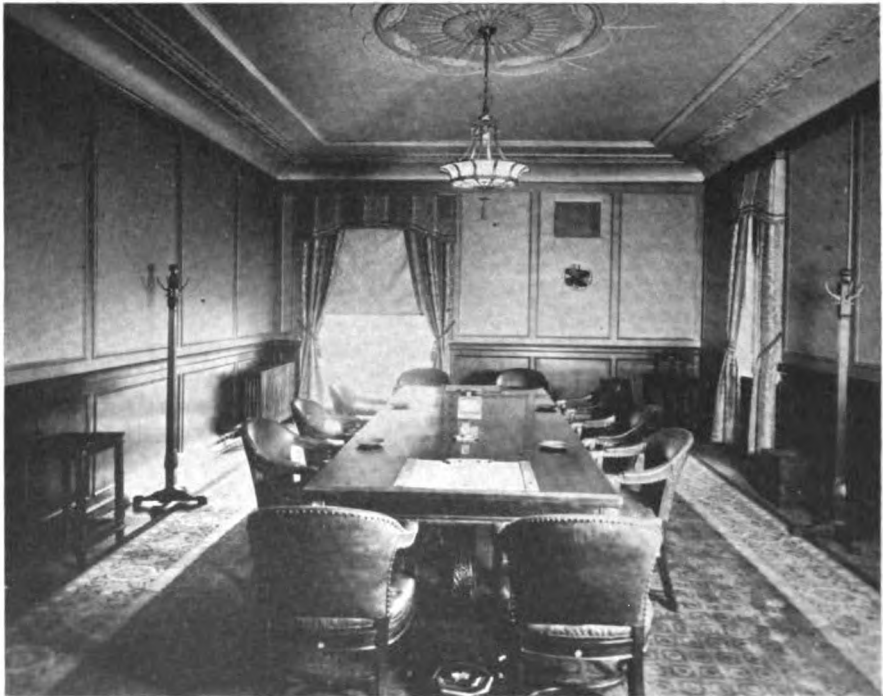
The officers' quarters are at the right and left of the banking entrance and twenty-nine tellers' cages are arranged in a horseshoe design in the lobby. The unit system is used at the tellers' windows, which permits each teller to pay and receive at the same window. Next to the officers' quarters are located three conference rooms for the convenience of the bank officials.

SAFE DEPOSIT VAULTS

At the rear of the banking room are located the fund and record vaults for



The beautiful interior showing the banking floor and mezzanine, officers' quarters being at the right and left of the picture



The directors' room is in keeping with the general design, the wainscot and fixtures being of black walnut



Entrance to the fund vault on the main floor
This vault is one of the seven installed by the York Safe and Lock Company

the main floor. They are fitted with polished steel plate on the face and with massive, steel burglar-proof doors. The door to the cash vault is circular in form, six and a half feet in diameter, one foot thick exclusive of mechanism, and weighs approximately twenty tons. The door to the record vault is square, but conforms in construction and finish to the fund vault door, adjoining it. The interior is fitted, there being steel currency and silver safes of special design and construction. Here are also placed various files and drawers under lock, for the safe keeping of negotiable papers, escrow matters, etc. The record vault is filled with metal files, drawers and cabinets for the reception of all current books and records. Both vaults are constructed of reinforced concrete and steel, and are further guarded by an efficient burglar alarm.

In the center of the main banking room are the stairs leading to the safe deposit, trust and savings departments which are located in the basement.

Passing down, the safe deposit vault is directly in front of the stairs, behind a steel and bronze grill. The vault is lined inside and out with polished steel. The door is circular, of the same design as the cash vault door on the main floor. Adjoining the safe deposit vault and under the supervision of its custodian are the coupon booths, committee rooms and telephone booths for the convenience of patrons. A trunk vault is also provided.

The bank has seven vaults, all of which were built and installed by the York Safe and Lock Company of York, Pa.

To the right of the stairs is the trust and savings department, and private offices for the executives.

WORKING SPACE ON MEZZANINE

There are two stairways leading from the main banking room to the mezzanine. At regular intervals around the mezzanine railings are large, bronze pedestal lamps, which focus the light.

against the main lobby ceiling and reflect a soft, direct light to the floor below. On this mezzanine are located the auxiliary work space for the bank, the directors' room, locker room and rest rooms for the convenience of the employees. The decorations in the directors' room are in keeping with the general design, both wainscot and furniture being of black walnut.

Over the rear portion of this floor is a second mezzanine, containing the kitchen and lunch room for the employees.

GROWTH SINCE ORGANIZATION

The bank was first opened as a private bank in 1875; from about 1880 until 1889 it was operated as a partnership; and in 1899 entered the National

system, with a capital of \$250,000. At June 30 of that year its total resources were \$1,276,649.28 and deposits, \$965,761.10. By 1910 the capital had been doubled, the total resources were over \$4,000,000 and the deposits had grown to \$2,972,527.69.

Today its capital has again been doubled being \$1,000,000, its deposits have grown to \$6,709,770.01, and total resources are far over \$9,000,000.

The officers of the bank are: T. C. Frost, president; J. H. Frost, John Frost, vice-presidents; Ned McIlhenny, cashier; G. J. Pancoast, Frank V. Pancoast, L. L. Lentz, assistant cashiers.

The directors are: T. C. Frost, J. H. Frost, John Frost, Ned McIlhenny, H. L. Kokernot, J. E. Jarratt, Charles Schreiner, Jr.



'Testing Travellers' Checks in Europe*

By WILLIAM GANSON ROSE

A THIRTEEN-THOUSAND mile journey through Europe and the Near East has convinced me that the travelers' check affords the safest and most convenient form of carrying money. I fortified myself with a fat package of American Bankers Association checks at the Central National Bank Savings & Trust Company last April, and directly or indirectly, I turned them into the currencies of fifteen different countries, thus saving time and effort all along the line of march.

There are many interesting facts concerning the money and banking of foreign countries since the war. In the Balkan states and throughout central Europe, instead of obtaining money from a bank, you generally go to a money exchange station and bargain for the currency that you buy.

"How many crowns for an American dollar today?" you ask the proprietor of the exchange stand, which is usually located in a small store room.

"Twenty thousand," he may reply.

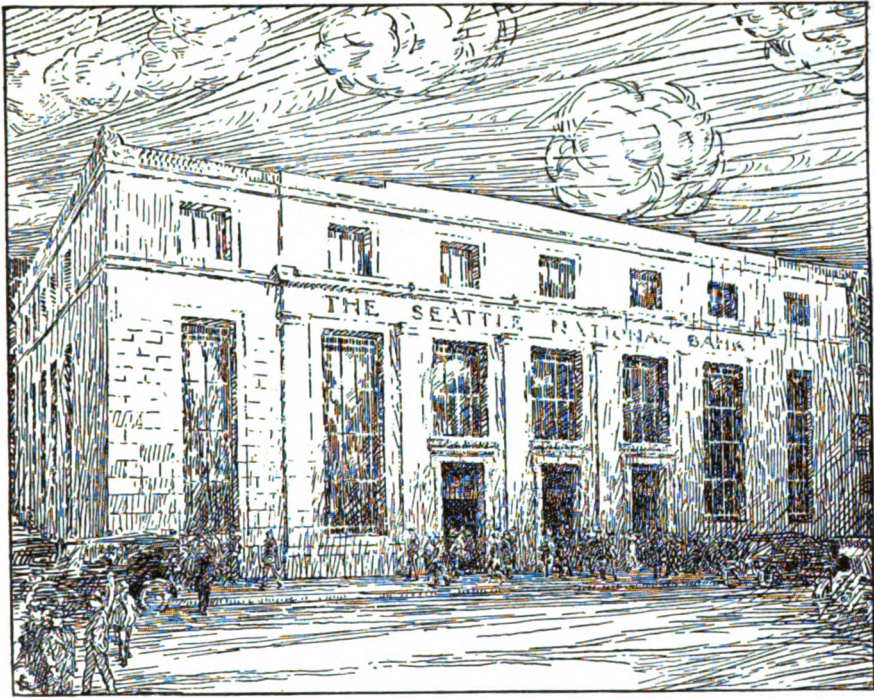
You become indignant and demand twenty-three thousand.

He appears vexed and offers twenty-one thousand and after more or less dickering you probably come to an agreement on twenty-two thousand.

Excepting in France, Italy and Turkey you see practically no coins on the continent of Europe or in the Near East. The currency is paper money, and it is generally printed upon a paper that is poor in comparison with that used for our American money.

In Germany there was a printers' strike when I was there and the printing of money was suspended. I had to take twenty-mark bills in exchange for my travelers' checks. These bills are put up in packages of fifty and when I was in Berlin this bulky package was worth only about two dollars. In order to go shopping I had to carry a bundle of money under my arm.

*From "THE WINDOW", Central National Bank Savings & Trust Co., Cleveland.



New Home of the Seattle National Bank, Seattle, Wash.

Seattle National Bank in New Home

THE formal opening of the new home of the Seattle National Bank took place recently. The visitors who inspected the new building, with its many conveniences and distinctive equipment, included leading bankers from Portland, Tacoma, Spokane and other neighboring cities. The life of the Seattle National Bank has been very closely connected with the business life of Seattle. It is a consolidation of three banks each of which played an important part in the financial growth of Seattle. The original Seattle National Bank was organized in 1890 by E. W. Andrews and in 1903 this was consolidated with the Boston National Bank which had been organized in 1890 by Herman Chapin. In 1910 the Puget Sound National Bank, organized in 1882 by Jacob Furth also was merged with this institution.

While there were almost as many

banks in Seattle twenty-five years ago as there are today, the combined bank deposits of all of them represented only about \$3,000,000. The remarkably rapid development of the Pacific Northwest has resulted in the growth of Seattle's banking institutions from this comparatively small figure to the present huge total of \$140,000,000 in deposits. The total resources of the Seattle National Bank are \$25,000,000, its capital \$1,000,000 and its surplus over \$800,000.

BUILDING EXCLUSIVELY FOR BANK

The new building, which will be occupied exclusively by the bank is on the corner of Second avenue and Columbia street, Seattle, Wash., just across the street from the one it has occupied for several years. It is three stories high with a basement and mezzanine floor and embodies in its design the latest



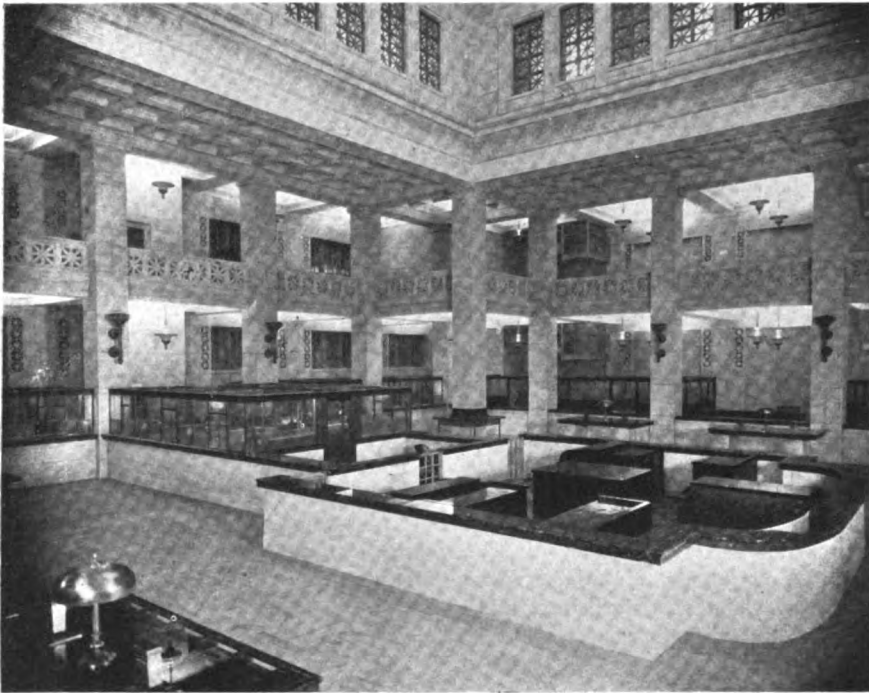
OFFICERS OF THE SEATTLE NATIONAL BANK

ideas in modern bank architecture. The exterior is simple, its lines being of classic architecture, graceful in their expression of strength and solidarity. The walls are of a warm pink-toned Tennessee marble and the principal entrances are portals of striking design.

Entering the main doors on Second avenue, one passes through small vestibules into the main banking room and is

at once struck with the feeling of space and quiet dignity which it conveys. From the floor to the great dome in the center, the eye follows pleasing lines of massive pillars and walls of soft-hued Travertine marble. The ornamentation is not obtrusive, but is in keeping with the simplicity and symmetry of the entire structure.

To the left of the entrance is the



Interior of the banking room, with officers' platform in the center

space for the desks of the senior officers and at the right are new account and information desks, the savings department and the entrance to the safety deposit vaults. In the center is a circular counter, enclosing space for the junior officers, etc., and back of this and on either side are the tellers' cages.

One of the most noticeable features of the room is the absence of most of the usual grill work. Open counters with tops of polished black marble and plate glass have been used wherever possible and by the use of a special device which has been worked out by one of the bank's officers, even the grills at the tellers' windows have been so designed as to afford a maximum protection with the least possible inconvenience to the customer.

VAULT CONSTRUCTION

In the construction of the vaults which are situated in the basement there has been given special consideration to the matter of convenience and safety.

The vaults of the bank itself and of the safety deposit department are built in one unit on what is called the "island plan of construction". The vault unit is in the center of the building with corridors surrounding it on every side, and as the top is directly beneath the open floor of the lobby there would be no possibility of breaking into it from any direction. Walls of massive strength and the latest devices in safe protection give complete assurance of the security of anything placed within them.

Five hundred cubic yards of concrete, requiring 1000 barrels of cement were used in the construction of the vaults and this was reinforced with forty tons of steel, heavy railroad steel being interlaced in such a way that it would be impossible to bore through any place without striking it. The big door with the most modern type of time lock weighs eighteen tons.

The natural strength of these modern steel and concrete vaults is supplement-

ed with electrical protection against burglary, being encircled by a net work of over seven miles of conduit embedded twenty-three miles of electric wiring connected with a central station.

To guard against daylight holdups, the bank is equipped with thirty police calls connected directly with police headquarters all of which may be secretly operated.

OFFICERS OF THE BANK

In its personnel, the Seattle National Bank includes some of the best known financiers of the West, men who not only have been active in building up the institution with which they are connected but who have been leaders in many community enterprises. Its officers are Daniel Kelleher, chairman; J. W. Spangler, president; R. V. Ankeny, first vice-president; P. B. Truax, E. G. Ames, J. H. Newberger, vice-presidents;

H. C. MacDonald, cashier; C. L. LaGrave, E. K. Reiley, C. W. More, Wm. Kahlke, J. H. Miner, assistant cashiers.

"In erecting our new building at this time", states Mr. Kelleher, the chairman, "we have given a visible expression of our confidence in Seattle and the future of the Pacific Northwest. We have built not only for our present needs but with recognition of the need for expansion which must follow the greater development of this city and its adjacent resources.

"Every effort has been made to insure the comfort and convenience both of our own force and of our customers and at the same time to produce a building of pleasing proportions and dignity of appearance, and we feel that we have achieved a worthy home which will be useful to us and an ornament to the city for many years."



Men Value What They Have Fought For

By J. H. TREGOR

Secretary-Treasurer National Association of Credit Men

ASTONISHMENT is often expressed that principles for which we have perhaps fought again and again are underestimated or altogether depreciated by generations that have had no part in working and striving for them. James Bryce has aptly said, "Wherever self-government has worked well, it is because men have fought for it and valued it as a thing they have won for themselves".

It is natural that those who had no part in working out strong and creative principles should fail to estimate their value. I am thinking of credit. Three decades ago, credit was quite without system. The conception of credit technique had not entered men's minds. It seemed then that workers in credit felt the impulse of a new forward move-

ment in commerce, and recognized the need of bringing credit under a more scientific control.

The battle fought in the nineties for this objective was not a dream. It was not a search for the pot of gold at the foot of the rainbow. Inch by inch, as it were, principles evolved which quickly demonstrated their value in building up a wonderful fabric of credit in the nation. To have had but slight and most inaccurate information, to have had but infrequent guides for the safe credit granting, and then to pass into a period where information was as free as the wind, and the sea of credit was charted on every hand, was as astonishing as the novel sights that confronted Rip Van Van Winkle after his sleep of years.

The St. Joseph Valley Bank, Elkhart, Ind.

THE new home of the St. Joseph Valley Bank of Elkhart, Indiana, pictured in the accompanying illustrations, represents a distinct advance in the commercial architecture of one of the rapidly growing communities of the middle west. The building which was designed and constructed by Hoggson Brothers of New York and Chicago offers accommodations for the combined facilities of the former Citizens Trust Company, the Liberty Trust Company and the St. Joseph Valley Bank of Elkhart, Indiana. Ample provision has been made in the building for accommodating the rapidly increasing business which will logically result from the combination and its facilities for the transaction of business.

It is particularly appropriate that this new structure should be completed this year, which marks the fiftieth anniversary of the founding of the St. Joseph Valley bank. The building in its architectural aspects and efficiently arranged quarters is at once a monument to the past history of the institution and a good omen of its continued growth and prosperity.

The exterior of the building is of unusual interest, the front being divided into three equal bays by three-quarter engaged stone columns flanked by two stone pilasters which support the cornice. The great projection of the cornice affords the deep reveals and heavy shades necessary to accentuate the principal front. Above the cornice is a well-proportioned balustrade. This same design is followed in the treatment of the side except that instead of the three-quarter engaged columns, the division of the design is obtained by shallow pilasters. The entire street exterior is executed in gray Bedford limestone and the design is a modified Corinthian order with fluted columns, carved caps and base with ornamental cornice. The whole structure is carried on a base of light gray granite which extends up to the sills of the banking windows.

The design of the interior has been decided in great measure by that of the exterior, and is divided by pilasters into panels at each window with wainscoting on walls below pilasters and ornamental cornice and beamed ceiling above. One of the most striking features of the design is the great central skylight which covers practically three-fourths of the space and which with the great windows in the street floods the banking room with natural light. This skylight is also arranged so as to fully ventilate the room. Ample artificial light is furnished by the great central chandeliers, to which is added the spot-lighting at each teller's window and working desk. A full equipment of electrical outlets for telephones, lights operating adding and bookkeeping machines, vacuum cleaners, etc., has been provided.



THE ST. JOSEPH VALLEY BANK, ELKHART, IND.

Light gray granite extends to the sills of the banking windows and the remainder of the building is of gray Bedford limestone

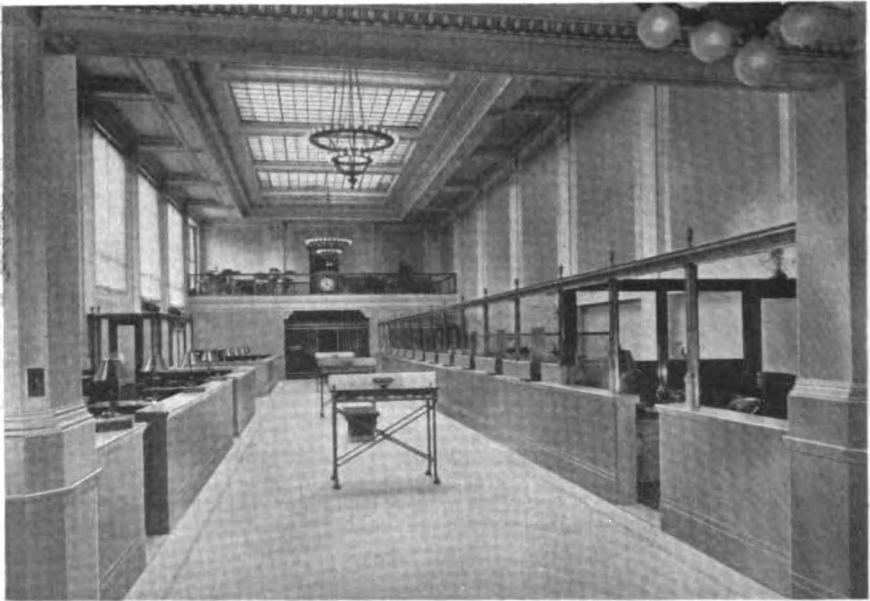


FULL FRONT VIEW OF THE EXTERIOR

The front of the building is divided into three bays by three quarter engaged columns flanked by two stones pilasters which support the cornice



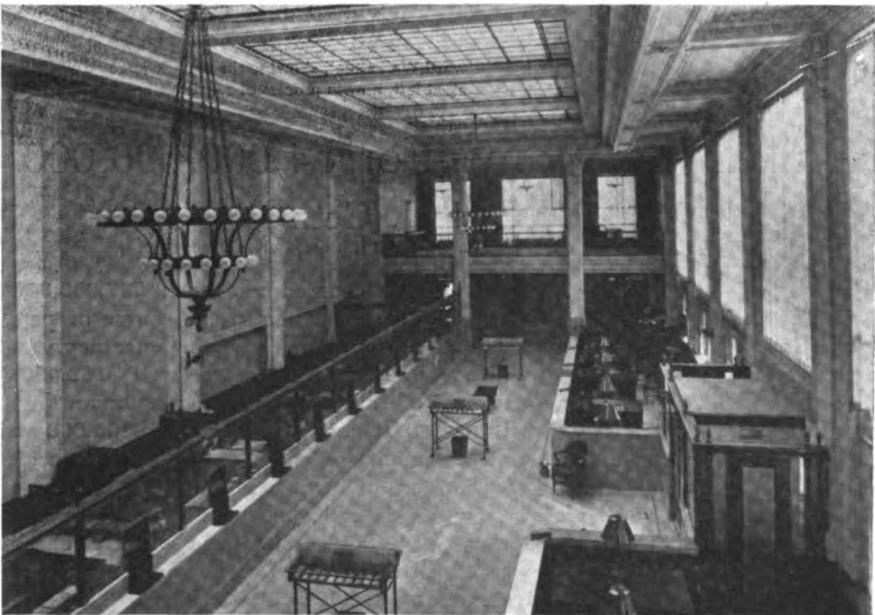
This view shows the great depth of the building, the same design being followed in the treatment of the side



This interior view shows the vault entrance and mezzanine in the distance



The tellers' cages are at the right in this view and the officers' quarters across the way



The great central skylight and large windows on the street flood the room with natural light



DRAWN BY JAMES M. SMILEY

Nassau street, New York, looking toward Wall street, showing the new Federal Reserve Bank of New York building at left, now in process of construction

Building a Home For \$4,000,000,000

By Carl H. Getz

Copyright, 1922, by Carl H. Getz

IF you had \$4,000,000,000 what would you do with it? Ask that question of Uncle Sam and he has an answer because in New York he is building the world's largest and strongest vaults which, when ready, will be called upon to safekeep that amount of money.

The Federal Reserve Bank of New York, established eight years ago, transacts one-third of the total business of the entire Federal Reserve System. Just what that means may be illustrated by these few figures for 1921:

It counted and sorted 687,000,000 individual notes in the course of paying, receiving or redeeming currency.

It paid out or received \$152,500,000 of coin, or about twenty tons a day.

It made or received 185,000 shipments of currency and coin to or from out-of-town banks.

It collected on the average each day 348,000 cash items, mostly checks—105,215,000 for the year, in the amount of \$36,398,000,000.

It held in safe-keeping on the average about \$800,000,000 of securities for

the United States Government, \$300,000,000 for the War Finance Corporation, and about \$100,000,000 received from other sources.

At present the bank occupies space on seven floors of the Equitable Building, 120 Broadway, and in three other buildings, including the Sub-treasury building. Its \$4,000,000,000 of cash and securities are stored in eleven vaults located in four separate buildings.

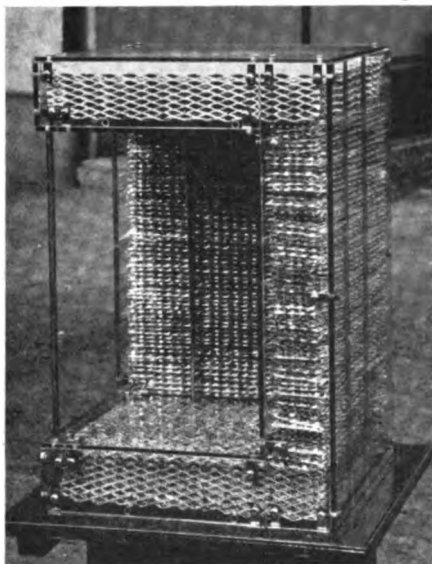
In the new building, which is now under construction two blocks north of the present bank, the benefits of concentration, including greater safety and more economical operation, will be attained.

While somewhat more than a year will elapse before the building will be ready for occupancy, enough steel and stonework is in place to give some idea of the complete structure. When finished, it will have fifteen stories above the street level, and five stories below. The grade level of the lowest story is eighty feet below the curb at Nassau street and fifty feet below tidewater.

The vaults are on three levels, all below tidewater, and will be the largest and strongest in the world. They have been planned larger than present demands require in order to provide for whatever expansion increased business or changes in Federal Reserve practice may demand.

The vaults as a whole are approximately seventy-five by one hundred feet, three stories in height, twelve foot ceilings. The walls are four feet thick and constructed of expanded steel and concrete made from a fine aggregate. To arrive at this type of construction which looks forward at least twenty-five years, a series of tests was begun two years ago at Sandy Hook and at the proving grounds of the United States Bureau of Standards at Washington. All known types of bank vault construction were reproduced and attacked with dynamite, T. N. T. and oxyacetylene lamps. While the present types of construction were found entirely adequate for present day needs, the builders of the new building

felt that they wanted the very last word in vault construction and so finally devised this peculiar type of expanded metal construction which is nothing more or less than a network of half-inch, especially prepared, hard steel, placed metal upon metal, and then fine concrete poured through and allowed to



Model showing expanded steel construction used in vaults in new Federal Reserve Bank of New York building. This steel is half inch thick and is placed metal upon metal. The vaults are to be installed by the York Safe & Lock Co.

set. When this wall is attacked with dynamite or T. N. T. only the concrete is removed. Then it is necessary to attack it with oxyacetylene lamps and when the steel is penetrated concrete is encountered again.

The steel doors—two on each level—are cylindrical in shape, ten feet thick. Through the center of the door is a four-foot passage way. When the door is locked it revolves a semi-circle and anyone attempting to gain entrance faces a three-foot strip of steel, a four-foot passage way and then another three-foot strip of steel. The cylindri-

cal arrangement does away with moveable platforms and lifts found in many vaults.

In the interior of the vaults is a system of mirrors making it possible to see the entire area of any one floor from any one point on that floor.

A bell is rung one minute before the closing of the vault. While it would be impossible for anyone to remain within the vault without escaping detection, anyone caught inside of the vault in some miraculous fashion after the doors had been closed would be able to communicate with the outside by means of telephones in the interior. The vault

is also well ventilated and illuminated.

Despite the massiveness of the vault it will also be protected with an elaborate electric alarm system.

This vault affords the greatest protection at the least percentage of cost of any vault in the world.

Except for the vaults, the new building is of a commercial type. The material for the exterior is a mixture of Indiana limestone and Ohio sandstone, the varied color markings of which relieve the severity of so large an expanse of wall. The interior is planned for the economical and expeditious despatch of the bank's business.



Change of Leadership in Commerce Trust Company of Kansas City

THE largest banking transaction in the history of the Southwest took place in October when officers of Theodore Gary & Co. contracted to purchase the stock in the Commerce Trust Company of Kansas City, held by William T. Kemper, chairman of the board and J. W. Perry, president. The sale was completed and the initial payment of money was made on the transfer of approximately 10,000 shares of stock with an estimated value of more than \$2,250,000.

A. F. Adams, president of Theodore Gary & Co., will be chairman of the board and chief executive of the bank. Walter H. McLucas, former president of the institution and for the past year a vice-president of the National City Bank in New York, will become the new president. Mr. McLucas had been affiliated with the Commerce Trust Company since 1915.

The vacancies in the new directorate caused by the retirement of Mr. Kemper and Mr. Perry will be filled by election.



WILLIAM T. KEMPER
Retiring chairman of the Commerce Trust Company

There will be no other changes in the officer personnel or the employees of the bank.

ORGANIZED IN 1906

The Commerce Trust Company was organized in 1906. During the panic of 1907, the old National Bank of Commerce headed by the late Dr. W. S. Woods was in financial difficulties. Dr. Woods, who was also president of the Commerce Trust Company found himself so absorbed in reestablishing the National Bank of Commerce that he



J. W. PERRY

Retiring president of the Commerce Trust Company

had to select someone to take over active management of the trust company. The choice fell upon Mr. Kemper, until that time a vice-president in a nominal sense only. Mr. Kemper immediately took up quarters in the bank and assumed direct control. He placed his desk in the open where he could be seen by the humblest customer.

Mr. Kemper was well known in Kansas City. He began his business career as a clerk in a shoe store and later was a traveling salesman. After a short time on the road he went into business in Valley Falls, Kan., later becoming cashier of a bank there. He went to Kansas City in 1893.

Before taking active control of the Commerce Trust Company he was president of the Kemper Mill & Elevator Company, the Kemper Investment Company and the Kemper Mercantile Company.

Mr. Kemper is a director in a dozen or more large institutions and has been connected in executive capacities with several colleges and charitable institutions. In addition, he has found time to devote to civic affairs and politics, being an active Democrat.

The National Bank of Commerce was reorganized and J. W. Perry became president. Late in 1916 the directors of the National Bank of Commerce decided that the two banks had a community of interests that could best be served by bringing them under one control, and in December of that year Mr. Kemper's interest in the trust company was purchased.

The board of directors of the two institutions became interlocking, Mr. Perry being president of the national bank and Walter S. McLucas, who has been asked to return as president, succeeded Mr. Kemper as president of the Commerce Trust.

KEMPER RETURNS AS CHAIRMAN

But four months later, the directors of the Commerce Trust Company and the National Bank of Commerce sent for Mr. Kemper. The result was his return as chairman of the board of the two banks. That was in 1917. A short time later the two banks were merged and became the Commerce Trust Company.

Today the bank which, in 1907, had \$733,000 in deposits, has deposits amounting to \$82,000,000.

"No one man or no several men have built up this bank; it could not have been done without the help of a strong board of directors," Mr. Kemper said.

"In view of the consideration shown me by the officers and directors of the bank, I agreed to sell our stock only when approved by my associate officers and the board of directors who had believed in my leadership.



ARTHUR F. ADAMS

Becomes chairman of the board of the Commerce Trust Company



WALTER S. McLUCAS

Returns to Kansas City as president of the Commerce Trust Company

"To the new control I shall give my full support and they may feel assured that my friends will do the same. Although not an active officer, I shall feel just as keen an interest in the affairs of the bank as if I were a heavy stockholder.

SUBSTANTIAL GROWTH UNDER PERRY

Mr. Perry went to Kansas City in 1909 from the vice-presidency of the National Bank of Commerce of St. Louis. During Mr. Perry's connection with the bank the capital has been increased from \$2,000,000 to \$8,000,000 and the employees have increased from eighty to four hundred and fifty.

The rapid and substantial growth of the bank which Mr. Perry has guided for thirteen years, has been due in a large measure to his personal contact and intimate knowledge of the finances of the country, and particularly of the middle and southwest areas.

His banking methods always have been considered a system to be patterned after, and his business alignments and policies have made the Commerce Trust Company one of the finest

and most substantial institutions in the country.

Mr. Perry declared that although he has sold his interest in the Commerce Trust Company, his strongest good will and heartiest wishes go with the holdings, and that he will continue to devote his time and energy in working for Kansas City and this trade territory.

NEW HEADS OF BANK

The new chairman of the board, Arthur Frank Adams, has been an active figure in the Southwest since 1905, when he became associated with Theodore Gary & Company in the telephone business at Joplin, Missouri. In 1907 he was elected vice-president of that organization, and in 1921 was advanced to the presidency. During the United States Government control of telephone and telegraph companies in the war period, Mr. Adams was one of the four men constituting the Government's board which operated all the wire properties in the United States.

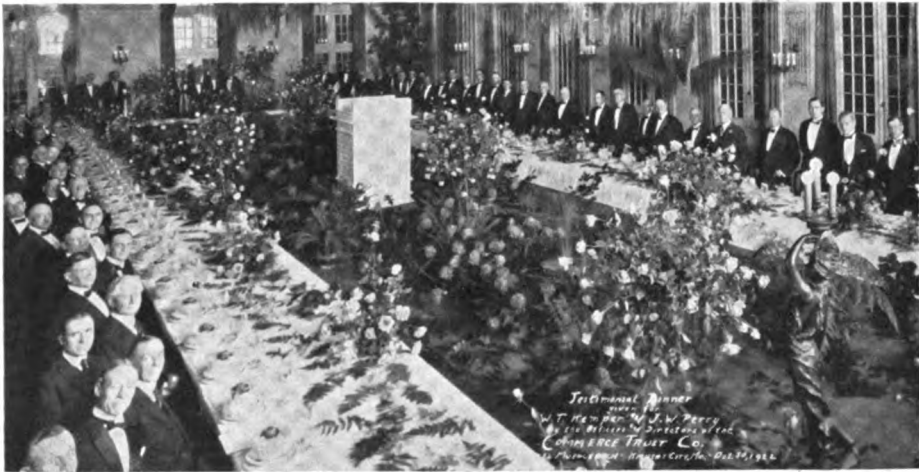
As president of Theodore Gary & Company, Mr. Adams is executive head

of various manufacturing companies engaged in world-wide operations with offices in the principal American and foreign cities, including London, Liverpool, Sydney, Australia, and the Far East. He is chief officer of corporations owning telephone interests in Missouri, Kansas, Illinois and Texas, and factories operating in Chicago, Liverpool, England, Fort Dodge, Iowa, and elsewhere.

His accomplishments in the operations of his company have shown Mr.

Omaha and St. Joseph. Later he engaged in banking and went to the Commerce Trust as a vice-president in 1915. After two years he was elected to the presidency, and for four years directed the affairs of Commerce Trust

His Kansas City career was filled with achievements, both commercial and civic. During the trying months of 1919 and early 1920 he was president of the Kansas City Chamber of Commerce. His ability as a public citizen was then repeatedly shown by his firm



Testimonial dinner given for W. T. Kemper and J. W. Perry by the officers and directors of the Commerce Trust Company at the Hotel Muehlebach

Adams to be a rare genius as an organizer. His modest personality and quiet force have won the admiration of commercial and banking circles throughout the United States, England and Continental Europe.

Walter Scott McLucas, in resuming the presidency of the Kansas City bank, is merely "going home". He resigned that office in 1921 to become vice-president of the National City Bank of New York.

Mr. McLucas is typical product of the Middle West. His early efforts were in the live stock commission business in

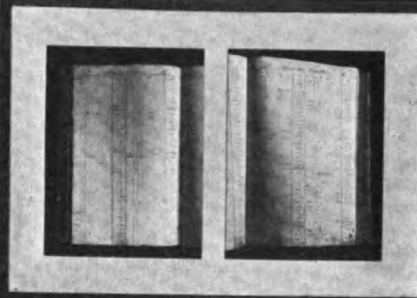
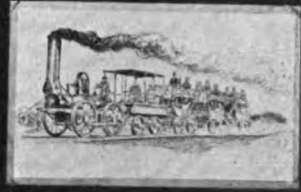
and diplomatic manner of handling serious public questions.

Mr. McLucas returns to Kansas City after eighteen months of most intimate and successful contact with national and international financial affairs, giving him a greatly broadened experience and knowledge of constructive banking. His great confidence in the future of Kansas City's splendid territory finally persuaded him to resign the vice-presidency of the largest financial institution in the United States to accept the presidency of the Commerce Trust Company.



Bank of the Manhattan Company

CHARTERED 1799



Photographs of Ledger Accounts of James Barry and Alexander Hamilton from original ledgers in possession of Bank of the Manhattan Company. Original ledgers exhibited at A. B. A. Convention in Chicago, 1898.



Panel of advertisements exhibited at the A. B. A. convention by the Bank of the Manhattan Company

The Advertising Exhibit of the Bank of the Manhattan Company at the Convention

AMONG the exhibits of modern bank advertising which attracted so much attention at this year's convention of the American Bankers Association in New York City, none was more generally commented upon than that of the Bank of the Manhattan Company, one of the oldest banking institutions in America.

The bank's exhibit consisted of two regulation panels adopted by the Financial Advertising Association, under whose auspices the displays were arranged.

Black backgrounds with gold borders was the color scheme used by the Bank of Manhattan Company which set off to fine advantage the light-toned specimens mounted on the boards.

One panel was devoted to advertisements used in newspapers and periodicals, the other to books, pamphlets and folders.

The keynote of the bank's historic career was strikingly illustrated by a central object on each panel. On one was a photographic reproduction of two original ledger sheets, one the account of Aaron Burr, one of the founders of the Bank of the Manhattan Company, the other that of Alexander Hamilton who drew up the articles of association of the Merchants Bank now merged with the Bank of the Manhattan Company. The original ledgers were exhibited at the A. B. A. convention in Chicago in 1918.

On the other panel was mounted a cross section of a water main used by the Manhattan Company in its system of water supply to New York, for which specific purpose the company was organized in 1799. These water mains

consisted of sections of logs with a hole burned through the center.

The newspaper and periodical advertisements shown, reflected in both copy and illustration the close connection of the bank with many great historic events in the development of the nation during the last 123 years.

The illustrations, of which some of the original drawings were exhibited, were done in the old wood-cut style, carrying out in technique the historic feeling of the advertisements. The use of caslon type further carried out this effect. The bank has from time to time received letters from every part of the country praising the attractiveness of these advertisements.

Among the booklets, pamphlets and folders which were artistically arranged on the other panel, were some of the most valuable indexes to early New York conditions to be found anywhere.

For example, "Early New York and the Bank of the Manhattan Company", "Ships and Shipping of old New York", and "Historic Buildings Now Standing in New York which were erected Prior to Eighteen Hundred".

A most unusual volume was that containing facsimiles of the signatures of the original stockholders of the Bank of the Manhattan Company.

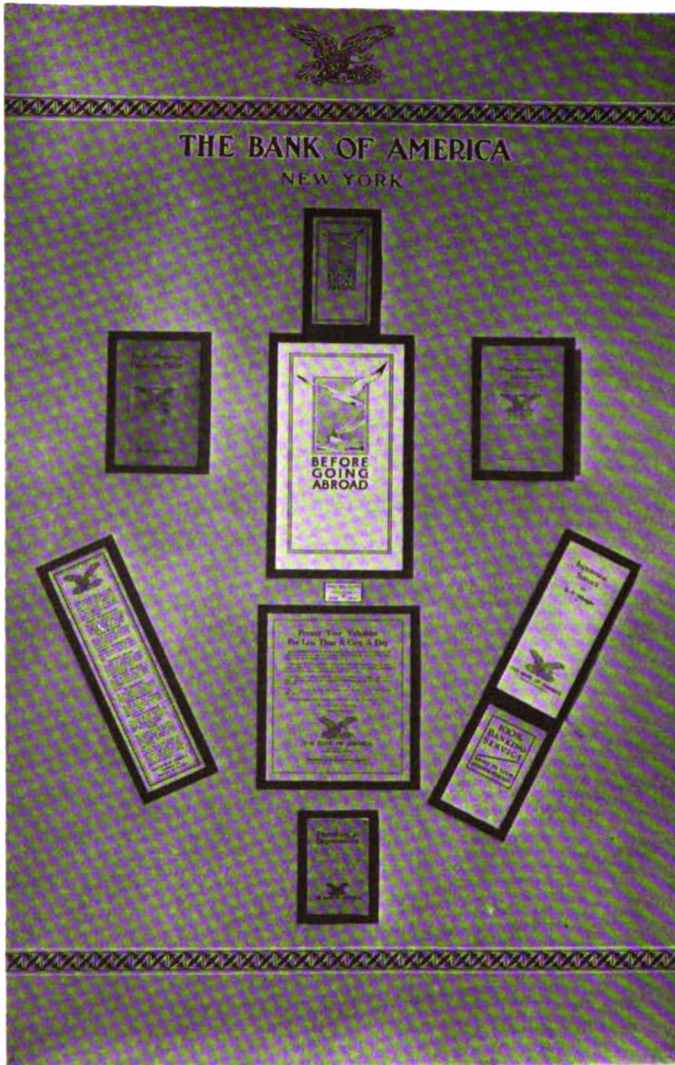
In addition there were treatises on taxes and other statistical matter indicating the scope of the bank's service to its customers.

This entire exhibit showed to what fine advantage historic associations can be put in advertising the sound foundations of a bank and the traditions of over a century's service to the people of the Nation.

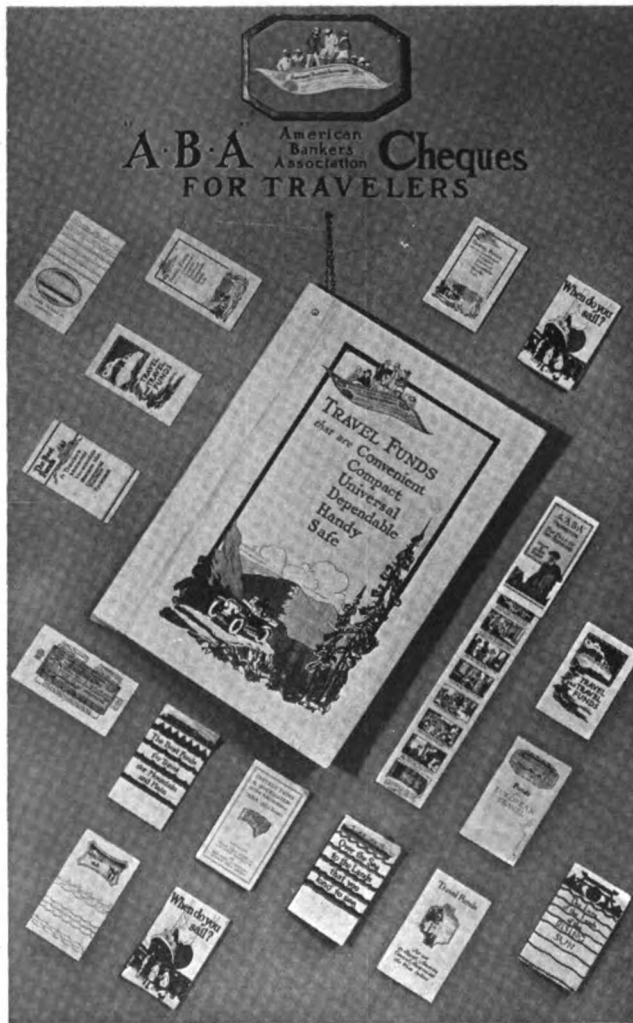
An Exhibit of Modern Bank Advertising

Some Sample Panels

**Exhibited at the Hotel Commodore by the
Financial Advertisers Association
during the recent convention of the
American Bankers Association**



A panel exhibited at the American Bankers Association using the cover design for a recently published booklet as the central motif.



An A. B. A. Cheque booklet small enough to fit a No. 6 envelope was enlarged photographically, page by page, and bound in a huge volume. It attracted considerable attention from visitors.

FULTON
TRUST COMPANY
OF NEW YORK



A company which has appropriated Robert Fulton's head as a trade-mark used direct mail literature simply but effectively on their panel.

FIRST NATIONAL BANK -OF BROOKLYN



A Brooklyn bank 70 years old capitalized the opportunity to show its newspaper advertisements to bankers visiting for the week on the west side of East River.

BANKERS TRUST COMPANY

The Bankers Trust Company



BANKERS TRUST COMPANY





BANKERS TRUST COMPANY

A Tower of Strength



Back of Your Business

In handling any banking matter that may arise, the Bankers Trust Company is prepared to place back of its customers the full facilities of the Company and the experience of its staff. We take care not only the working arrangements of an institution that has facilities of world-wide dimensions, but also the personal interest and cooperation of an organization whose earnest effort is to obtain the best results for its customers. Let the Company stand as a "Tower of Strength" back of your business.

BANKERS TRUST COMPANY

Incorporated in New York City
 60 Broadway, New York City, N. Y.
 100 Wall Street, New York City, N. Y.
 150 Broadway, New York City, N. Y.



The Careful Selection of Securities



BANKERS TRUST COMPANY

What a Living Trust Means



BANKERS TRUST COMPANY

Simplifying the Way for Travelers



BANKERS TRUST COMPANY

All That a Bank Can Do



BANKERS TRUST COMPANY

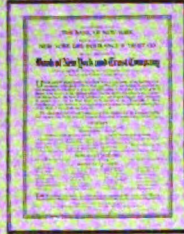
Experiences in Foreign Trade



BANKERS TRUST COMPANY

Effective use of the building, "A Tower of Strength", an illustration characterizes the advertisements of the Bankers Trust Company.

Bank of New York and Trust Company



ON SEPTEMBER 21, 1921
THE BANK OF NEW YORK
(Incorporated 1854)
 WILL BE MERGED WITH
NEW YORK LIFE INSURANCE & TRUST CO.
(Incorporated 1852)
 UNDER THE NAME OF
Bank of New York and Trust Company
 CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$11,500,000
 AGGREGATE DEPOSITS OVER \$5,000,000

UNTIL suitable arrangements can be made for accommodating in one building all departments of the Bank of New York and Trust Co., the banking business heretofore conducted by The Bank of New York will continue to be carried on at No. 60 Wall Street, to be known as the "Banking Office," and the trust and banking business heretofore transacted by the New York Life Insurance and Trust Company will continue to be carried on at No. 55 Wall Street, to be known as the "Trust Office." From September 21, 1921, however, new business of any kind may be taken up at either office of the Bank of New York and Trust Co.

The entire personnel of both institutions will be retained and the Company will be fully equipped to handle financial business of any kind on conservative and safe lines.

OFFICERS
 James L. Quinn, Chairman, Board of Trustees
 Edwin G. Mearns, President

BANKING OFFICE, 60 WALL STREET		TRUST OFFICE, 55 WALL STREET	
L. F. Koenigsberg, Vice-Pres.	Arthur F. Allen, Asst. Treas.	Henry Parole, Vice-Pres.	Alphonso J. Purdy, Asst. Sec.
Joseph Anderson, Vice-Pres.	Clayton S. Miller, Asst. Treas.	Edgar W. van Brin, Vice-Pres.	William B. Austin, Asst. Sec.
Robert C. Miller, Vice-Pres.	George W. Dickinson, Asst. Treas.	William J. Edwards, Vice-Pres.	John C. Walker, Secretary
Frederick C. Miles, Jr., Treas.	William J. Edwards, Asst. Treas.	F. William Taylor, Asst. Treas.	Charles E. Kellogg, Asst. Sec.

HONORARY TRUSTEES
 C. B. Loomis, Grand Old

Frederick W. Sweney, Grand City	John J. Miller
Edward L. Ryker	Walter Wood Putnam
Malcolm B. Ball	Paul Tuckerman
Joseph W. Clarke, Jr.	
Henry H. Capron	
Louis Greenwald	
William M. Cookinck	
Thomas Denny	
Cleveland W. Dodge	
Philip T. Dodge	
Harbert L. Osgood	
Edward J. Haney	
Robert C. Hill	
Samuel L. Franklin	
Nathan T. Hilliard	
Columbus U'D. Latta	
James B. Milnes	
Alfred E. Morley	
William J. Mohrman	
Edward C. Morrell	
Levi Spear Meritt	
Frank C. Mottman	
Stephen F. Reed	
Walter Wood Putnam	

BOARD OF TRUSTEES

EARLY in October, 1921, the Company contemplates opening a branch office at the corner of Madison Avenue and 65th Street in a unique building recently erected for the purpose, under the management of

James H. Case, Vice-President and Manager
 Edwin M. Jernstedt, Assistant Manager Owen H. Sachs, Assistant Secretary

The announcement of a consolidation of two of the oldest financial institutions in New York is given adequate attention by showing the advertisement in proof form, and also greatly enlarged.



The excellent standard set by Canadian banks in their present-day advertising is portrayed by this sample panel taken from the display of the Bank of Montreal.

Recent Developments in Commercial Banking Policy*

AN ANALYSIS of the effects of the rapid expansion of credit and banking facilities during the last decade reveals some rather interesting developments with respect to commercial banking policy. Unless recent developments are of only a very temporary character, it would seem that for some years to come, commercial banks will be placing proportionately more of their funds in long time investments than they formerly did. This would appear a natural development as a result of the tremendous expansion that has taken place in banking resources since 1913. In that year, the total banking resources of the country amounted to \$25,552,047,000. Largely as a result of war-time conditions these resources expanded until they reached a total of \$51,388,192,648 on June 30, 1920. If this expansion were expressed in terms of an index number, based on 1913 as 100, the banking index in 1920 would have been 201. Since 1920 some contraction has been noticeable in our banking resources, but this has been, relatively, much smaller than the shrinkage that has been recorded in prices or other business indices. On March 20, 1922, our banking resources totalled \$48,658,955,857, or on an index basis it would have been 190.

The most striking thing with regard to the expansion of banking facilities is not the growth that took place between 1913 and 1920, but the fact that, relatively, banking resources have not declined in anything like the same proportion that prices have. As is well known, the price index rose from 100 in 1913 to a high of 247 in May of 1920 (revised index, Bureau of Labor), and since then has declined to its present level in the neighborhood of 150, a decline of almost 40 per cent. from the high. From the peak of the boom period, not only prices, but also the volume of manufactures have declined

very materially. According to the Harvard University studies, the decline in the volume of manufactures from the peak of 1920 to the low point of 1921 amounted to almost 50 per cent., and at the present time the volume of manufactures is still only about 80 per cent. of what it was during the period of greatest activity.

Thus, while prices declined almost 40 per cent. from the 1920 peak and the physical volume of goods produced and manufactured declined in the neighborhood of 10 per cent., banking resources declined only about 5 per cent. This has naturally produced a situation as a result of which the banks have found themselves with a surplus of loanable funds on their hands. With the lower price level and the small volume of goods, industry has not required the same relative amount of working capital in proportion to present banking facilities. As a consequence, the banks have had a surplus of funds. That this situation is likely to continue for some time unless the price level and business activity increase materially, is not improbable.

On the basis of recent study made by the Harvard Committee on Economic Research, the production of basic materials in physical units is about 5 per cent. above what it was in 1913 and prevailing prices in the case of most of these basic commodities is not more than 25 to 30 per cent. above their 1913 level; yet banking resources remain at over 90 per cent. above their pre-war level.

It would thus seem that much the same thing has happened in the case of banking facilities as that which happened in the case of industrial expansion. Plant and equipment, under the pressure of war-time needs, grew to a

*Reprinted from a booklet issued by the Industrial Service Department, First National Bank in St. Louis.

point beyond that required under ordinary peace time demands. Industrial establishments so situated were compelled to permit a part of their plant and equipment to remain idle. In the case of the banks, the surplus working capital which would ordinarily be used by industry has been compelled to seek another field of usefulness, and as a consequence it entered the investment market. The proportions reached by this movement are well exemplified by the following comparisons.

From 1911 to 1913 the banks under state control had on the average from 13 to 16 cents in the form of investments for every dollar of loans and discounts. The bank call of March 10, 1922, showed that such institutions then had 67.1 cents in the form of investments for each dollar of loans and discounts. If we take the aggregate loans and discounts of all banks in the country for 1918 we find that they totalled about 14,500 million and their investment account amounted to 5400 million. In other words, they had 37.1 cents in the form of investments for each dollar of loans and discounts. The call of March 10, 1922, showed, for state and national banks, loans and discounts of 25,400 million and investments of over 13,500 million; so that at the present time the banks have about 53.4 cents in the form of investments for each dollar

of loans and discounts. That this is a striking and important change is self-evident.

It is very interesting to note in this connection that the investment account of national banks is not now as large nor has it grown as rapidly as the investment account of state institutions. A part of this difference can be accounted for by the fact that trust companies and savings banks, organized under state laws, would naturally maintain a larger investment account.

However, the change in the case of the institutions under state control from 14 to 15 cents of investments for each dollar of loans and discounts to 67 cents in less than a decade is very significant.

The rapidity with which changes of this sort have been taking place in recent months is very striking. In February, 1921, the reporting member banks of the Federal Reserve System had about 25.3 cents in the form of investments for each dollar of loans and discounts. In August of this year they had 42.1 cents in investments for each dollar of loans and discounts.

The following table shows the changes that have taken place in loans and discounts, investments and deposits of the reporting member banks in the United States, from February, 1921, to August, 1922:

REPORTING MEMBER BANKS IN U. S.
(In Billions)

Date	Loans	Loan Index	Investments	Inv. Index	No. of cents in Investments for each dollar of Loans and Discounts	De- posits	Deposit Index
Feb., 1921	12.9	100.0	3.27	100	25.3	13.6	100
April, "	12.5	96.9	3.34	102.1	26.7	13.5	99
July, "	11.8	91.5	3.37	103.1	28.5	13.2	97
Oct., "	11.6	89.9	3.41	104.3	29.4	13.4	98
Jan., 1922	11.2	86.8	3.56	108.8	31.8	13.6	100
April, "	10.8	83.7	3.70	113.1	34.3	13.7	100
July, "	10.8	83.7	4.40	134.5	40.7	14.6	107
Aug., "	10.8	83.7	4.55	139.1	42.1	14.8	109



THIS advertisement appeared in New York newspapers during Convention Week and is reprinted at the suggestion of many of our friends.



42nd Street in 1883, near Grand Central and the present Hotel Commodore where the Convention of the American Bankers' Association is now being held.

What Henry Watterson told the Bankers' Convention in 1883

ALL who heard "Marse Henry" that day will agree that he was never in better form. The Convention roared its laughter and thundered its applause.

"Being a provident person, and not without sagacity," he said, "I have always been a friend to the banks. A man may quarrel with his wife; he may sometimes venture a suggestion to his mother-in-law; but he must love, honor and obey his banker.

"..... But I am asked to speak of the South. You can see for yourself here in Louisville what the South has done; what the South can do. If all this has been achieved without credit, and without your powerful aid—and I am now addressing myself to the North and East, which have feared to come South with their money—what might not be achieved if capital

should add this land of wine and milk and honey to their fields of investment and give us the same cheap rates which are enjoyed by nearer, but not safer, borrowers?"

We rather suspect that "Marse Henry's" behavior toward his banker would not be considered either bad form or out-of-date in 1922. But what a great change has taken place in the attitude of capital toward investment in the South since 1883!

The "old" Seaboard was a new bank in that year, but it was showing *then* a characteristic that it has constantly held. *This bank has always considered it a privilege to cooperate with sound business whether located South, East, North or West.*

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
20 EAST 45TH STREET
Near Madison Ave.

Book Reviews

IMPORTANT NOTICE

Next month there will be published in this department a review of the most significant book on banking of the past decade, "The Romance and Tragedy of Banking," by T. P. Kane, Deputy Comptroller of the Currency.

FINANCING THE WORKINGMAN. By Clarence Hodson, L.L. D. New York: A pamphlet published by Legal Reform Bureau to Eliminate the Loan Shark Evil, Inc.

This pamphlet opens with a brief discussion of anti-loan shark laws. A classification of the "small loans" business is then given, with an explanation of wherein this business differs from pawnbroking, note discounting, and accommodation loans by persons not making such loans for profit a business. There follows a discussion of how the professional money lenders make their small loans, how the loans are negotiated, and the extent and nature of such loans. The remainder of the pamphlet contains the following subdivisions: Loan sharks—what they are, their charges, methods, and how to supersede them; benefits of loan legislation; loan laws by states; needy borrowers; reasons for losses, and; suits attachments and foreclosures.



BANKING AND CREDIT. By Davis R. Dewey and Martin J. Shugrue. New York: Ronald Press Company.

This book is written primarily to meet the needs of the individual who uses the bank for credit accommodation; its aim is to explain the problems confronting the customers of a bank,

and the significant factors that control the terms and conditions upon which credit may be obtained.

The different forms of credit are described and emphasis is placed upon procedure by which loans are obtained and the methods of determining credit risks. To make room for this, less attention is given to the history of banking, to investment forms of banking, and to theoretical questions concerned with the nature and principles of money and credit.

A few specific references are given at the end of each chapter to aid those who wish to read further on particular topics; and in the appendix are carefully chosen problems and exercises with solutions, designed to make clear the customary process of banking and credit operations.



BANK DIRECTORS; THEIR DUTIES AND LIABILITIES. By O. W. Birckhead, New York: Bankers Publishing Company.

It sounds trite to say that "bank directors should direct" and yet countless law suits bear testimony to the fact that in far too many cases bank directors fail to perform their proper functions in the supervision of the affairs of their banks. In far too many cases they fail to be cognizant of either illegal or unwise practices that a closer supervision would have detected.

The present volume, written by a national bank examiner, tells in clear, concise language just how directors should periodically examine the assets and liabilities of their bank as required by the Comptroller of the Currency. It tells how to appraise the assets and how to check up each item on the balance sheet. Many helpful suggestions are given from the experience of the writer who has made thousands of examinations and tells how to most expeditiously go about the work.

A feature of the book is a special form of report which is recommended for use in reporting the results of the examination to the board of directors.

The book also gives extracts from the law defining the duties and liabilities of bank directors and the penalties prescribed for the neglect of such duties.



THE BANK CREDIT INVESTIGATOR. By Russell F. Prudden. New York: Bankers Publishing Company.

Although bank credit has not yet reached the point where it may be considered an exact science, it has none the less become sufficiently scientific to demand a careful and painstaking study of its basic principles and the mechanics of its practice. This tendency is demonstrated by the growing literature on the subject to which the present volume is the latest addition.

"The Bank Credit Investigator," as its name implies, is written primarily for the guidance of those who are charged with the duty of investigating the credit standing of those who apply for credit. This work of investigation is an important function of the credit department of a modern bank, many of the larger banks maintaining large staffs of young men for this purpose. How to make these investigations, is the subject of the volume under discussion.

As an introduction to his subject Mr. Prudden traces the development of modern credit departments and points out the importance of credit training, stating the qualifications that a good investigator should have. He devotes a chapter to the organization of the credit department.

As the filing systems of a modern credit department are an extremely important factor in its efficiency a chapter is devoted to a description of the various files commonly used.

A chapter is devoted to a consideration of the reports of the various commercial credit agencies. This chapter tells what information is available from

these various sources and how it should be interpreted.

As a knowledge of accounting is essential to the successful credit man the author gives two chapters to a summary of the elements of accounting. Of special value are the two chapters on statement analysis as one of the chief duties of the credit investigator is to be able to intelligently read and analyze a commercial statement.

Three chapters are devoted to interviewing, showing how to interview commercial paper brokers, bankers and trade houses. A final chapter relates how to summarize the investigation and make out a report.

This book should be extremely useful to all young men engaged in credit work and also to credit managers in giving them a text book with which to train their staffs. Mercantile credit men should find it of value in learning the banker's point of view on credit requirements.



SOME PROBLEMS IN CURRENT ECONOMICS By M. C. Rorty, President of the National Bureau of Economic Research, Inc., Vice-President and Fellow of the American Statistical Association; Assistant Vice-President of the American Telephone and Telegraph Company, member of the National Research Council. Chicago: A. W. Shaw Company.

In "Some Problems in Current Economics" the author has confined his analysis to those social and industrial questions of growing significance in the development of the relations between business managements, labor and the public. The problems which he discusses are vital to the welfare of every executive and employee.

Specifically he indicates the need and probable line of development of co-operation between employers and employees; the duties of management to employees, bondholders and stockholders and the public; the need of gradations in regulation and control of in-

dustry; where the real gains in the improvement of the conditions of the average man may be made and analyzes many other significant questions of the present day.

Through the five sections which make up the book, the author aims to present true pictures of opposing viewpoints, rather than to set up a series of arguments for any particular political or industrial theory. He outlines the origins and growth of our industrial system from its crude beginnings and discusses some of the problems of future social, and industrial development. With this background provided, he points out specifically the differences between the individualistic and social concepts of government, and suggests the form the ultimate compromise may take. He then applies balance sheet methods to a discussion of the business cycle and the round flow of income and expenditure in the economic organization, and deals with the statistical evidence upon which many statements in the book have been based. Finally, the author presents his conclusions and a constructive program for the future. Most of the discussion is in terms of dollars and cents, and exact figures rather than of theoretical generalizations.

The table of contents will suggest the scope of the book: Section 1—Industrial History; 2—Social and Industrial Organization; 3—Production and Distribution; 4—Some Pertinent Statistics; 5—Facing the Facts—A Recognition of New Conditions.



FOREIGN COMMERCIAL CREDITS. By George W. Edwards, Ph.D. New York: McGraw Hill Company, Inc.

The object of this book is to set forth the practical and legal principles underlying the letter of credit. It should be of interest to bankers, business men, and attorneys who are engaged in applying these principles to specific problems, and should also prove of use in

courses on foreign banking and foreign trade, as it deals with a subject which is of general importance but which has not yet been put in book form.

The various aspects of commercial letters of credit are presented with special reference to the tendency toward standardization of documents and practice in foreign trade. A chapter is devoted to the traveler's letter of credit which is often confused with the commercial letter. The legal theory of the letter of credit, and the cases which have arisen in American courts are analyzed. Attention is also directed to the authority to purchase which performs the same function as the letter of credit, but differs widely in nature and operation. Finally the British, German, Japanese and Continental methods are studied for the purpose of comparing them with American practices.



OPPENHEIM'S DOLLAR EXCHANGE TABLES. Compiled by Frederic Oppenheim. London: Frederic Oppenheim.

This helpful and ingeniously arranged little book of tables of exchange between the dollar and the pound sterling commences at \$4 to the £ and advances a quarter of a cent at a time up to \$4.59¾ to the £. Rates between these figures are given on dollars from one to ten; then from \$10 to \$100 in tens; from \$100 to \$1000 in hundreds; from \$1000 to \$10,000 in thousands; from \$10,000 to \$100,000 in tens of thousands; and from \$100,000 to \$1,000,000 in hundreds of thousands. In addition there are sub-tables giving the relation of cents to shillings and pence.



OPPENHEIM'S UNIVERSAL INTEREST TABLES. Compiled by Frederic Oppenheim. London: Frederic Oppenheim.

The tables contained in this very excellent book were compiled to facilitate

calculations of interest on bills of exchange, loans, accounts, etc. They are the product of numbers and consist of two classes. The calculations in the first part of the book are based on 360 days to the year, while those in the second part are based on 365 days to the year. The tables commence at the rate of 1/16 per cent. per annum, and advance 1/16 per cent. per annum at a time up to 6 per cent. per annum. The tables can be used for calculating the interest on dollars, pounds sterling, francs, marks, lire, florin, or any other currency.



WHY MANUFACTURERS LOSE MONEY.
By Robert Grimshaw. New York: D. Van Nostrand Company.

A very well organized and carefully classified listing of the causes of losses in business and manufacturing.

It will be found most valuable by bankers, business men, and manufacturers as suggesting fields of investigation (which might not otherwise suggest themselves) for the stopping of losses in business in which they are interested.

The book makes no claim as a panacea, but it does furnish a very complete and readable list of causes of loss sufficiently amplified to be the starting point of fruitful investigations.



BANK CREDIT AND AGRICULTURE. By Ivan Wright. New York: McGraw-Hill Book Company.

This book, dedicated to the American banker and farmer, is the result of a thorough piece of research work carried on by the author over a number of years. It is the first book to deal with the problems of agricultural finance.

Its primary purpose is to show how the Federal Reserve System serves agriculture in its production and marketing operations, as compared with the

old National Banking System. It is addressed to the banker who directly or indirectly deals with the farmer in the negotiation of short-term credits for agricultural purposes, and to the farmer who makes use of the existing short-term credit facilities of the banking world.

To the banker the author shows the distinctive and peculiar needs of the farmer in search of short-term financing. He describes in detail how the Federal Reserve System, through recent helpful rulings, is making it possible for the banker to offer more generous aid to the farmer than the latter has been able to obtain in the past, and sets forth recommendations regarding the further extension of credit facilities under the Federal Reserve System.

To the farmers actually in need of short-term financing the book will be of genuine assistance. The author tells just how the farmer should make application for loans, and what information the banker must have in order to grant them. In his summing up of the workings of the Federal Reserve Banking System the author proposes a number of practical steps, which if established should go a long way towards further solving the problems of agricultural financing.



THE LONDON MONEY MARKET. By W. F. Spaulding. London: Sir Isaac Pitman & Sons, Ltd.

This book embodies the results of some twenty years experience of banking and monetary problems gained in the London office of a great banking corporation.

The chapters take up and discuss the following: The Money Market Through its Origin—Markets and Fairs; Lombard Street and the Goldsmiths; The Bank of England, the Cornerstone of the Market; Constitution of the London Money Market; Conflicting Currents of Demand and Supply; Short Loan Fund

of the Market; Open Market and the Discount Market; Treasury Bills; Bankers' Clearing-house; Money Ar-

ticle of the Newspapers; Gold and Silver Markets; Great War and the Market.



The Banker's Moral Obligation to Give Investment Advice

By B. G. Huntington

Vice-president Huntington National Bank, Columbus, Ohio

WE are, and have been, passing through a period of exceedingly rapid development and growth financially in this country. Thousands, millions of men and women who a few years ago knew nothing of savings and investments, have suddenly advanced to the class of savers and investors. They are inexperienced and ignorant of the pitfalls that surround their accumulations. They have not yet learned that it is often as hard to keep earnings safe as it was to make them. Many of them, I grant, refuse to be advised or are too ignorant or too timid to seek proper advice. It is strange but true that men, corporations and governments will seek and accept expert advice on almost every other problem, but feel that they are entirely competent to handle their finances, make their investments, and regulate even the financial systems of nations without seeking or accepting expert advice of those experienced in that work. That, however, ought not to deter the bankers from doing all that they can to assist in guiding them to proper and safe disposition of their accumulations.

Regarding the large sums of money that are to be paid back to the people of our community by the Government

in the near future, it may be that a large proportion of the recipients of these funds will not feel impelled to seek advice regarding the reinvestments of this money, and many paid solicitors will be on watch for them to induce them, by high pressure salesmanship methods, to invest in stocks and so called securities of doubtful value.

May not advice be offered to the public through publicity that will tend to save much injudicious use of these funds? In doing so ought we not act largely without the thought of advantage or profit to the banks. Some advantage will certainly accrue to the banks, but my point is that we ought not to approach the question from that standpoint. The thought behind it all should be the offering of our facilities, the benefit of what knowledge bankers have gained by experience and their recommendations unbiased by their desire to gain business. There is no profit or advantages to bankers in advising the holder of a Victory Loan \$1000 note to reinvest it in a Liberty Loan Bond. But if that is the best thing from his standpoint for the holder of the note to do, the banker should be willing to so advise him. If he is advised contrary to his best interest the bankers are then, to say the least, not doing their full duty to the public. If that principal and policy is followed, then the bankers will be doing a real service to their communities.

This excerpt is taken from a speech delivered at Columbus, Ohio, by Mr. Huntington, before leading bankers from twenty-four counties in Central Ohio, who assembled for purpose of devising ways and means of conserving \$50,000,000 that will be paid out by the Government soon in Victory Loan Bonds and War Saving Stamps.—
THE EDITOR.



Greetings

To Our Patrons and Friends -

*To you and yours we extend right heartily
the Season's Greetings.*

*May the joys of Christmas-tide be yours in
full measure and the New Year bring ever-
increasing happiness and prosperity.*

*Our appreciation of your patronage and that
of others you may have directed our way
is expressed in this wish to you.*



BROADWAY - LOCUST - OLIVE

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

IN the course of a recent address before the Cleveland Advertising Club on "When Will the Tide of Prosperity Reach Its High Point", Col. Leonard P. Ayres, vice-president of the Cleveland Trust Company said:

In summarizing the prospects for next year's business it may be said that it now appears probable that 1928 will be a year of business prosperity that will culminate and begin to slow down before the end of the year. Among the statistical measures of business and industry there are some that will probably advance, some that may be expected to decline, and some that will in all likelihood both advance and decline.

Among those that will probably advance are the following: Interest rates, wages, railroad car loadings, automobile output, money in circulation, cost of living, unfilled orders of the Steel Corporation, bank loans, iron and steel production, traffic on the Great Lakes and rediscounts with the Federal Reserve Banks.

Among those that will probably decline are the following: The price of bonds, number of failures, building construction, gold reserve ratio, and bank investments.

Among those that will probably rise first and then fall are the following: Stock prices, wholesale commodity prices, volume of manufacturers and volume of employment.

PREDICTS STRINGENCY IN 1928

"It seems a foregone conclusion that the immediate future of American business is not indicative of a boom; reaction from the present revival is not many months ahead of us, and while the first few months of 1928 may be relatively prosperous, we may run into a

renewed period of deflation before the end of 1928," John Moody, authority on economics and finance, recently told the Chicago Association of Commerce. Mr. Moody continued:

The present general average purchasing power of the American farmer is only about 64 per cent. of that of pre-war times, whereas the purchasing power of labor in the industrial sections is still from 100 to 140 per cent. of pre-war times. The farmer represents about one-third of our total population; his normal contribution to the wealth of the country is more than this. Either farm prices must rise or labor costs and other living costs must fall in the long run.

What may reasonably happen in 1928 in the security markets is a sharp culmination of the recent long rise in stock prices in the early part of the year; a moderate strain on the money market during the winter and spring, followed by pronounced ease in interest rates later on, with bond prices holding for a while, then sharply weakening, and finally setting in for a long renewed rise which may be of long duration.

The only possibility to change this picture would be unexpectedly favorable developments in Europe, but they are not in sight.

INVESTMENTS AND THE GULLIBLE PUBLIC

In an article on "The Investment Banker," written for the *Los Angeles Herald*, George R. Martin, manager of the bond department, Security Trust and Savings Bank of Los Angeles, says:

Close to a billion dollars is the estimate of the money lost in this country last year on bogus enterprises and unsound promo-

tions, through insincere promises of big profits and by trifling with so-called magic roads to wealth.

The gullibility of the general public is amazing. No pen or moving picture can adequately portray the human interest stories which are brought to the ears of the investment banker almost every day.

In buying a security, like any other commodity, an investor usually gets what he pays for. "Safety First" costs money. It may mean less yield in interest, but interest that is safe and certain which brings peace of mind.

This does not mean that there are no worthy promotions. There are—and plenty of them, without the necessity of seeking those "with the cards stacked against the investor from the start".

But such promotions are, as a rule, managed by men who at least see that the money obtained goes for the absolute purpose for which it was sought and tells the investor beforehand that the odds may be against him.

The safe road to follow is to "investigate before investing". There is no better source than the bond departments of the banks and the well established investment banking houses. That is their business. That is their duty. That is their patriotic duty—for money denied worthless enterprises is saved for worthy enterprises, which add to the general prosperity and happiness.

FINANCING MARKETING ASSOCIATIONS

In a discussion on banking requirements in the financing of coöperative marketing associations, the current monthly review of the Mercantile Trust Company, San Francisco, says:

Not the least important of the problems that have arisen in the development of coöperative marketing of farm products from the experimental stage to a recognized place in the economic system of the United States is that which is concerned with the proper financing of the coöperative associations.

Coöperative marketing has become so large and important a factor in the distribution of the nation's crops that haphazard, incomplete methods of financing may no longer be employed. The obligation to direct the coöperative marketing principle—which, whether it is liked or not, has come to stay, and to increase steadily in importance—along logically sound financial paths, rests upon the banks of the country.

The borrower from a bank is quite likely to forget, biased as he naturally is as to the value of his collateral, that the primary duty of a bank is to protect its depositors. It is from this point that plans to finance the

coöperative marketing associations must proceed. At the same time, the banks must finance the wheat of Washington and Oregon, the fruit of California and the cattle of Montana, Idaho and Utah. And the banks will take no unwarranted risks if they insist upon and apply proper safeguards in their dealings with coöperative marketing associations.


Some of the coöperatives are splendidly organized; their contracts with their growers legally are unassailable; they are operating economically and profitably and they are coöperative in every sense of the word; yet the all important problem of finance in virtually every case has been left to the winds of chance, with the result that each successive year finds them with exactly the same major problem on their hands—finance.

It might well be stated that as an axiom that every agricultural product can be financed on some basis equitable at once to the grower and to the money lender. In other words every product has a loanable value just as a Liberty bond has a loanable value. The present worth of a Liberty bond changes from day to day, just as the present worth of wheat or potatoes changes daily, and, all other things being equal, it is just as safe for the properly margined banker to lend on wheat as on Liberty bonds. The bond borrower can very readily be sold out if his margin is impaired or unprotected; so, also, the borrower on wheat or cotton or barley.

But the value of a Liberty bond is governed by the value of money, which in turn is governed by the present supply and demand of money; whereas the value of a bushel of wheat is governed by the visible supply and the visible demand; and what is visible today may be quite invisible tomorrow; hence the wide fluctuations in the value of a commodity as compared with the value of a bond.

It therefore follows that the lending banker must fix the loaning value of collateral security in relation first, to the risk involved, and second, to the ability of the borrower to maintain the proper margin. He must, above all, take into consideration the nature of the commodity. A 10 per cent. margin on cotton is better than a 50 per cent. margin on strawberries. A 20 per cent. margin on wheat is safer than an 80 per cent. margin on onions. On the other hand, 10 per cent. margined cotton put up as collateral by a 10 per cent. margined borrower, whose only asset is the equity in his loan, is just as dangerous as 80 per cent. margined onions put up by a borrower with no tangible assets other than an equity which may disappear altogether if the onions spoil or if they become a drug on the market.

But a loan of \$75,000 on \$100,000 worth



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JOHN G. LONSDALE, President

of wheat at the market value, if wheat is selling around \$1.00 a bushel, is just as safe from a banking standpoint as a \$90,000 loan on \$100,000 par value Liberty bonds selling at par, irrespective of the financial standing of the borrower. As a matter of fact, the wheat loan to a coöperative association with no financial responsibility whatsoever is less hazardous than the Liberty bond loan to an individual with no financial responsibility for the reason that the coöperative association has the right under its contract with the growers to pledge the wheat of one grower to protect the margin of another grower.

While the coöperative association may not therefore be ready to protect its margins in cash, it is always able to protect them in kind, which, as far as the bank is concerned, is equally good. On the other hand, the careful banker would look askance at the offer of a coöperative onion exchange to keep up its margins by depositing additional onions in warehouse on a falling onion market.

It is already apparent that the banks have a problem on their hands—a problem that must be met and solved with the least possible delay. It is just as important that the coöperative associations should know where they stand with the banks as it is that the banks should themselves know what

their attitude is to be towards the coöperatives. More than that—it is only fair to the coöperatives that they be given ample warning of the terms and conditions which the average conservative bank is to exact, in order that they may set their houses in order accordingly.

In a discussion of the safeguards with which banks should surround the financing of coöperative associations, one must differentiate between those coöperatives which, from the very nature of the underlying security they have to offer, are considered a hazardous risk, and those dealing in staple commodities which, while they may be subject to declines in prices, are, nevertheless, readily marketable, easily stored, and reasonably non-perishable.

FACTORS IN FINANCING

An association dealing in staple commodities need not necessarily have either capital or surplus, nor, indeed, any tangible asset whatsoever other than its contracts with its growers. On the other hand, a coöperative manufacturing a perishable product or dealing in a product more or less of a luxury, either should have liquid assets to fall back upon in case of necessity, or should be able to assure its bankers that its entire output has been sold to responsible wholesalers. From the bankers' standpoint,



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therefore, there are three kinds of co-operatives:

1. Dealing in an article of inherent value that is worthy of being financed on its own merits and without any regard to the financial responsibility of the borrower;
2. Having no financial responsibility and dealing in commodities or luxuries which either are easily perishable or are not prime staples;
3. Dealing in a commodity which, as far as the United States is concerned, is grown only in the state in which the association operates, and at least 60 per cent. of which is controlled by the association.

It is neither safe nor sufficient, however, to act on the assumption that a coöperative handling cotton is worthy of financial assistance on the mere security, properly margined, of warehouse receipts for baled cotton in storage. Other factors must be taken into consideration and the conservative banker will ask himself as to the association's contracts with its growers:

1. How many growers have signed up with the coöperative association?
2. How many acres of wheat or barley or how many bales of cotton do these contracts tie up to the association, and for how many years?
3. Is the association the exclusive agent of the growers?
4. Does the contract between the association and the growers authorize the association to pool or mingle the commodity delivered by the growers with the other deliveries of a like standard of grade and quality?
5. Does the grower empower the association to pledge the commodity, or the warehouse receipts representing it, as security for loans?
6. Does the association agree to make or does it in fact make an initial payment on delivery? If so, how much?
7. Does the association undertake to market the commodity in an orderly manner by constantly supplying the demand as it exists, or is that left to the discretion of the officers of the association?
8. Is the association authorized to act as its own selling agent or must it use the services of brokers and jobbers?
9. Is the association precluded from making shipments on consignment to brokers?
10. Has the counsel for the bank examined the form of contract and pronounced it legally sound?

If there are 5000 growers of any one staple commodity in a certain country and only 250 have signed up; or if in the same community there are 100,000 acres planted to barley and only 10,000 acres have been tied up to the association by contracts with the growers, manifestly the association cannot hope either for success or for financial

assistance from the banks. Broadly speaking, the association should control at least 60 per cent. of the total production of the county or state in which it operates.

Unless the association has a virtual monopoly in a commodity grown in a state which produces 100 per cent. of the entire United States output of that particular commodity, it is absolutely essential that the association be required either by its growers or by its bank to supply the demand as it exists, to release for sale a certain percentage each month or within a given period of time, and to use the ordinary channels of trade rather than itself attempt to carry on a wholesale business.

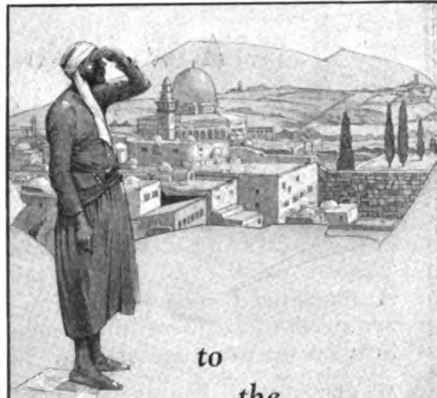
WAREHOUSE SITUATION

Practically all coöperative financing is done on the faith of warehouse receipts, and here again there is a condition to face which demands the thought and attention not only of the banks but also the governments of the several states. In the state of California there are some 450 public warehouses for the storage of products of the soil. There is a United States Government Warehouse Act as well as a California Warehouse Act, and warehouses have been invited to apply for licenses under these acts and to file a bond with the Federal Government or with the State Department of Agriculture.

How many warehouses in the state of California are so licensed, bonded and supervised? Seven. There is a Public Weighmaster attached to each warehouse who is bonded in the sum of fifty dollars. The warehouse files its tariffs with the railroad commission and opens its doors to the farmers who deliver their grain in exchange for a warehouse receipt reading in large letters, "State Certificate of Weights and Measures," and in small letters "and warehouse receipt".

If the banks in the State of California and in other states do not, by concerted action, demand that their public warehouses be licensed either under the United States Warehouse Act or under the State Act they are not performing their full duty to themselves. Unless the banks insist, the warehousemen has no incentive except to leave well enough alone. So long as the banks accept their warehouse receipts as collateral just so long will the warehousemen—as many of them do—continue to issue receipts like those already described which, by reason of their form and language, give the impression that they are the certificate of the state. The banks might well go even further and ask for the enactment of legislation making it compulsory for warehouses to take out a state license.

Attached to warehouse receipts for grain are certificates of inspection. Here again the state of California has placed at the



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The Bankers Service Corporation is prepared to give professional assistance in the organization or reorganization of a bank's New Business Department, including central customer file, mailing lists, solicitation plans, development of leads, co-operation by stockholders and directors, and employee training.

In the capacity of advertising agent the Bankers Service Corporation takes responsibility for budget preparation, idea creation, copy writing, art supervision, and the production of finished matter.

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disposal of its farmers a corps of licensed inspectors qualified to grade every product of the soil according to United States Government standards or the tentative standards of the state. The time must come when banks will be required by law, if they fail to do so voluntarily, to accept as collateral only those warehouse receipts which are issued by warehouse companies licensed by and bonded to the State or Federal Government, and which are supported by inspection certificates issued by duly licensed State or Government inspectors; but before that can be accomplished the California Warehouse Act must be amended to admit warehouses storing nuts, and dried and preserved fruits. There does not appear to be any good reason why in the State of California, which produces 100 per cent. of the total United States production of raisins, walnuts, almonds, and figs, it should legislate those products out of the protection of its Warehouse Act.

No hard and fast rule can be applied to the financing of cooperative associations. Each case must be considered on its individual merits, always with the idea of giving at the same time help to the growers' associations and protection to the bank's depositors.

FINANCING THE CATTLEMAN

Regarding the methods employed by cattle loan companies in financing the cattleman, the Commerce Trust Company, Kansas City, says:

The cattle business is financed by three groups of organizations: the cattle loan companies, the live stock commission companies, and the banks which lend money on cattle. The first portion of this thesis will be concerned primarily with the operating methods of the cattle loan companies located in the large cattle markets, and also with the methods used by the live stock commission companies which, while making loans mainly to increase the commission business, make a profit from the transaction, and run the cattle loan end of the business in a similar manner to that of the cattle loan company. The second portion of this paper will take up the business methods of commercial and country banks which lend on cattle as security, in which are included the methods of the cattle loan company which is located in the cattle raising districts and whose methods, on account of the close proximity to the borrower, are analogous to those of the country bank rather than those of the cattle loan company located at the cattle market.

A great many cattle loan companies, practically all of the large ones, are closely affiliated with some bank, the stockholders, officers, and headquarters usually being the

1781

The Oldest Bank in America

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Today with Capital of \$2,000,000, Surplus of \$3,000,000, and Undivided Profits of \$482,664.26, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

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same. Consequently the operations of one may at times be the operations of the other, the purpose of the cattle loan company type of organization being to carry on portions of the business which, if not impossible, would be extremely difficult for a bank to handle. Accordingly, throughout this paper, whenever the operations of a cattle loan company are described, it may have reference to either the operations of the company itself or those of its affiliated bank. The two are too nearly synonymous to keep clearly apart at all points.

The volume of business handled by the individual cattle loan company varies with the time of the year and with business conditions. It will run from the \$500,000 of loans carried by the smaller companies situated at the packing house markets to approximately \$15,000,000 in the case of one or two larger companies. The latter figure, however, is that of the time when cattle loan companies were carrying the largest amount of loans in their history. Since that time, 1918-9, all companies have greatly reduced their loans, certain companies having made reductions of 50 per cent. or more.

Three reasons may be assigned for this reduction in loans. In the first place the declining price of cattle would bring this about. Assuming that the same number of head were offered as security and the same margin was required, the amount loaned would have to be less. Secondly, monetary conditions came to the point where it was difficult to place paper. Finally, certain companies came to realize that their loans were too extensive in comparison with the capital of their respective company, and that a reduction was desirable.

The territory covered by the individual cattle loan company depends upon the size of the company, and to a larger extent upon its willingness to make loans at a great distance from the home office. The territory covered by the companies in the most important cattle loan centers will be in general as follows:

Chicago: Corn Belt and the Northwest as far as western Idaho.
 Kansas City: Kansas, Oklahoma, Texas, and parts of New Mexico and Colorado.
 East St. Louis: Southern Illinois, Missouri, Oklahoma, and Texas.
 St. Paul: The Northwest as far as western Montana.
 Omaha: Nebraska, South Dakota, Wyoming, Montana, and parts of Iowa.
 St. Joseph: Kansas, Texas, and eastern Colorado.
 Sioux City: South Dakota, and parts of Iowa, Nebraska, Minnesota, and Wyoming.
 Oklahoma City: Oklahoma, Texas, and New Mexico.
 Fort Worth: Texas and part of New Mexico.
 Denver: Colorado and part of Wyoming.
 El Paso: Parts of Texas, New Mexico, and Arizona.
 Salt Lake City: Utah and Idaho.
 Los Angeles: California and part of Arizona.
 Portland: Washington, Oregon, Idaho, and parts of California, Utah, Nevada, to as far east as Nebraska and South Dakota.

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Before taking up the various types of loans handled, let us first consider just what we mean by a feeder loan, or a stocker loan, or whatever the case may be. Feeder loans have been defined as "loans made on beef steers which are ready to go into the last stage of feeding prior to their sale as finished beef". Stocker loans are of three classes: those on breeding cattle, those on young steer or heifers which will not be ready for the market for the next year or longer, and those that may be put into the class of summer loans. The last named relate to loans made on range cattle grazed over the summer season with the expectation that the borrower will sell in the fall, keeping only those cattle for which he has feed. There is some question as to whether summer loans may be rightly put into the stocker division, but owing to the want of a better place they are usually classed under that head. The open range loan, too, has some claims to a separate classification, but it overlaps so greatly with other types of stocker loans that it can not be given a separate place.

Although the nature of the territory covered is the influencing factor in determining the type of loan handled by various companies, the policy adopted by the individual company will have some bearing on the

matter. For example, feeder loans have usually been considered the most desirable type of paper owing to better marketability of the security; but one or two cattle loan companies believe that feeder loans are not a proper type of loan for the cattle loan company and that they should be taken care of by the country banks. Certain other companies avoid any sort of open range loan as being absolutely dangerous because of the difficulty of making the careful and continuous check-up which is so necessary in holding down losses, thus excluding a great many stocker loans from consideration by some companies.

Aside from special instances such as those just mentioned, however, the kind of territory in which loans are made will be the primary cause for the predominance of one or the other type of loan with various companies. Thus the majority of feeder loans are made by companies located in or near the Corn Belt at Chicago, East St. Louis, Omaha, and Kansas City, and also at the western extremity of the cattle country at Los Angeles and Portland. Even many of these companies, however, will have more stocker than feeder loans, and as companies in other centers will have but a negligible number of feeder loans, it is evident that

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stocker loans will be easily in the majority among the loan companies as a whole.

BUYING POWER OF THE FARMERS

"It has been expected in many quarters," says the current issue of the *Survey* of the Guaranty Trust Company, New York, "that an extraordinary increase in trade activity would be developed this fall in consequence of revived purchasing power of the farmers. Although the looked-for wave of buying by the farmers has not fully materialized, the marked increases in cotton, grain, and cattle prices of recent weeks may materially alter the business situation. The disposition of farmers to spend and to consume has been restrained in part by the memory of what followed a recent period of extravagant spending, but for the more compelling reasons they are now on the whole moderate spenders". The *Survey* continues:

Prices of leading farm products are relatively low, with a striking exception in the

case of cotton; and it is, of course, relative rather than absolute prices which so seriously restrict the purchasing power of the farmers. While there has been considerable recovery in prices of a number of farm products in October, in earlier weeks prices of wheat and corn sagged materially. The prices then current could only mean a smaller volume of immediate purchasing power than is requisite to induce the degree of business activity which was so generally expected.

At the beginning of 1920, shortly before the peak of post-war prices was reached, the average prices of farm products occupied very nearly the same relation to average prices of all commodities as in 1913. However, during 1920, the index of prices of farm products compiled by the Bureau of Labor Statistics fell increasingly below that for all commodities. There was but little sustained improvement in this respect in 1921, and at the end of that year average prices of farm products remained about 14 per cent. out of line.

Price changes in the first two months of 1922 brought the farm products index much more nearly into accord with the all-commodities index than it had been for more than two years, the variations in February being only about 7 per cent. Thereafter, until September, the index showed an in-



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The First National Bank of Jersey City
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creasing spread of prices of farm products below the average for all commodities, and in that month it was 13.1 per cent. below the index for all commodities. It is not surprising, therefore, that the buying power of the farmers this fall has proved in a measure disappointing.

Moreover, aggregate indebtedness of the farmer, much of it the heritage of the period of war and post-war prosperity, is extraordinarily large. Money which under other conditions would be expended promptly by the farmers for their ordinary needs is going this fall to reduce mortgages and to pay off bank loans and other debts.

OPTIMISM IN THE MIDDLE WEST

"The general situation in its major aspects is distinctly better than thirty days ago," says the current monthly review of the Liberty Central Trust Company of St. Louis. The review continues:

This is shown not merely by figures, but also in a changed mental attitude. We are further away than ever from the use of such phrases as "depression" and "hard times". Obstacles to complete normal conditions still exist, and it would be far from correct to say that no more improvement is needed. We do feel, however, that business is making excellent headway, and that the coming months may be faced without apprehension on the part of those who have put their house in order.

It is pointed out that while the estimated yield of some crops is somewhat less than hoped for, 1922 is still expected to be a good year in agricultural production. "Bumper" crops are few, but in most instances yields will exceed 1921. This is true of potatoes, rice, tobacco, apples, peaches and hay. Cotton prospects have declined, although a total of over ten million bales is likely. Most states will have larger cotton crops than last year; the increase in Texas may amount to 50 per cent., and it will probably be in the neighborhood of 25 per cent. in Arkansas and Oklahoma. Ginning has been unusually rapid, and movement to market has been heavier than for several years previous.

With respect to livestock, the review calls attention to present prices compared to the ten year average for this season of the year. Cattle values are



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The
**FOURTH STREET
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Grain receipts for 1921—over two hundred and fifty-three million bushels.

Twenty-eight elevators provide a storage capacity of over thirty million bushels of grain.

Over six million barrels of flour milled on the Niagara Frontier during 1921.

BUFFALO—a city of enterprise served by the

**MARINE
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Capital and Surplus . . . \$17,000,000.00

about the same; sheep about 5 per cent. lower, hogs nearly 20 per cent. lower, and lambs over 30 per cent. higher. The review continues:

We have little in the way of actual figures to show the present status of wholesale trade. Improvement is apparently taking place, due to the fact that the country merchant, feeling the effects of harvest, is buying more freely. Federal Reserve data covering August, reflect a distinct betterment over July, and in most cases over August of last year. The hardware business is a good barometer of general conditions; six Reserve banks report sales in this line from 8.8 per cent. to 31.2 per cent. better than for July, and 5.5 per cent. to 26.7 per cent. above August, 1921.

REPLACING WORN-OUT BANK BILLS

"Few Americans realize", says an item in the October issue of the *National Geographic Magazine*, "how much work

is needed to withdraw from circulation yearly the large number of bank-notes worn out by constant handling. Some idea of this" the items continues, "may be gained by considering the fact that the average life of a five-dollar note is only about ten months. In the vaults of the New York Federal Reserve Bank is constantly kept a supply of approximately \$500,000,000 to replace the worn money sent in by local banks.

"In a single bank of the Federal Reserve group 687,000,000 individual notes were counted, of which 166,000,000 notes, aggregating \$771,000,000. were canceled. The aggregate withdrawal forms a considerable percentage of the total amount of currency in circulation in the United States—\$4,500,000,000—and the machinery required involves constant watchfulness and unceasing energy."

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

CORN EXCHANGE BANK CAPITAL INCREASE

Stockholders of the Corn Exchange Bank, New York, met on November 28 to vote on a proposal of the directors that the capital stock be increased from \$8,250,000 to \$9,075,000. The 8250 additional shares will be offered to stockholders at par, in proportion to the shares already held.

The proposed increase is stated to be in line with the bank's policy that a guaranty to depositors in shape of capital should keep pace with enlargement of bank's business. Successive capital increases have been made over a period of years. On September 30 last the institution had aggregate deposits of \$198,161,484, surplus and undivided profits of \$11,402,154. In addition to home office the bank has fifty-two branches throughout the city.

PERSONNEL OF NEW HAMILTON BANK

Edmund D. Fisher, chairman of the organization committee, has made public the personnel of the board of directors of the new Hamilton National Bank of New York and affiliated companies which is expected to open for business the latter part of December in the Bush Terminal Building on Forty-second street. The tentative list of directors follows:

Irving T. Bush, president Bush Terminal Company, president New York Chamber of Commerce; Henry J. Davenport, president Home Title Insurance Co., vice-president Midwood Trust Co.; trustee Flatbush Savings Bank; Edmund D. Fisher, president; Leonard A. Hockstader, L. F. Rothschild & Co.; John Markle, president Jeddo-Highland Coal Co., president Industrial Finance Corporation; Charles Miner, vice-president Benjamin, Hastings & Miner, Inc.; Hower W. Orvis, Orvis Brothers & Co.; Frederick W. Prentice, treasurer H. L. Judd Co.; Elmer A. Sperry, president The Sperry Gyroscope Co., trustee The Engineering Foundation, member Naval Consulting Board; Frank D. Waller, vice-president John Firth & Co., Inc.; Archibald R. Wat-

son, president Balbach Smelting & Refining Co.; L. E. Williams, vice-president and cashier; H. Parker Willis, first secretary Federal Reserve Board, editor New York Journal of Commerce.

The officers of the new bank as at present constituted are Edmund D. Fisher, president; Lewis E. Williams, vice-president and cashier; and Stanley J. Lathrop, assistant cashier.

Mr. Fisher, who is head of the new bank, gained his initial banking experience with the Brooklyn Trust Company, and he successively managed the Flatbush Trust Company and the Bank of Detroit. He served the City of New York as deputy comptroller in charge of financing from 1910 to 1918 and as chairman of the Commission on Standardization. Mr. Fisher is known in the banking world as a member of the Council of Administration of the New York State Bankers Association and as chairman of its Legislative Committee during the period of banking reform in this state. He was appointed by the Secretary of the Treasury as a member of the organization committee that laid out the physical plan of the Federal Reserve Banks while a member of the Currency Committee of the United States Chamber of Commerce. He was recently appointed a member of the Paraguay Group, Inter-American High Commission.

Mr. Williams, who is to be vice-president of the bank, was with the Commercial National Bank of Detroit, and later was cashier of the St. Louis Union Bank, now the First National Bank. He has latterly been with Lee, Higginson & Company. Mr. Lathrop, the assistant cashier, has had both a business and banking experience, the latter being particularly with Wells Fargo & Company and the National City Bank of New York.

The women's department will be in charge of Miss Anne Seward, recently in the Paris office of the Park Union Corporation and formerly with the Bankers Trust Company and the Federal Reserve Board.

The affiliated companies are the New York Hamilton Corporation and the Hamil-

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ton Safe Deposit Company. The bank, the corporation, which will handle the security end of the business, and the safe deposit company, will be located in quarters which are now being prepared in the Bush Terminal Building on Forty-second street, between Sixth avenue and Broadway. The banking offices are in English Gothic type of architecture, conforming to the general lines of the Bush Terminal Building.

The Hamilton National Bank will have a capital of \$1,000,000 and surplus of \$500,000. The Hamilton Corporation, the security end of the bank, will have a capital of \$200,000 and the safe deposit company a capital of \$100,000.

ELECTED VICE-PRESIDENT OF NATIONAL CITY BANK

At the regular weekly meeting of the board of directors of the National City Bank, James A. Jackson, formerly an assistant vice-president was elected a vice-president. Mr. Jackson came to the City Bank in 1917 starting as a representative

with headquarters in Kansas City and covering the southwestern territory. In 1918 he was made an assistant cashier. In 1920 he was brought to the head office in New York and in 1921 he was made an assistant vice-president.

Mr. Jackson is a graduate of the public schools of St. Louis and Troy, Missouri, and in 1910 was graduated with the degree of B. A. from the University of Missouri. Immediately upon leaving college he became associated with the Gate City National Bank of Kansas City, remaining with that institution from 1910 to 1914. From 1915 to 1917 he was associated with one of the oldest firms in the farm mortgage business with headquarters in Fort Worth, Texas.

Mr. Jackson has an extensive acquaintance throughout the Southwest, especially in Missouri, Kansas, Oklahoma and Texas. His father up to the time of his death several years ago, was the leading banker in Troy, Missouri, and when the newly elected vice-president of the City Bank was 12 years old he began his banking career during his school vacation, in his father's institution.

Mr. Jackson is 35 years old and therefore takes his place as one of the youngest bank executives in New York City.

AMERICAN BANKERS ASSOCIATION EXECUTIVE COUNCIL

The Executive Council of the American Bankers Association will hold its next annual spring meeting, April 23, 24, 25 and 26, 1923, at the Westchester Biltmore Country Club, Rye, New York, it has been announced by the Administrative Committee of the Association. This annual function draws together the chief governing body of the Association composed of leading bankers from all parts of the country, and, in the affairs of the organization, is second in importance only to the annual convention such as recently held in New York City. A four day session instead of the usual five days will be held.

The preliminary outline of the program provides for committee meetings throughout the day on Monday, April 23. The meetings of the whole council will be held on Tuesday, Wednesday and Thursday mornings. At these sessions action will be taken on economic, business and banking questions of general public interest in addition to the transaction of Association business. In the afternoons on these days there will be no sessions of the Council, but special meetings of the members may be arranged for

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THOMAS BLAKE, *Secretary*
JULIAN D. FAIRCHILD, *President*
HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
BROWER, BROWER & BROWER, *Counsel*

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symposiums on activities of the American Bankers Association.

Formal notice of the meeting and further details of the arrangements will be sent later to the members of the Executive Council, which comprises about 300 bankers.

INDUSTRIAL BANK MERGES WITH MANUFACTURERS TRUST

The merger of the Industrial Bank of New York with the Manufacturers Trust Company of Brooklyn and New York was approved by the boards of directors of the respective institutions on December 1. The matter will be submitted to stockholders, and a special meeting has been called for December 18 to ratify the action taken by directors. When the merger is completed the Manufacturers' Trust Company will have capital, surplus and undivided profits of more than \$6,000,000 and deposits of approximately \$65,000,000. The Industrial Bank, which is located at Fourth avenue and Twenty-seventh street, has deposits of about \$9,000,000.

With the taking over of the Industrial Bank, the Manufacturers Trust Company will have three offices located in Manhattan, one at 189 Broadway, another at Eighth avenue and Thirty-fourth street, and a third at the Industrial Bank. Four offices are located in Brooklyn, one at 774 Broadway, another at 84 Broadway, one at Williamsburgh Bridge Plaza and one other at 710 Grand street. One office is maintained in Queens at Myrtle and Cypress avenues.

The merger will in no way affect the personnel of either institution, as all of the officers and employees of the Industrial Bank will be continued in the service of the trust company. Nathan S. Jonas, president of the trust company, said that Staughton B. Lynd and Ralph A. Stephenson. re-

spectively president and vice-president of the Industrial Bank, would become vice-presidents of the company and would conduct the affairs of the Manufacturers Trust Company at the office now occupied by the Industrial Bank.

JERSEY CITY BANKS MERGE

The Union Trust Company of Jersey City, N. J., with assets of \$12,000,000, has announced that it has acquired a controlling interest in the Hudson National Bank, assets \$6,000,000, and that the two concerns will be merged on January 1 and occupy the present Union Trust Company Building at Washington and Montgomery streets, Jersey City.

Fred E. Ferguson, president of the Trust company and also Collector of Internal Revenue, will be president of the new institution and Samuel Drayton will be vice-president.

CHASE NATIONAL BANK APPOINTMENTS

At a meeting of the board of directors of the Chase National Bank of New York, Kenneth C. Bell, Franklin H. Gates and Thomas A. Pyterman were appointed assistant cashiers. Arthur K. F. Schulz was appointed assistant comptroller and Howard F. Walsh assistant trust officer. Peter Kemp has been appointed auditor.

SAFETY INK STOPS CHECK ALTERATION

Recent experience has shown that much of the enormous loss occasioned through the alteration of checks has been accomplished by fraud "experts" who have eradicated the ink used in writing the checks, raised the figures or eliminated the name of the payee



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Darwin P. Kingsley

SHARP PLAY MARKS BANKERS' ATHLETIC LEAGUE GOLF TOURNEY



Cup offered by Alvin W. Krech, president of the Equitable Trust Company of New York for the team turning in the lowest score. It was won by the Guaranty Trust Company.

and inserted "bearer", or have otherwise accomplished their purpose through the ease with which ordinary ink may be removed and replaced by other letters or figures.

As an effective means for stopping this criminal activity, the F. M. Burke Ink Co., Inc., 477 West Broadway, New York, has perfected what is known as "Burke's Safety Ink", which has proven entirely impervious to the effects of an ink eradicator.

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It is declared to be proof against acid, clogging, fraud, rust, corrosion, spreading, fading, spoiling, soiling, sediment, moisture and tampering. These qualities make it exceedingly desirable for fountain pen use.

NEW YORK BANKERS ENJOY A DAY OF GOLF

The Westchester-Biltmore Country Club was recently the scene of a spirited contest between New York bank executives to decide the golf honors of the present season.



● KEYSTONE VIEW CO., N. Y.

Percy H. Johnston

Frank K. Houston

W. M. Bennett

GOLF TOURNEY ON WESTCHESTER-BILTMORE LINKS

The event was staged by the Bankers' Athletic League which has for its members the officers, directors and trustees of the various banks in this city. James I. Bush, vice-president of the Equitable Trust Company, was chairman of the committee which arranged the tournament. He had the real job, the others just played.

R. C. James, of the American Express Company, knows how to drive and approach and putt. He returned the best gross score as well as the best net score, but under the rules could win only one prize and so selected the cup for low gross offered by Percy H. Johnston, president of the Chemical National Bank. His card read 40—43—83.

Mr. James had a handicap of 4, so that he returned a net score of 79. But this prize went to C. A. Corliss of the Chemical National Bank, who returned a 105—24—81.

Alvin W. Krech, president of the Equitable Trust Company, offered a cup for the team made up of five players which turned in the lowest score.

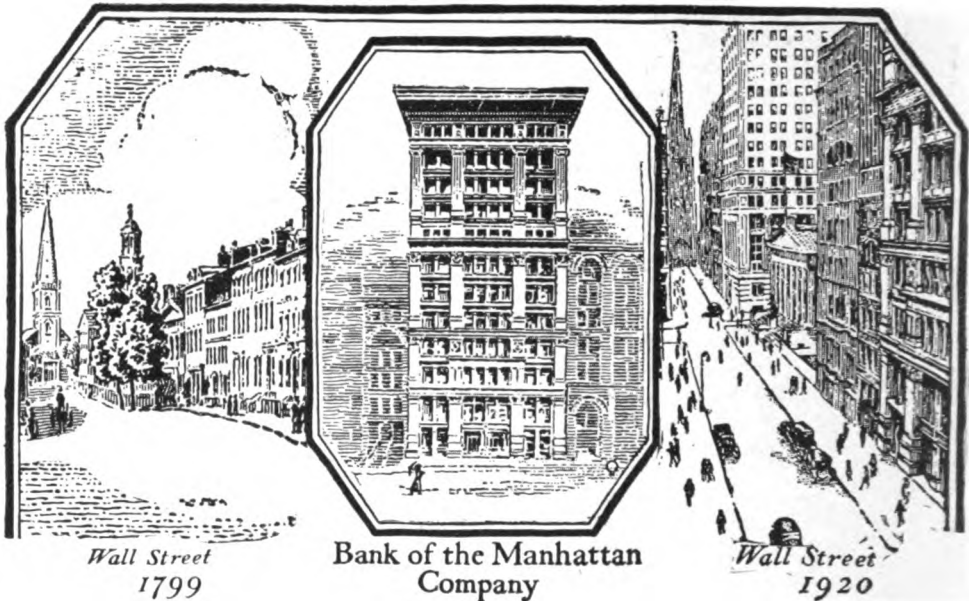
This much-sought trophy was won by the Guaranty Trust Company with a team made up of D. Bordman, manager; C. H. Sabin, chairman of the board; C. R. Parker, vice-president; C. M. Marvin, assistant secretary,

and A. R. Jones, assistant vice-president. The total turned in was 481.

Among those represented by teams were the Equitable Trust Company, Chase National Bank, Federal Trust Company, New York Trust Company, Central Union Trust Company, American Express Company, Farmers Loan and Trust Company, Chemical National Bank, Bankers' Trust Company, Bank of America, Seaboard National Bank, Corporation Trust Company, State Bank, Columbia Trust Company, American Exchange National Bank and Manufacturers' Trust Company.

OLDEST BANK TO PAY 100 PER CENT. STOCK DIVIDEND

The Bank of the Manhattan Company, the oldest banking institution in the United States operating under its original charter, granted in 1799, is preparing to distribute to its stockholders a stock dividend of 100 per cent. The directors of the bank, which in its present form combines the banks founded by Aaron Burr and Alexander Hamilton, have voted to increase the capital from \$5,000,000 to \$10,000,000 by the transfer of a portion of the surplus of the corporation to capital account, and their action was submitted for approval to the



stockholders at a special meeting held on December 5.

Under the plan, each stockholder of record at the close of business on November 28 will receive an amount of new stock equivalent to his holdings at that time. As a result of this arrangement, the corporation will have a capital of \$10,000,000, a surplus of \$10,000,000 and undivided profits of approximately \$2,500,000.

The State of New York will be a beneficiary under the stock dividend, since the State holds \$50,000 worth of the stock. This is the only banking stock held by the State, and the manner of its acquisition dates back to 1808, when the Manhattan Company asked for a minor change in its charter, which was granted on consideration that the State of New York should have the right to subscribe \$50,000 of the \$50 par value stock of the company at par.

The original capital of the Bank of the Manhattan Company was \$2,000,000, and the subscription to this stock increased the capital to \$2,050,000, where it remained until 1918, when the Bank of the Metropolis was merged with the Manhattan Company and the capital stock was increased to \$2,500,000. On January 13, 1920, when the Bank of Long Island was absorbed, the capital was increased to \$3,000,000, and on March 29, 1920, the Merchants Bank was absorbed by the Bank of the Manhattan Company and the capital stock was increased to \$5,-

000,000. It was this last merger which consolidated two of the oldest banking institutions, the Manhattan Company, founded by Aaron Burr, and the Merchants Bank, founded by Alexander Hamilton.

From a company organized to supply pure water to the City of New York to one of the most important financial institutions in the Wall Street district has been the record of growth during 123 years of the Bank of Manhattan Company, which today in its statement of condition shows loans and discounts of \$92,621,436, holdings of United States Government bonds of \$15,640,055, and other securities amounting to \$17,787,530, and cash on hand and in the Federal Reserve Bank of \$20,920,581. Deposits have reached the total of \$198,289,892, as indicated by the last statement as of June 30, 1922.

While organized primarily as a water company, or as a company which was to supply pure water to New York, the broad scope of the charter issued by the Legislature in 1799 permitted the company to engage in practically any type of business designated by the directors for the employment of any idle capital which the company might have. It was by this means that the Manhattan Company circumvented the opposition of Alexander Hamilton and the originators of the Merchants Bank to the formation of a banking institution by Aaron Burr. The Merchants Bank was founded

In 1803 by a group of merchants, who retained Alexander Hamilton to draw up their articles of incorporation.

It is considered as a testimonial of the tremendous growth of the banking business of New York that the two institutions of earliest date in this country, and keen rivals at the time—the Bank of the Manhattan Company and the Merchants Bank—are combined under one title of the Bank of the Manhattan Company, and at the head of the institution is Stephen Baker, a grandson and namesake of the late Stephen Baker, merchant, who was one of the original subscribers to the stock of the Manhattan Company in 1799.

The present bank operates under its original charter, with a branch at 31 Union Square, and other branches in Jamaica, Flushing, Long Island City, Far Rockaway, Rockaway Beach, Seaside, Richmond Hill, Elmhurst, Corona, College Point, Wood Haven, Brooklyn Manor, Ridgewood, Fresh Pond, Rockaway Park and Maspeth. In addition, there are three offices in the Borough of Brooklyn. The main offices of the company are at 40 Wall street, the original location.

The Merchants' Bank in 1803 occupied the quarters next door at 42 Wall street. After extending their quarters from time to time the two banks, in 1883, erected for their joint occupancy the building on the present site, and for thirty-seven years only a marble partition separated the two banks.

The officials of the bank are Stephen Baker, president; Raymond E. Jones, first vice-president, and directors, J. E. Aldred, Stephen Baker, B. H. Borden, Michael Friedsam, Walter Jennings, Raymond E. Jones, G. Howland Levaitt, Henry A. McHarg, George McNeir, Arthur G. Meyer, John C. Moore, Charles E. Potts, Samuel Sloan, James Speyer, Carl F. Sturhahn and George Zabriskie.

LABOR WILL START \$2,000,000 BANK

Organized labor has decided to establish a cooperative bank in New York with a capitalization of \$2,000,000, William F. Kehoe, secretary of the Central Trades and Labor Council, announced recently.

The labor bank, the first of its kind in the State, Mr. Kehoe said will have the support of the more than 1,500,000 organized workers of the State, as well as the American Federation of Labor. The bank, which will be known as the Federation Trust Com-

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pany, he said, will be opened shortly after the first of the year, and later will establish branches in various sections of New York City and in the principal cities of the State.

Decision to establish the labor bank, Mr. Kehoe said, was made after nearly three years of study and investigation by the Committee on Banking of the Central Trades and Labor Council, in cooperation with the New York State Federation of Labor.

He said that several sites for the new bank had been considered, and it will probably be located near the Grand Central or Pennsylvania railroad terminals. The bank will be established along the lines of the Brotherhood of Locomotive Engineers' Cooperative National Bank of Cleveland, and will be under the direction of W. F. McCaleb, who established the Cleveland institution. Mr. McCaleb has a record of establishing twenty-four labor banks, and prior to becoming vice-president and general manager of the engineers' bank was vice-chairman of the Federal Reserve Bank of Dallas, Texas.

In deciding to organize its own bank, the committee rejected an offer from the engineers' bank to establish a branch here, as proposed by the brotherhood's President, Warren E. Stone, and also declined an offer of a local banking institution to turn over its establishment to the labor enterprise.

GUARANTY TRUST COMPANY

The condensed statement of condition of the Guaranty Trust Company of New York as of November 15, 1922, shows deposits of \$466,217,734.39, and total resources of \$571,109,957.23. Surplus and undivided profits total \$17,654,620.14.

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CONDITION OF STATE BANK OF NEW YORK

The statement of condition of the State Bank, New York, as of November 15, 1922, shows total resources of \$96,019,327.38, as compared with \$92,074,146.16 on September 30, 1922, an increase of approximately \$4,000,000. Total deposits on November 15, 1922, stand at \$85,517,636.22, an increase of over 100 per cent. for the last three years, and all the more remarkable in that it is the product of natural growth and has been achieved without any mergers or consolidations of any kind.

TRUST COMPANIES ANNUAL APPEARS

Substantial increase in trust company resources both for the state and the country are shown by "Trust Companies of the United States," the annual publication of the United States Mortgage & Trust Company of New York, just issued for 1922. The figures are of exceptional interest in that 1922 marks the 100th year of trust company service in the United States.

The total resources for the year ending June 30 were \$12,739,620,733 against \$12,323,430,513 last year, and aggregate deposits for the first time exceeded \$10,000,000,000. New York State reported a total of \$3,556,356,518, for a gain of over \$227,000,000.

The states showing the largest gain for the year are in order, New York \$227,757,000; Illinois \$109,000,000; California \$77,292,000; New Jersey \$53,331,000; Maryland \$34,222,000; Massachusetts \$33,214,000; Rhode Island \$15,257,000; Virginia \$15,254,000. The North Atlantic and North Cen-

tral states showed the largest sectional gains.

President John W. Platten of the United States Mortgage & Trust Company, in commenting on the year's progress, says:

"This, the twentieth annual edition of "Trust Companies of the United States," is published during the centennial year of trust company activities in this country, the first grant of fiduciary powers to a corporation being made in 1822.

"The position of the trust companies considered in the light of their development since that time gives every promise that their influence will continue in increasing degree during the new century.

"Trust Company resources in the United States for the year ending June 30, 1922, were \$12,739,620,733, thus establishing a new high record, and effectually offsetting the loss shown in 1921 compared with 1920. The total exceeds that of last year by over \$416,000,000 and is greater by \$287,743,000 than the previous high mark of 1920."

FRANK J. PARSONS

Frank J. Parsons, vice-president of the United States Mortgage & Trust Company of New York, has been appointed chairman of the Committee on Community Trusts, Trust Company Division, American Bankers Association.

ORGANIZATION TO GET BANKERS BETTER ACQUAINTED

An organization composed of the officials of sixteen uptown banks and trust companies in New York has just been effected and plans made for holding informal luncheon conferences each month at the Uptown Club to discuss matters of mutual interest and to give uptown bankers an opportunity of becoming better acquainted.

At the first meeting, Oscar Cooper, vice-president Guaranty Trust Company of New York, was elected chairman; H. A. Dunn, vice-president Columbia Trust Company, Secretary; and W. P. Belknap, vice-president Bankers Trust Company, Thomas B. Clark, vice-president Harriman National Bank, L. A. Eddy, Jr., vice-president Equitable Trust Company, members of the executive committee.

The following financial institutions were represented at the first meeting: Bankers Trust Company, Central Union Trust Company, Columbia Bank, Columbia Trust Company, Chase National Bank, Empire Trust

Company, Equitable Trust Company, Farmers Loan and Trust Company, Fifth Avenue Bank, Guaranty Trust Company, Harriman National Bank, Irving National Bank, Metropolitan Trust Company, National City Bank, New York Trust Company, United States Mortgage and Trust Company.

NOISELESS TYPEWRITER AT THE CONVENTION

Charles W. Colby, president of the Noiseless Typewriter Company, has received the following letter from Guy Emerson, executive manager of the recent convention of the American Bankers Association:

Dear Mr. Colby:

I want to thank you again for the splendid cooperation you gave us in making a success of the Bankers' Convention of 1922. Your typewriters were used exclusively in our Convention work and gave excellent service. We acknowledge the use of these machines with great appreciation and desire to express our thanks for the many courtesies shown by your staff in helping us to solve the heavy office problem incident to the registration of nearly 12,000 guests.

Very truly yours,
(Signed) GUY EMERSON,
Executive Manager.

The October number of "Whispers", the house organ published by the Noiseless Typewriter Company, contains an article on Banks and Typewriters written by Mr. Colby in which he says:

"It is a source of special gratification to the Noiseless Typewriter Company that the relations which it has established in the financial world should be so cordial, far-reaching and important. From the very moment when the Noiseless Typewriter was brought to the point of being a practical, efficient machine it received from the banks prompt recognition. With the carefulness which is their habit they put it through a searching investigation to convince themselves that it was indeed all that it claimed and seemed to be. No bank has ever purchased 100 Noiseless Typewriters as an initial order. But being given an opportunity to demonstrate its merit, the machine proved to be its own best evangelist and is now thoroughly entrenched in many of the largest, most famous banks in the world.

WORK BEGUN ON NEW HOME FOR CITY SAVINGS BANK OF ALBANY

Work on the new building of the City Savings Bank of Albany, N. Y., began this fall. The steel skeleton will be erected during the winter, and the entire building will

GEOERGE PITMAN, the cashier, used to say that he didn't think that he would ever get hold of a pencil that exactly suited him.

Then one day some one persuaded him to try a Dixon's Eldorado. The change was miraculous. They say that the bandits held up George the other day and the only thing he begged to be allowed to keep was his Dixon's Eldorado pencil!

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be ready for occupancy before the winter of 1923-1924.

The present bank building will remain, and the new addition will be built on the site of the old Empire theater, which the bank acquired last spring. The architecture of the new addition will be made to harmonize with that of the present building by uniting the old and new parts by a middle structure slightly differing in style yet harmonizing with them. The middle part will rise into a tower. The entrance to the new part and banking rooms will be placed in the middle of the entire structure.

The brick will be stripped from the skeleton of the present building and will be replaced with cream colored terra cotta block, which will be used on the new addition. The tile roof of the present building will be retained and extended to the intersection with the tower. The existing dormers and metal cornices will be replaced with terra cotta to correspond with the new dormers in the addition.

The tower will contain a large club room with a ceiling height of twenty-five feet, lighted by a lofty arched window.

There will be a public thoroughfare in the form of an arcade which will provide a convenient entrance for the tenants and bank patrons. The rear of the new premises will be occupied by a 10-story office building served by the elevators and staircases. This part of the structure will be of cream colored brick and will have a flat roof. It will contain approximately 3200 square feet on every story for rental purposes.

A. A. TILNEY

A. A. Tilney, vice-president of the Bankers' Trust Company, New York, has been elected a director to succeed the late T. DeWitt Cuyler, who has been a member of the board of directors since 1911.

CHANGE OF NAME

At a meeting of the stockholders of the South Side Trust Company of Pittsburgh on October 24, it was unanimously decided to change the name of the institution to "The Pennsylvania Trust Company of Pittsburgh". The new name became effective November 6. A proposal to increase the capital from \$300,000 to \$400,000 is to be acted upon at a meeting of the stockholders to be held December 5. The additional stock (par \$100) will be disposed of at \$200 per share—\$100 going to capital and \$100 to

surplus. The enlarged capital will become effective about the first of the year.

VICTOR LERSNER GOES TO BOWERY SAVINGS BANK

Victor A. Lersner, controller of the Williamsburg Savings Bank and president of the New York State Savings Bank Association has been elected vice-president and



VICTOR LERSNER

Recently elected vice-president and trustee of the Bowery Savings Bank, New York

trustee of the Bowery Savings Bank. He takes the place made vacant by the death of the late William A. Nash. Mr. Lersner has been with the Williamsburg Savings Bank for thirty-six years.

BANK INCREASES CAPITAL

Directors of the Public National Bank of New York, have voted to increase the capital of the institution from \$3,000,000 to \$3,500,000. At the same time a stock dividend of \$500,000 was declared, payable out of surplus, and which will be apportioned to holders in ratio to the amount of stock held. The action of the directors has been

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approved by the Comptroller of the Currency.

The Public National Bank was organized in 1907 as a State bank. In 1917 it took out a charter as a national bank. The deposits have risen from \$15,000,000 to \$78,000,000 in recent years, and its present resources, according to the latest statement, are approximately \$90,000,000. The original capitalization was \$100,000, with \$25,000 surplus. The last statement showed capital and surplus in excess of \$8,250,000.

The bank operates seven offices in Manhattan, the Bronx and Brooklyn, Alfred S. Rossin is president and Joseph J. Bach, vice-president.

PEOPLES SAVINGS AND TRUST OF PITTSBURGH

William R. Errett, senior trust officer of the Peoples Savings and Trust Company of Pittsburgh, has resigned that position to take effect, January 1, 1923. For nearly twenty years Mr. Errett has been trust officer, has been largely responsible for the success and growth of the trust department and occupies an enviable place in his pro-

fession. Mr. Errett leaves to become treasurer and general manager of the Standard Publishing Company of Cincinnati.

The board of directors of the trust company have made the following appointments effective January 1, 1923:

Vice-president in charge of trusts, Moorhead B. Holland. Mr. Holland has been for several years a trust officer of the company.

Trust officer, George T. Emery, Jr. Mr. Emery is at present assistant trust officer, and was formerly of counsel for the Pittsburgh Coal Company.

Trust officer, Gwilym A. Price. Mr. Price was formerly assistant trust officer of the Pittsburgh Trust Company, but recently practiced law with Beatty, Magee and Martin. He has just been elected a member of the State House of Representatives.

TAX INFORMATION

The trust department of the American Exchange National Bank of New York have issued a booklet for the year 1922-23 on Tax Information Due Dates of New York City, New York State, New Jersey and Federal Taxes.

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FIDELITY TRUST COMPANY

The statement of condition of the Fidelity Trust Company of Philadelphia, Pa., at October 18, 1922, showed total resources of \$65,588,888.59, undivided profits, \$973,560.07, surplus, \$16,000,000, deposits, \$39,574,091.85.

APPLIES FOR BRANCH OFFICE

The Italian Discount & Trust Company has made application to open a branch office at 363 East 149th street, New York.

TRADESMENS NATIONAL BANK, PHILADELPHIA

The board of directors of the Tradersmens National Bank of Philadelphia declared the regular quarterly dividend, payable November 1, of \$3.50 per share on the capital stock of the bank. The sum of \$250,000 was transferred from undivided profits to surplus making the latter \$2,000,000. The total resources of this bank are \$24,253,156.22 and deposits \$13,170,360.81.

JOINS PHILPOT & CANNON, INC.

C. W. Vreeland, formerly with the National City Bank of New York, has become associated with Philpot & Cannon, Inc., of 25 Broad street, as manager of their foreign department. The foreign exchange brokerage department of the firm will come under his jurisdiction and will be reorganized by him. John B. Stephens, who recently acted as manager of the latter department. is no longer connected with the firm.

UNITED STATES REALTY AND IMPROVEMENT COMPANY

At a special meeting held November 24, the stockholders of the United States Realty and Improvement Company voted to authorize an issue of \$10,000,000 7 per cent. preferred stock. Of this the right to subscribe to \$8,081,400 is now to be offered at par to the company's stockholders of record at the close of business on December 8, 1922, in proportion of one share of such new stock for each two shares of stock then held.

The subscription privilege will expire at the close of business on December 26, 1922.

The proceeds of the issue will be used to retire at not exceeding par and accrued interest the present \$8,384,000 of debenture bonds maturing July 1, 1924.

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REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

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WILLIAM E. WALTER

William E. Walter, vice-president of the United States Trust Company of Paterson, vice-president of the First National Bank of Clifton and of the Peoples Park Bank of Paterson was elected vice-president of the New Jersey Credit Men's Association (affiliated with the National Credit Men's Association) at the Down Town Club of Newark during the past month. Mr. Walter is also a member of the legislative committee of the National Credit Men's Association.

FRANKLIN TRUST COMPANY, PHILADELPHIA

The statement of condition at October 18, 1922, of the Franklin Trust Company of Philadelphia showed total resources of \$17,004,261.98, surplus and undivided profits, \$1,108,496.79 and deposits, \$12,714,292.03. There has been an increase in deposits of \$2,606,695.10 during the past year.

THOMAS W. BOWERS

Thomas W. Bowers has been appointed a second vice-president of the National Bank of Commerce in New York.

Mr. Bowers was formerly assistant counsel of the Federal Reserve Bank of New York and before that was with the law firm of Cravath and Henderson. He graduated from Yale in 1910.

JOHN W. PHILLIPS HEADS TRUST COMPANY

John W. Phillips has been elected president of the Phoenix Trust Company of Philadelphia, succeeding John J. Coyle. Mr.

Phillips was formerly vice-president and treasurer of the institution. He has been succeeded in that capacity by William Morris.

JOINS BANK OF MANHATTAN COMPANY BOARD

Marshall Field, head of the Marshall Field, Gore, Ward & Co., and John Stewart Baker have been elected to the board of directors of the Bank of the Manhattan Company of New York to fill vacancies which have existed for some time. The entire board of the bank was reelected, and at a special meeting of the stockholders of the Manhattan Company, approval of the 100 per cent. stock dividend recommended by the directors some time ago was voted.

John Stewart Baker is a son of Stephen Baker, president of the Bank of the Manhattan Company, and a great grandson of the Stephen Baker who was one of the stockholders of the Manhattan Company at the time of its formation.

Marshall Field is a director of the Chicago & Northwestern Railway, the Merchants Loan & Trust Company, Marshall Field & Co. of Chicago and the Guaranty Trust Company of New York.

WALTER S. GIFFORD

Walter S. Gifford, vice-president of the American Telephone and Telegraph Company, was elected a director of the Bankers Trust Company at a recent meeting of the board. Mr. Gifford will fill the vacancy caused by the resignation of Owen D. Young, chairman of the board of the General Electric Company, who retired in order to be available for service on the board of the Federal Reserve Bank of New York.

ECONOMIC CONDITIONS IN THE
NEW ENGLAND STATES

WITH wholesale prices rising in almost every line, buying on the part of manufacturers, jobbers and retailers has taken on a spurt that has filled New England mills and factories with orders running well into 1928. Retail prices have not been advanced to any appreciable extent and the demand from consumers, at present prices, is growing heavier every day. Just what effect a rise in retail prices would have on this consumer buying movement is a question that retailers hesitate to press. Holiday trade promises to be heavy, and retail merchants have stocked up more heavily than they have dared to for the past few years. The credit situation is good, and the continued ease in money is helping the retailers to do business satisfactorily at the present rather small margin of profit over wholesale prices.

The labor situation has improved materially, there being no major labor troubles at all in this section of the country at the present time. There is a decided shortage of labor in several lines, notably construction and general building. The approach of cold weather has naturally decreased the volume of new construction work somewhat, but the volume of work is still very much above normal and promises to run that way all winter. Producers of building material report that they will be extremely busy all winter taking care of accumulated orders and storing material against the assured demand for spring use.

Real estate is very active and while the volume of transactions has fallen off in the smaller towns there is still a marked activity in city realty, and the continued ease in mortgage money is bringing to a head many large transactions that have been pending for some months. The banks report a slight decrease in the demand for mortgage loans on homes, but all signs point to a resumption of full activity in this line early in the spring.

The coal situation is somewhat mixed, but for the most part a sufficient supply of hard coal is coming through to take care of the needs of New England households, and there is enough soft coal on hand to relieve any fear of an industrial shortage. The coal situation has, in reality, resolved itself into a problem of transportation, rather than a mere problem of coal production, and unless the railroads are badly crippled by severe winter weather it is believed that they will easily move enough coal into this



Building a Greater West

OLD prairie trails that once echoed the trotting of stage-coach horses are now lively streets pungent with gasoline. The trail blazers have passed to Unknown Lands, leaving to their sons the ability to turn *opportunity* into *results*.

The Greater West was only a vision when the rich resources of mine, farm, ranch and fruit lands were first tapped. Even now that it is real, the future looks more golden than ever. And newcomers quickly become as keen Western optimists as the native born!

It is a pleasure for The National Shawmut Bank to help keep the West in close touch with the manufacturers of goods that have made New England world-famous. Machinery, tools, rubber, footwear, textiles, paper—these are products of highly specialized skill. The volume of these goods shipped to the West is proof that Western requirements are fully met.

There are many routine banking and also more personal services which this bank can perform particularly well for Western banks and businesses, because of our broad acquaintance with *all* New England activities.

Correspondence is invited.

THE NATIONAL SHAWMUT
BANK of BOSTON

Capital and Surplus \$20,000,000

section to supply all needs. In spite of minor differences of opinion, the coal problem has been well handled by those in charge.

In the big textile centers of New England, all of the major labor troubles and most of the minor ones have been ironed out and production is increasing rapidly. The shoe and leather industries have had their troubles but report brighter prospects ahead. Manufacturers of boots and shoes report a good volume of orders on hand. The wool market has been firm during the past month and all of the woolen and worsted mills are running nearly at capacity. Trouble over a threatened shortage of raw material threatened some of the big cotton mills of this district for a time early in November, but prompt action on the part of manufacturers and railroad officials averted the trouble and these mills are running well up to capacity, with plenty of orders ahead.

THE NATIONAL EXCHANGE BANK OF PROVIDENCE

The statement of condition of the National Exchange Bank of Providence, R. I., at September 15, showed total resources of \$16,387,681.13, surplus and profits \$1,625,471.47, and deposits \$18,200,921.40.

The bank announced that a special meeting of its stockholders would be held December 1 for the purpose of considering and voting upon an increase of the capital stock of the bank of \$750,000. The present capital of the bank is \$500,000.

NATIONAL ROCKLAND BANK OF ROXBURY

The statement of condition of the National Rockland Bank of Roxbury, Boston, Mass., at September 15, 1922, showed total resources of \$8,702,003.06, surplus \$600,000, undivided profits \$181,298.50 and deposits \$7,484,891.79.

STATE STREET TRUST TO HAVE NEW HOME

The State Street Trust Company, Boston, has completed arrangements for occupying a new and modern home on the corner of State and Congress streets, upon a site for many years associated with banking business and possessing many advantages because of its proximity to the center of the financial district.

The new building will replace the present Tremont Bank building, be five stories high,

of attractive architectural design, and erected by the State Street Exchange. The State Street Trust Company will lease on a long term the entire building, in the basement of which it began business in 1891 and was quartered for nine years until it moved to the present rooms on State street.

CHANGES IN FEDERAL TRUST COMPANY

At a meeting of directors of the Federal Trust Company of Boston, Albion F. Bemis was made a vice-president in addition to his office as secretary. The additional duties of treasurer were added to Vice-President John C. Heyer, who will now have the title of vice-president and treasurer.

INTERNATIONAL TRUST COMPANY

Charles G. Bancroft, president of the International Trust Co., Boston, announced that on December 1, 1922, that company had a larger total of savings deposits than any other trust company or national bank in New England. The total deposits of the International on that date numbered approximately \$40,000,000, making it the second trust company and the fifth bank in size in Boston.

TRUST DEPARTMENT IN LARGER QUARTERS

The Industrial Trust Company of Providence, Rhode Island, has recently moved its trust department into larger quarters in the home office building. This department was formerly located on the main banking floor but now has a series of rooms on the second floor, with special facilities to handle an increasing volume of business.

J. Cunliffe Bullock, vice-president and trust officer, and his two assistants, William Metcalfe and Everett S. Hartwell, have private offices for consultation with clients of the department. The stenographic department and the bookkeepers have more space than heretofore and have been provided with new equipment.

The Industrial Trust Company now shows total resources of more than \$100,000,000. Including the main offices in Providence, there are eleven offices throughout the state. A new building now houses the office in Pascoag. The complete service of the company is offered through each of the eleven offices, thus making even the smallest of them in effect, a metropolitan bank with trust facilities.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

BY THOMAS EWING DABNEY

CREDIT conditions are improving in the South. This is shown by the increased number of inquiries being received by credit agencies. More buyers are in the market. Collections, too, are improving—about 40 per cent. of outstanding accounts being now collected, which is a better average than during recent months.

The reason? High prices and a good market for Southern agricultural products. Cotton, for instance, went up about \$20 a bale in October. A holding and financing system is being worked out for the rice crop, and this has stiffened that market. Sugar is on the upgrade. The pecan crop, a large but generally ignored item in the production of many sections of the South, is bringing top prices. There is a greater demand for dairy products. Building is keeping up its volume with remarkable steadiness. Foreign trade is coming to the ports.

Industrial development is making strong progress in New Orleans. One of the most important announcements of the year was made during the past month by the Lukens Steel Company, which made public its plans to create a large export center on the industrial canal or inner harbor that is being created by New Orleans. This is the first permanent industry to establish there. The plant will cost about \$300,000.

The dock board, which has charge of the waterfront facilities of New Orleans, at the same time announced that it would soon begin the construction of a \$1,500,000 wharf on the canal; and that it would rebuild the wharf of the army warehouse base, which is on the river where the canal flows into it.

Retail and wholesale business reflect the improvement in the economic situation of this section.

The retail trade was larger during September, the latest month for which accurate statistics are available, than it was during September of last year. This is the first time in many months that sales have shown

an increase over the corresponding period of last year, and indicates that the tide has finally and definitely turned.

The only cities of any size in the South in which there was not an improvement over last September are New Orleans and Savannah, whose retail business was 3.8 and 9.6 per cent. lower, respectively. Atlanta's business was 8.9 per cent. better; Birmingham's 21.9 per cent. better; Chattanooga's .5 per cent. better; Jackson's 5.3 per cent. better; Nashville's 11.1 per cent. better. For the entire sixth reserve district, the average improvement was 3.8 per cent.

In New Orleans and Savannah, however, the decrease is explained by the fact that their business last year was better, by com-



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Our First President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,860,000

The Gateway to and Collection
Center for Southeastern States

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"ON TO RICHMOND"

parison, than it ought to have been. The financial readjustment was slow in hitting them. Local conditions simply delayed their paying the inevitable debt. The business of both New Orleans and Savannah this year has shown a steady, if slow, improvement. They have been reducing the margin of difference.

An interesting fact shown by the statistics is the improvement in retail turnover. The turnover is now a little better than twice a year.

In the wholesale trade, the reports are uniformly optimistic. A strong situation is forecast for the winter. In every line except groceries and drygoods, business is better now than it was a year ago—furniture and drugs leading in the improvement. The grocery thermometer is about the same as last year.

Banks throughout the South are reporting that conditions show continued improvement. Farmers are clearing off old indebtedness. Savings accounts are increasing.

Reforestation is receiving stronger recognition in the South. Recently the Conservation Department of Louisiana entered into a contract with the Great Southern Lumber Company of Bogalusa for reforesting 53,000 acres of cutover land.

The loans of the various land banks in the district are reported to be steadily increasing, indicating the healthy agricultural development.

The more orderly marketing of the rice crop, to which a reference has been made, is being accomplished by coöperative effort, in which the banks are joining. The plan was worked out at a meeting between bankers and rice growers. Sufficient money will be advanced by the banks, through growers' organizations, to enable the producers to market the crop slowly, instead of dumping it upon the buying platforms as soon as it is harvested. This practice in the past has "beared" the price, to the farmer, though the consumer didn't benefit. The new move is considered of great importance to the business of the rice-growing sections.

A strong movement is being developed to increase the service of the Mississippi-Warrior barge line. It is now on a weekly basis. The effort will be made to have it put on a daily basis. This line is now being operated by the Government, and appropriations will be asked from Congress, when it convenes in December, to extend the service to the basis indicated. Likewise, the effort will be made to have the

Interstate Commerce Commission give a more equitable division of the freight rates on river and rail shipments. At present, the railroads—even when their haul is for only 25 per cent. of the distance, get 75 per cent. of the rate.

The barge line cleared 7 per cent. profit last year. It has exerted a strong influence on the development of the South; the extension of service is considered of great importance.

MERCANTILE FINANCE CORPORATION ORGANIZED

The Mercantile Finance Corporation with a capital of \$250,000 has been organized in Birmingham, Alabama, and opened for business on September 20.

The officers are as follows: E. B. Irwin, president; Hugh Locke, vice-president; Prescott V. Kelly, vice-president; J. B. Gammill, secretary; F. S. Dunlap, treasurer; W. W. Clayton, manager. The directors, besides these, are A. A. Jones, T. J. Grimes, Dr. W. A. Martin, D. S. Meyer, C. E. Osment, Dr. C. W. Shropshire, Dr. D. L. Wilkinson.

The president is credit manager of the department store of Caheen Bros. The manager is manager of the credit department of the Birmingham Trust and Savings Company, an institution which he has served twenty-three years, beginning his banking life in Birmingham as stenographer to W. P. G. Harding, governor of the Federal Reserve Board, when Mr. Harding was president of the First National bank, of this city. The other officers and directors are well known business and professional men.

The Mercantile Finance Corporation will not receive deposits and it is not a building and loan association, neither is it a mortgage dealer, but stands midway between these concerns and helps householders and small manufacturing interests where established institutions cannot. It does such things as these:

"A" wants his house roofed at a cost of \$200. He cannot pay for the job except by the month. He goes to a man who will furnish the roofing and do the job and gets this man in touch with the Mercantile Finance Corporation. Arrangements are made by which the corporation takes notes of the householder indorsed by the contractor, discounts the bill, pays the con-

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000
Resources 30,000,000

OFFICERS

JOHN M. MILLER, Jr. President
C. H. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
THOS. W. PURCELL, V. Pres. & Tr. Officer
A. K. PARKER Vice-President
JAMES M. BALL, Jr. Cashier

ALWAYS a leader in the development of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

tractor in full and collects monthly from the householder. The money collected monthly is turned over and over again the same as a bank or building and loan association does.

In the same manner a householder may have his plumbing done with arrangements to pay by the month. In the same manner he may acquire a washing machine or furniture for his home. His home may be electrically equipped under this plan. A vacuum cleaner may be purchased through the same method.

R. E. MOONEY WITH G. L. MILLER
& COMPANY

R. E. Mooney, formerly vice-president of the City National Bank of Knoxville, Tenn., president of the Tennessee Bankers' Association and vice-president for Tennessee of the American Bankers Association, is now associated with Weck M. Brown in charge of the Knoxville office of G. L. Miller & Company, the South's leading first mortgage real estate bond house.

Mr. Mooney resigned his office with the City National Bank because of impaired health and for a considerable period with-

drew from all business activities. He now returns to the financial field with renewed vigor and will devote his energies to the sale of the first mortgage bonds created and issued by the Miller Company and secured by large income-earning structures throughout the country and especially in the South.

The office of Knoxville is one of the company's many branches, the northern headquarters being in New York City and the southern headquarters in Atlanta, Ga. Other offices are located in Memphis, Miami, Jacksonville and Dallas, while in the near future branches will be opened in Chicago, St. Louis and other large cities.

BANK CONSOLIDATION IN ATLANTA

Official announcement was made recently by the directors of the Lowry National Bank of Atlanta and those of the Trust Company of Georgia of that city that an agreement of consolidation had been entered into by the two banks. The union will result in an institution having a cash invested capital of approximately \$7,000,000 and ranking among the largest financial institutions in the South. Thomas K. Glenn, president of the Trust Company of Georgia,

will head the new institution, while H. Warner Martin, president of the Lowry National Bank, will be vice-president and executive manager. The latter is president of the Georgia Bankers Association. The Lowry National Bank was founded in 1861, while the Trust Company of Georgia was established in 1898.

BALTIMORE BANK APPOINTMENTS

At a meeting of the executive committee of the Union Trust Company of Maryland, Baltimore, the following changes in officers were made: William O. Peirson, formerly treasurer was elected a vice-president; Thomas C. Thatcher, formerly assistant treasurer was elected treasurer; Charles W. Hoff was elected an assistant treasurer.

APPOINTED ASSISTANT TREASURER OF TRUST COMPANY OF NORFOLK

S. E. Tudor, well known in banking circles throughout Virginia, has been appointed assistant treasurer of the Trust Company of Norfolk. Mr. Tudor assumed the duties of this office, October 2.

The appointment of Mr. Tudor to this position is an addition to the Trust Company staff made necessary by the growth in its business. No change in the present personnel of the bank will be made when Mr. Tudor's appointment becomes effective.

Mr. Tudor was formerly connected with the Merchants National Bank, of Baltimore, and was later cashier of the Cape Charles Bank. From the latter position he became connected with the State Banking Department, and was made senior examiner for the Eastern District of Virginia. During his service in this capacity he visited Norfolk frequently, and became well known to local bankers.

The new building of the bank at Ocean View, Va., is nearing completion and the branch office at that point will soon be enjoying the new quarters.

ALBERT S. GATLEY BECOMES VICE-PRESIDENT

Albert S. Gatley, for many years cashier of the Lincoln National Bank, Washington, D. C., was recently elected vice-president and cashier of the bank in recognition of his long and able service.

Mr. Gatley joined the forces of the Lincoln National in 1890, starting as a "run-

ner", and he was a good one. Year by year, through the various channels of service, he continued to make good, so that the recognition that has come to him is all the more welcome, as it was earned by long, faithful, well-directed effort.

As treasurer of the District Bankers Association, Mr. Gatley has filled the position so well that he is reelected year after year, with no thought of opposition. He is also an able member of the executive council.

ORGANIZATION OF NEW CONCERN PERFECTED

Organization of the Citizens and Southern Company, formed for the purpose of conducting the business now carried on by the bond department of the Citizens and Southern Bank, Savannah, Ga., was perfected recently with the election of the following officers: President, William Murphey, vice-president, W. W. Banks; assistant to president, A. M. Glover; secretary and treasurer, W. H. Sexton.

The full list of directors of the new company follows: Mills B. Lane, chairman of the board; W. W. Banks of Atlanta, Frank C. Battey, Frank G. Bell, R. M. Butler, John D. Carswell, T. M. Cunningham, George B. Clarke of Macon, Carl Espy, I. S. Ferguson of Augusta, J. Byron Glover, Edwin Leffler, William Murphey, A. C. Read and E. S. Trosdal.

The company will be located in the banking rooms of the Citizens and Southern. There will be offices in Atlanta, Augusta and Macon, the Atlanta office under the management of H. R. Cook, the Augusta office under W. T. Lane, Jr., and the Macon office under J. F. Brown, Jr.

Mr. Murphy, who heads the new company, will not sever his connection with the Citizens and Southern Bank, of which he is a vice-president and director. The new company, while affiliated with the bank, will be operated as a separate concern.

BANK TO ORGANIZE TRUST COMPANY

Dallas will have a new trust company beginning with the first of the year, W. O. Connor, president of the Republic National Bank, announced recently. The new concern will be known as the Republic Trust Company of Dallas and will be owned and controlled by the same interests which own and control the Republic National Bank of

Dallas. In addition to handling the usual business of a trust company in Texas it will deal largely in county, city and district bonds, buying whole issues and selling them at retail, as is done by trust companies in other parts of the country. Texas municipal bonds have been going largely North and East, but in the last year there have been evidences of a growing demand for them on the part of Texas investors.

Speaking of the new company and its purposes Mr. Connor said:

"The trust company, according to present plans, will have the same officers and directors as the bank, but the stock of the two institutions will be separate, although the general business of the trust company will be closely affiliated. The operations of the trust company will be handled in the Republic National Bank Building, where it will be easily accessible to the officers of the bank.

"It is contemplated that the trust company will deal largely in the handling of municipal and other bonds, the purchase and sale of high-class first lien real estate notes, and in addition thereto will handle the affairs of estates in close coöperation with the bank and under the same management and board of directors as the bank.

SECURITY SALES COMPANY OF LOUISIANA

At the October meeting of the Securities Sales Company of Louisiana, Inc., B. H. Collins, of Atlanta, resigned as president and Selby C. Parker of Atlanta resigned as vice-president, and C. G. Rives, Jr., vice-president of the Interstate Trust & Banking Company of New Orleans, was elected president.

It was decided to again become active in Southern financing of mortgage, industrial and municipal securities.

The paid in capital of the company is \$308,000 and it numbers among its stockholders prominent men in New Orleans, Louisiana, and Mississippi.

Its officers and directors are C. G. Rives, president; W. W. Bouden, L. M. Pool, E. E. Lafaye, vice-presidents; A. L. Sheldon, acting secretary. Directors: E. R. Bernstein, W. W. Bouden, M. M. Brister, L. O. Broussard, C. de B. Claiborne, Wil. H. Douglas, W. J. Fitzgibbons, E. E. Lafaye, A. B. Learned, John Leiger, L. M. Pool, Andrew Querbes, C. G. Rives, Jr., I. R. Saal, R. O. Young.

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 . \$1,800,000.00
Resources \$12,500,000.00

AMERICAN NATIONAL BANK AND AMERICAN TRUST COMPANY

The combined statement of condition of the American National Bank and the American Trust Company of Nashville, Tenn., at September 15, showed total resources of \$25,194,319.01, surplus \$660,000, undivided profits \$444,641.03 and deposits \$20,919,974.81.

There has been over 100 per cent. increase in deposits during the past four years. The increase in deposits since 1883 is shown by the following table:

October 2, 1883	\$ 211,432.98
June 30, 1888	1,156,944.89
July 12, 1893	1,167,929.72
September 20, 1898	1,332,262.59
September 9, 1903	2,044,166.09
September 23, 1908	3,652,633.36
August 31, 1913	5,777,024.83
August 31, 1918	9,161,148.27
September 15, 1922.....	20,919,974.81

NEW PRESIDENT OF COLUMBIA NATIONAL BANK

James A. Messer was recently elected president of the Columbia National Bank of Washington, D. C., succeeding Albert F. Fox who had served as president of the bank for the past twenty-five years.

Frank J. Stryker, heretofore assistant cashier of the Federal National Bank of Washington, became vice-president and cashier in lieu of Charles B. Bailey, who also resigned from the institution after twenty-five years of faithful service.

Mr. Messer, the new president, who is also a director of the bank, went to Washington in 1893, where he entered the wholesale plumbing and heating supply business. At

The Officers in charge of our *Banks and Bankers Department* have served the bankers of this country for many years and have developed a highly specialized Department.

The services of this Department and the advice of the Officers in charge of it are at the disposal of our correspondents.

Accounts of Banks and Bankers invited

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, *Vice-President*

S. P. JOHNSON, *Asst. Cashier*

R. V. KELLEY, *Asst. Cashier*

present he heads the company which bears his name. He is a member of the Washington Board of Trade. Mr. Stryker has been in the banking business for the last seventeen years, having started as a stenographer in 1905 with the Commercial National Bank of Washington.

Upon the organization of the Federal National Bank in 1913 Mr. Stryker entered its employ, serving at various times as secretary to the president, note teller and assistant cashier. He was recently elected cashier of the new Federal-American National Bank, an institution to result from the consolidation of the American National Bank of Washington and the Federal National Bank.

TO INCREASE FACILITIES

Construction of additional tellers' cages at the Commercial National Bank, at Raleigh, N. C., was announced recently. These cages, it is stated, will be created to

relieve the congestion from which the bank has been suffering lately and to accommodate increasing business.

PAUL C. WHITLOCK

Paul C. Whitlock, who resigned recently from the position as trust officer of the American Trust Company, of Charlotte, N. C., will resume the practice of law, associating himself with Henry C. Dockery, it has been announced. The law firm will be known as Whitlock & Dockery.

P. V. HOLLINGSWORTH

P. V. Hollingsworth, president of the Hollingsworth Candy Company, Augusta, Ga., has been named a director of the Citizens & Southern Bank of Augusta, Ga. Mr. Hollingsworth is one of the leading business men of Augusta and through his candy manufacturing business has given Augusta valuable advertising as a manufacturing center



Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

MONEY conditions have hardened with the advance of fall because of an increase in the demands from the agricultural districts for funds for crop-moving purposes and a broadening of commercial activities in many directions. Commercial paper, which a few weeks ago was down almost to a 4 per cent. level, now ranges from $4\frac{1}{2}$ to 5 per cent., with the bulk of transactions at $4\frac{3}{4}$ and very little at $4\frac{1}{2}$. Brokers' collateral loans, which were as low as $4\frac{1}{2}$ per cent., are now 5 to $5\frac{1}{2}$ per cent. The banks are virtually on a basis of 5 per cent. or better.

The trend of prices of commodities is unmistakably upward. Whether the movement means sound expansion or reflation is not at all certain. There are influential bankers who look upon the gradual return to higher costs of production and living, from a level that was by no means low or "normal", with concern, fearing that it can mean only another painful period of readjustment when the crest of another wave of artificial prosperity shall have passed. Others think that a temporary return to higher prices and greater commercial activity may facilitate completion of the process of liquidation of obligations and place the business structure in a stronger position to stand another bump, should it be necessary to undergo one.

On one phase of the problem, however, there is no difference of opinion. That is as to the beneficial effect of an advance in the prices of farm products, which already has been realized in a measure. The threatening situation on the Turkish front gave the cue for this bidding up of food supplies, but it is also true that the injection of this influence into the market found the trade convinced of the evil effects on general business of the continued decline in grains and livestock and in a mood to take part willingly in a movement to recover part of the ground lost by the farmer. In



Excellent Service
for Out-of-Town
Banks and Bankers

MISSISSIPPI
VALLEY
TRUST
CO
Fourth and Pine
Saint Louis

the case of wheat it was realized that in spite of the large production in this country this season there is a very even balance between world needs and world supplies, with a slight leaning toward the side of shortage. In corn the situation is even stronger, for the statisticians have figured out that with a crop 400,000,000 bushels less than that of last year, world requirements in all probability will be 10 to 15 per cent. greater. These calculations have made easy a prompt response to the revival of buying.

Just as prompt has been the response of the rural districts to a more cheerful outlook for the future. The two largest mail

order houses in the district reported for October a substantial increase in their sales, the gains being 15 and 35 per cent. respectively. This followed a decrease for September as compared with the corresponding month last year, a disappointing dip that began soon after the beginning of fall trade. Orders to wholesale houses are now running considerably ahead of last year and the current distribution of merchandise also shows an increase. Buying for the holidays and for next spring's requirements is in good volume. Announcement of advances in the prices of textiles, especially cotton goods, is of almost weekly occurrence, and there is noticeable resistance on the part of retailers to this process of marking up, but the opposition does not seem to have much effect on the covering of their needs. The turnover in fall trade has been very good, and with money flowing more freely into the regions of production the prospect for the remainder of the year is regarded as promising.

The greatest encouragement in the industrial field is still found in the iron and steel department. The mills of the district have increased their working schedules slightly, production now being at 65 to 75 per cent. of capacity, the former figure representing the activity of the independents and the latter that of the principal producer. Sustained buying of equipment of cars and track materials by the railroads is the strongest factor for betterment in this industry. Inquiries are in the market for cars to the number of 30,000 or 40,000. These are in addition to the orders for 150,000 or more placed earlier in the year and altogether make up the largest total of business of this kind known for many years. The demand for materials for repairing of equipment and for track maintenance has kept pace with that for new rolling stock. Structural steel is moving less freely than it was earlier in the fall, due in part to seasonal influences. Automobile manufacturers are still taking supplies on a liberal scale, but implement makers are not active. They have not had a good year. The farmer, as has been the case for several years past, has bought only 75 to 80 per cent. of his normal supply of machinery and tools. The manufacturers think they can see an approach of the end of this period of abstention from buying, as the life of an implement is only five or six years under average conditions, and they are hopeful enough to believe that next season will witness a

definite turn for the better. As it is, most of them will have to write off losses again this year.

Building operations continue on a remarkably large scale in view of the steady advance in the costs of labor and materials. Permits were issued in Chicago in October for 1103 new buildings, involving an outlay of \$14,996,150, as compared with 876 permits for structures to cost \$1,457,250 in the corresponding month last year, an increase of 43.4 per cent. October also shows an increase of 22.9 per cent. over September of this year. The magnitude of the construction boom is realized better from a comparison of the figures for ten months of this year with a similar part of recent years. The total of permits for ten months of 1922 is 10,664, involving a cost of \$171,995,810. This outlay is in round numbers \$75,000,000 greater than for any of the last ten years. The increase over last year is 4108 permits and \$84,089,050 in outlay, or 85.89 per cent. The beneficial effect of this demand for materials and labor on general business conditions can hardly be overestimated. Conditions comparable with these prevail in most of the other cities of the district, and in some of them are even more favorable, for the discouragements encountered here by prospective builders in the matter of obtaining labor and supplies are probably greater than anywhere else in the Central West. It seems reasonably certain that a large amount of building will continue through the winter. Exceptionally favorable weather during all of October did much to encourage the beginning of many projects which now must be carried to completion even if conditions are not quite so pleasant.

Railroad traffic returns are almost equal to those of the record movement in 1919. Large increases are noted in general merchandise, coal and grain. The volume of freight is held in check somewhat by lack of cars, but as from 200 to 300 new cars are rolling into service every working day from the shops of manufacturing concerns and the railroads in this district alone, it seems reasonable to expect that before the end of the year the records of loaded cars handled will exceed anything previously known in the transportation history of the country.

With unemployment virtually a thing of the past and shortage of labor appearing instead in many industries, together with the fact that wages, which were never much reduced, are again working upward, it is

not surprising to note that savings deposits are again on the increase. They had a little dip during midsummer, but it is probable that the next bank call will disclose an aggregate close to the maximum figures of the earlier part of the year. Investment demand is good. New issues of securities are numerous and in large volume. They disappear quickly—some of them perhaps too quickly for the good of the absorbers. Refunding operations are of almost daily announcement and the short term issues of war times bearing high rates of interest are disappearing wherever those who issued them had the foresight to make the call price low enough.

D. DWIGHT DOUGLAS ELECTED VICE-PRESIDENT

At a meeting of the board of directors of the First National Bank in Detroit, held November 14, D. Dwight Douglas was elected vice-president of the bank.

Mr. Douglas upon his graduation from Yale University, was in the service of the Detroit Trust Company for four years, and in 1919 when the First National Company was organized as a unit of the First National group, he joined its force, becoming first secretary and later vice-president. While accepting office as a vice-president of the bank, Mr. Douglas will retain his connection with the First National Company, thus bringing the two institutions into closer relationship; these two institutions with the Central Savings Bank being under joint ownership.

UNION SAVINGS OF CINCINNATI ABSORBS BANK

Two more branch banks were added to the chain of the Union Savings Bank and Trust Company, Cincinnati, Ohio, when the Hamilton County Bank and its branch was merged with the Union Bank.

The addition of the two branches serves to help round out the policy of Charles A. Hinsch, president of the Union Bank and also president of the Fifth-Third National Bank of Cincinnati, in giving his patrons a service branch in important business and industrial sections of the city. The two branches will make up eight branches for the Union in addition to its main banking house at Fourth and Walnut streets. The



Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
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offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

Combined resources over
\$375,000,000



*"Organized in 1853,
As faithful as a bank can be."*

LIBERTY CENTRAL
TRUST COMPANY
MEMBER FEDERAL RESERVE SYSTEM MEMBER SAINT LOUIS CLEARING HOUSE ASSN
SAINT LOUIS

two new branches are located at Woodburn avenue, near Madison road, and on Harrison avenue, near Spring Grove avenue.

Advisory boards will be named for the two branches, composed largely of the present directors of the Hamilton County Bank.

M. C. Greife, cashier of the Hamilton County Bank, will remain as manager of the Woodburn avenue branch, and J. E. Bott, manager of the Harrison avenue branch, will continue in the same capacity for the Union.

At the September statement the Union Savings Bank and Trust Company reported total resources of \$25,029,000 and deposits of \$20,095,000. The Hamilton County Bank reported resources of \$1,925,000 and deposits of \$1,634,000. The merger will give the Union total deposits of \$22,000,000 and total resources of more than \$26,000,000.

W. R. CRAVEN

W. R. Craven, president of the Dayton Savings & Trust Co., Dayton, O., returned

October 15 from a two months trip through Europe as a member of a special trade commission, having been appointed one of three from Ohio by Governor Davis. Many of the states were represented on the commission.

NATIONAL BANK OF COMMERCE OF DETROIT

The statement of condition of the National Bank of Commerce of Detroit at September 15, 1922, showed total resources of \$57,229,403.18, surplus \$1,500,000, undivided profits \$753,842.29, deposits \$52,856,046.21.

YOUNGSTOWN BANK EMPLOYEES FORM CHAPTER OF A. I. B.

The bank employees of Youngstown, Ohio, and its vicinity have formed a Chapter of the American Institute of Banking with an initial membership of 200.

The first meeting was held on October 17 in the assembly room of the Dollar Savings & Trust Company.

The officers of the new chapter are: President: V. J. Goodridge, assistant treasurer Dollar Savings & Trust Co.; vice-president: Edward McGowan, assistant secretary City Trust & Savings Bank; secretary: D. Palmer Jacobs, Mahoning National Bank; treasurer: Albert D. Rees, assistant secretary South Side Savings Bank.

SCHWAB AND SISSON ADDRESS CLEVELAND BANKERS

Addressing the sixth annual meeting of the Bankers' Club of Cleveland at The Hollenden, November 14, Charles M. Schwab, chairman of the Bethlehem Steel Corporation, urged bankers to look with greater favor upon industrial securities.

About 650 bankers and business men of Ohio, Pennsylvania and Indiana gathered to hear Mr. Schwab and Francis H. Sisson, vice-president of the Guaranty Trust Company of New York.

The outstanding feature of Mr. Sisson's address was his plea for more confidence in the industrial fabric and the stability of industrial groups. Mr. Sisson said that he regarded industry as the fabric of a nation's prosperity, pointing to the enormous increase in industry and manufacture as proof of his point.

Mr. Sisson urged work as the solution of the majority of our present economic ills

The
**UNION TRUST
 COMPANY**
Cleveland

ONE of the country's
 mightiest banking insti-
 tutions and the center
 of commercial banking
 activity in the great,
 wealthy industrial sec-
 tion midway between
 Chicago and New York

Capital and Surplus
 \$33,375,000



and pleaded for a greater understanding and sympathy with the European situation.

J. R. Kraus, vice-president and one of the executive managers of the Union Trust Company of Cleveland was elected to the presidency of the club. Other officers elected were: D. C. Wills, first vice-president; E. B. Greene, second vice-president; A. M. Corcoran, secretary; C. A. Paine, treasurer; C. O. Patch, H. C. Robinson, executive committee.

R. J. FRACKELTON

R. J. Frackelton, president of the Chandler & Price Company has been named a director of the Cleveland Trust Company. He becomes the sixtieth member of the board.

HOME SAVINGS COMPANY TO BUILD

Directors of the Home Savings Bank of Toledo, Ohio, have approved plans for the building of a nine and one-half story bank and office structure at the southeast corner of Madison avenue and Huron street, replacing entirely the old Toledo Club building, recently acquired by the bank. The

building and fixtures will cost about \$900,000.

The bank will increase its capitalization from \$250,000 to \$1,000,000, and, with the addition of safe deposit and trust features, will be known as the Home Bank & Trust Co. The structure will be ready for occupancy about the middle of 1924. It will be of steel with the exterior of buff limestone. Eight floors above the bank will be devoted to modern offices. The bank will occupy the ground floor space, to a height of thirty feet, with a banking room which will be dignified, refined and with a capacity to take care of all the business of the Home Bank & Trust Co., for some years to come.

Beneath the ground floor will be an arrangement of safe deposit vaults, which with the trust feature, constitute part of the expansion program of the bank, which was established in 1892 and which now has surplus and undivided profits of approximately \$603,000, loans of \$4,981,533 and deposits considerably in excess of \$6,000,000.

The officers of the bank are: M. M. Miller, president; W. A. Brigham, first vice-president; Rufus H. Baker, second vice-president, and R. D. Mills cashier.

**JOHN BURGESS CHOSEN
VICE-PRESIDENT**

Election of John Burgess, Minneapolis newspaper man, to the vice-presidency of the Metropolitan National Bank, Minneapolis, was announced recently by George B. Norris, president.

Growth of the clientele of the bank to almost double that of two years ago has made necessary enlargement of its staff, officials of the bank said.

Mr. Burgess, who has a wide acquaintance in both the Twin Cities and over the Northwest, was educated at the law school of the state university. He was with the editorial department of the St. Paul Daily News from its organization in 1900 until 1903, when he became connected with the Minneapolis Daily News when it was established, serving as editor and manager. For the past ten years he has been president of the Minneapolis Daily News, the Woman's Home



JOHN BURGESS

Elected vice-president Metropolitan National Bank, Minneapolis, Minn.

Weekly Co. and the Daily News Job Printing Co., and a director of the St. Paul Daily News and allied corporations.

For several years he has been a director

and actively interested in affairs of the Metropolitan National Bank. He retired from newspaper work and the presidency of The Daily News January 1, to enjoy his first real vacation in twenty-two years, and has spent the past nine months in travel in Florida and the Pacific Coast states.

**CHARLES M. NIEZER PRESIDENT OF
FORT WAYNE BANK**

Following the resignation of Charles H. Worden as president of the First National



CHARLES M. NIEZER

Recently elected president First National Bank, Fort Wayne, Ind.

Bank of Fort Wayne, Ind., because of ill health after a service of more than twenty years as its active head. Charles M. Niezer, a director in the bank since 1918, was unanimously elected to the presidency by the board of directors recently. Mr. Worden was made vice-chairman of the board, and in view of the serious illness of John H. Bass, its chairman, will serve as its active head. At the same time, E. F. Yarnelle, Charles A. Wilding and Max B. Fisher were chosen as vice-presidents.

Why is Your Coal Mine Losing Money?

Is it the fault of the market—the management—the operation? Ask us. Peabody Service has found the remedy time after time. 39 years experience fits us to serve you. Write for particulars.



PEABODY COAL COMPANY

Founded 1883

332 South Michigan Ave. - CHICAGO

Operating 44 Bituminous Mines in 18 Fields with Annual Capacity of 25,000,000 Tons

D. B. KIRK JOINS BANK OF DETROIT

The Bank of Detroit, one of the most rapidly growing banks in the Fourth City, has appointed D. B. Kirk, executive assistant in charge of new business and advertising. Mr. Kirk formerly was with the Campbell-Ewald advertising agency and was account executive handling Bank of Detroit advertising.

GARFIELD PARK STATE BANK, CHICAGO

The Garfield Park State Savings Bank, Chicago, announces the election of Walter P. Powers and H. T. Bentley as directors.

Deposits at the Garfield have increased a million dollars a year for the last three years, being \$2,000,000 October 9, 1919, and over \$5,000,000 at the close of business October 9, 1922.

The Garfield was organized in 1913 and operated in practically new territory. In 1919 (October 9) Edward Morris, C. M. Macfarlane and Frank A. Alden became interested and were elected as directors with Frank A. Alden as president.

Since then the deposits have grown steadily and real estate in the Garfield Park district, the community this bank serves, has increased in value rapidly.

The present officers are: Frank A. Alden, president; J. L. Simmons, A. A. Marquart, vice-presidents; J. H. Kenna, cashier; W. A. Blumthal, H. A. Newberg, W. A. Mc-

Clelland, assistant cashiers; William F. Lawley, trust officer; D. A. Clithero, counsel. Directors: Edward Morris, C. M. Macfarlane, Thomas A. Jackson, J. L. Simmons, C. W. Rothe, Joseph Nelson, Leon Baer, Alfred Walzer, D. A. Clithero, Frank M. McCarthy, Walter P. Powers, H. T. Bentley, A. A. Marquart, Frank A. Alden.

CHANGE OF NAME FOR CHICAGO BANK

The Phillip State Bank of Chicago recently changed its name to the Phillip State Bank and Trust Company on account of the organization of a trust department. The statement of the bank at September 16 showed total resources of \$2,780,524.26, surplus \$60,000, undivided profits \$47,589.62, and deposits \$2,452,435.18.

H. H. KELSO JOINS FIRST NATIONAL COMPANY

The First National Company, affiliated with the First National Bank in St. Louis, announces that H. H. Kelso has joined the staff of its mortgage loan department. Mr. Kelso has been associated for many years with leading architects and contractors, both in St. Louis and the Middle West, in the actual supervision of large construction enterprises, and has gained an intimate knowledge of the practical problems entering into the erection of new buildings.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOBLAND

ANOTHER year is closing in the Western states. December is a forceful reminder of that fact. The Western states prefer for the present to think of December as closing another year rather than as heralding the arrival of another Christmas season. For this the Western states cannot be berated, nor should they be berated for their mental attitude. It is one of wholesomeness, of refusal to be blinded by prophets, of determination to advance economically. There is cheer as Christmas approaches but not gayety nor extravagance. The West is thinking most of the passing of another year, for it now realizes that the recovery from deflation upon which it is struggling is not a matter of a brief period and finds pleasure in seeing time, with its healing influence, passing.

All through the Western states—from the Gulf to the Canadian border—there is evidence of economic progress for the past month and for the year that is just closing, but there is evidence, too, of the need for more recovery, of the failure to heal all the wounds of deflation. The improvement of the past year, with the relatively larger degree of mental optimism that it engendered, almost eliminated common references to frozen loans, but such still exist in the West. They await nature's gifts in the way of harvests of grain and crops of calves and lambs to effect their retirement. Along with this there is realization now that more crops will be needed for liquidation because of the changed prices—prices that are in many instances as much as 50 per cent. lower than when the obligations were incurred.

Happily, the increases that have been recorded in bank deposits in the Western states since the movement of new crops started in July seem more permanent than a year ago or two years ago and also relatively larger, but some surprises are in store for bankers. In the cotton areas, say

in Oklahoma, where a very poor crop and comparatively low cotton prices a year ago inaugurated a year of extreme frugality, yes, even of stinting to the point of avoiding purchases of common articles of wearing apparel and eliminating sugar from the daily food, the very high cotton prices have helped deposits materially, some banks noting an increase of as much as 50 per cent. But the needs of the planters are great; they have accumulated needs that they yearn to satisfy and that even a barely fair standard of living entitles them to satisfy. This promises to reduce the cotton country deposits. In the more northern states that are large wheat raisers the shortage of cars affected the movement and the peak of deposits of banks may not be reached until sometime during December. In the range states the peak has already been witnessed, and the dry weather of recent months will force larger withdrawals than a year ago. The West is going into the winter with smaller loans at banks, that is, smaller short term obligations, but it is doubtful if it ever had larger capital obligations, for cheap capital, which hoisted Liberty and other bond prices, enabled farmers to refund many bank obligations into long term loans. There has, however, been a good volume of actual liquidation, although the statements of banks exaggerated this change to the observer who overlooks the activities of agricultural regions in the capital market.

What of the winter? It is here, of course. The winter is not going to bring an income for the Western states equal to that of a year ago. Drouth is to blame, not the energy of the producers of grain and live stock. The winter outlook would be altogether different if the desires of the West had prevailed over nature. But nature ruled. It cut short the harvests of corn and other feedstuffs. It sent feed prices upward. It forced the abandonment of plans of hundreds, if not thousands, of farmers and stockmen who had counted upon finishing cattle for winter markets. It reduced the extent of lamb feeding, too.

1866



1922

A NEW ERA

Our nation, standing on the threshold of a new commercial era, calls for the support of strong and completely equipped financial organizations.

We offer a broad, constructive service—the result of fifty-six years of successful banking experience.

The Omaha National Bank

OMAHA, NEBRASKA

Capital and Surplus, \$2,000,000

WALTER W. HEAD, President

Probably the output of fat hogs in the farming areas of the Western states will also be reduced, but not to the extent of cattle. All of this means less stock to be marketed during the winter and a smaller income.

It is well here to make note of the quite clear evidence that there is no cause for any alarm on the part of consumers of meats because the Western states are feeding less live stock. There is every indication that Iowa, Illinois, Ohio, Indiana and other big corn states are feeding more cattle and more hogs and about the same number of sheep. When the Kansas City market broke all world's records for cattle and calf receipts by receiving more than 400,000 head in October, the shippers, some of whom were forced to market by drouth on ranges, did not find it necessary to sell more than the current requirements of packers for slaughter, with few exceptions. The big corn states came in for the thin stock, filling feedlots to make beef. The states of Kansas, Nebraska and Oklahoma and others that suffered big corn losses reduced purchases, but others took their places. Consumers therefore have no occasion for uneasiness

about meat. If they want to confer a favor upon the live stock industry, they will whet their appetites for meat so as to increase consumption. Already there is a keen, yes, anxious, desire for this on the part of lamb feeders, who, carried away by the sensational profits of last winter, paid very high prices for thin stock and are now unable to realize their costs. One lamb feeder who finished 80,000 lambs last winter wound up the season with profits of more than \$500,000. Profits on this scale led to extremes, and now a penalty is being paid.

As for grain, the marketings the past month were again restricted by car shortage, and this means more to move out during the early part of the winter. But the Western states have less corn to sell and will need to buy more feed, so their income prospects from cereals are not too rosy for the winter.

Advances of November and late October in wheat made for a better feeling in the West. Growers who complained about their inability to sell owing to the shortage of cars found some consolation in advances in prices. Some growers, however, reverted to the old pioneer days by driving as many as

fifty miles with wagons of wheat to raise some cash. They passed loaded country elevators to reach country mills with more storage room and more capital for making purchases. Earlier sharp competition from Canada held the wheat market down and now Argentine competition is very keen, but Europe's great requirements are helping the West to find a market.

In connection with the wheat situation, there is happiness over the manner in which the newly seeded hard winter wheat crop is going into the winter. November witnessed the break up of drouth over large and important winter wheat areas. The moisture gave the new plant a start anxiously desired by farmers and means that the wheat outlook for 1923 is quite bright. This at least makes for hopefulness, which is a great asset to the West.

In retail and wholesale merchandising channels there is no elation over trade, excepting possibly in the cotton areas where sensational prices have been paid for cotton. Even here, however, some of the elation is due to the great contrast business presents as compared with a year ago. At this time last year not a few cotton growers did not feel they could afford white wheat flour excepting on Sundays and when the preacher came to pay them a social call. They used corn meal at other times. Today some of these planters have ten to twenty sacks, or as many as five barrels, of wheat flour in their pantries. And there are other planters who are not foregoing the use of sugar and tobacco at the direction of their merchants, as they did a year ago, when their credit was severely strained. These are extremes, perhaps, but they deserve attention. They emphasize the spirit of economy that still rules the West—the spirit that will pay off debts. They emphasize, too, the revival of complaints from bankers and others that there is still too great a disparity between the prices of what the farmer sells and the prices of the manufactures and other articles that he buys. To what extent the new tariff is to blame for these complaints, which throw light on one of the important reasons for the absence of elation over Western retail and wholesale merchandising business cannot as yet be told with any definiteness.

Favored with open weather, the cities of the Western states have been active in continuing building operations. Lumber is near the high point of the year, but mills have been retarded by lack of cars. The

cities are more active in building than the rural districts. The oil industry is still a source of much revenue, but it displays an easier tone. There is only moderate activity in the mining regions. Labor is quite well employed, but the last few weeks have brought an increased demand for employment, agricultural areas releasing workers.

J. E. SHEPHERD GOES TO OGDEN STATE BANK

J. E. Shepherd, formerly president of the Cache Valley Banking Co., of Logan, has been appointed assistant to the cashier of the Ogden State Bank. He has been associated with Logan banks since 1891 and was one of the organizers of the Cache Valley Banking Co., serving as cashier, vice-president and president. He was largely responsible for the growth of the bank and for the excellent standing which it has today. Mr. Shepherd was very prominent in the Utah State Bankers Association, holding the office of secretary of the association for many years.

The Ogden State Bank held open house on September 23 to celebrate its thirty-fourth anniversary. Even since its organization that bank has been under the management of President Henry C. Bigelow and Cashier Archie P. Bigelow. The bank is one of the largest in the state, having deposits of over \$5,000,000.

VICE-PRESIDENT OF A. B. A.

Augustine Kendall, president of the First National Bank of Rock Springs, Wyo. and one of Wyoming's ablest financiers, is the new vice-president of the American Bankers Association for Wyoming.

WILLIAM H. BROPHY

William H. Brophy, Western banker, who was cruising in the Gulf of California with a party of Nogales business men, was swept overboard in a fierce storm, and lost. Intense darkness and the ferocity of the storm made rescue work or the recovery of his body impossible.

Mr. Brophy was a director of the First National Bank of Los Angeles, president of the Bank of Bisbee, at Bisbee, Ariz., and vice-president of the Bank of Douglas, at Douglas, Ariz. He was 59 years old.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ADDRESSES INVESTMENT BANKERS

At the annual convention of the Investment Bankers Association recently held at Del Monte, California, George R. Martin, manager of the bond department of the Security Trust & Savings Bank of Los



GEORGE R. MARTIN

Manager bond department Security Trust and Savings Bank of Los Angeles

angeles, delivered a very informative address on hydro-electric power development in California.

Mr. Martin stated that \$70,000,000 had been expended this year for developing electricity from the water courses of California and conveying and distributing it to the markets where it is in immediate demand. The financial aspect of this electrical business, he stated, is of such importance that

it is the dominating factor in the consideration of California investments.

Mr. Martin outlined the development work of the Southern California Edison Company, the California-Oregon Power Company, the Great Western Power Company, The Western States Gas and Electric Company, the San Joaquin Light & Power Company, and the Southern Sierras Power Company.

CALIFORNIA BANK

The statement of condition of the California Bank, Los Angeles, Cal., at September 15 showed total resources of \$47,630,006.53, surplus and undivided profits \$1,053,451.95, deposits \$44,416,856.48.

NEW BANK ORGANIZED

A new bank has been organized at Balboa, California, to be known as the Bank of Balboa. The capital authorized is \$100,000, paid in \$50,000, and surplus paid in, \$10,000. The officers are George P. Edwards, president; H. C. Hookstra, cashier.

Balboa is in Orange County, the county rated as the richest agriculturally in California. It is the country where most of the English walnuts are grown. It has more diversified fruits than any county in the State of California; also it is one of the best oil producing counties in the state and

First Bank to Incorporate in Hawaii

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Capital, Surplus and Undivided Profits \$2,303,374.69

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E. D. Tenney, *Vice-Pres.* E. F. Bishop, *Vice-Pres.*

Roxor Damon, *2d V.P.* G. G. Fuller, *2d V.P.*

Frank Crawford, *3d V.P.* R. McCorriston, *Cash'r*

Branch Banks:—Lihue and Kapaa, *Island of Kauai*; Waipahu, Waiailua, and Pearl Harbor, *Island of Oahu*.

Prompt handling of collections through close connections on each of the Islands in the Territory.



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to this Bank”**

Your patrons and friends visiting California will be extended every courtesy and consideration at the *Security Bank* if they bear a letter of introduction from you.

**Resources Exceed
\$165,000,000**

**Over 235,000
Accounts**

**SECURITY TRUST
SAVINGS BANK**
SAVINGS COMMERCIAL TRUST

Capital and Surplus \$10,350,000

**Eighteen Banking Offices in
Los Angeles**

Hollywood - Long Beach - Pasadena - Glendale
South Pasadena - Highland Park - Eagle Rock
San Pedro - Huntington Beach

leads as an orange, lemon and grape fruit producing county.

F. J. OEHLER BECOMES ASSISTANT CASHIER

Announcement has just been made of the appointment of Fred J. Oehler as assistant cashier of the Sacramento-San Joaquin Bank.

Mr. Oehler was born in Sacramento in 1897. Graduating from school in August, 1911, he started with the Sacramento-San Joaquin Bank as a boy and has been associated with that institution ever since, having occupied every clerical position in the bank.

During the war Mr. Oehler served his time in the navy for a year. He is a member of the Native Sons, his favorite pursuits being hand ball and tennis, and in connection with the latter he held the city championship for 1921. He is a member of the American Institute of Banking and holds the institute's certificate.

CHANGES IN SACRAMENTO-SAN JOAQUIN BANK

A surprise was sprung in financial circles when R. H. Mayhood, vice-president of the Sacramento-San Joaquin Bank, announced that he would resign from the bank to take over the agency for Durant automobiles.

As a token of their esteem and regard the employees presented Mr. Mayhood with a beautifully finished and equipped leather grip, the presentation speech being made by Albert H. Becker, assistant cashier, who expressed the wishes of all for Mr. Mayhood's success in his new sphere of activity.

Mr. Becker, who succeeds Mr. Mayhood will be in charge of the Seventh and J street branch. He entered the service of the bank in 1910 after graduating at the Sacramento High School. He filled every position available in the bank before becoming assistant cashier.

Dudley K. Colclough, recently manager of the bond department, has been promoted to assistant cashier and assistant manager of the Seventh and J street branch. Mr. Colclough entered the service of the bank in 1900 as assistant bookkeeper and has covered all positions from bookkeeper to note teller. As a Mason Mr. Colclough is a member of the Ben Ali Patrol and is also past president of the Native Sons.

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 an increase of about \$12,250,000 in current loans, the statement of the Canadian chartered banks for the month ending October 1 already indicated a heavy call upon cash reserves for the movement of the crops. For some months prior there have been a contracting of commercial credits and call loans to this end. However, current loans at the time indicated were still \$125,000,000 less than the year before, which, with a contraction of about \$185,000,000 in gross assets, indicates the extent to which deflation has been carried during that period.

Canada's big wheat crop is being quickly turned into money but the improvement in business circles is gradual. The crop will be largely a debt-paying one and the volume of new buying is doubtful. There is as yet little disposition to stock up on bare shelves beyond current needs. Increased buying, with advances in price, is likely to be a development in the situation but not to the extent that occurred with the rise of a couple of years ago. Business is showing caution in regard to future bookings both from the standpoint of the retailer as well as the wholesaler and manufacturer. The credit situation has been strained to such an extent that actual money has to be in sight to encourage buying. The general industrial situation is rather optimistically regarded by the Royal Bank of Canada which reports:

"Improvement continues to be observable in industrial conditions throughout Ontario, Quebec and the manufacturing sections of the Maritime Provinces. Textile mills continue to be quite busy, and prices in most lines are well maintained. Canning plants have been fully employed. More than usual activity exists in the automobile industry. Tire plants, and pulp and paper mills continue to operate to capacity. The settlement of the wage question in the Nova Scotia collieries has resulted in renewed activity there, but some time must elapse be-

fore the workmen and merchants recover from the injurious effects of the long periods of unemployment. Coal mines in Alberta and British Columbia are operating to capacity, and there is every prospect that this will continue for some months."

The movement of grain out of Western Canada has been on an enormous scale. Inspections up to the end of October indicated 63 per cent. of total receipts of wheat at Winnipeg to have graded No. 1 Northern. Up to this time the Canadian Pacific Railway had moved over 50,000 cars averaging 1800 bushels, a total of over 65,000,000 bushels. The Canadian National System had moved 49,000 cars or about 62,500,000 bushels.

An unfavorable feature of the grain movement has, however, been the congestion on the lakes resulting in terrifically high rates and a deep cut into the profits of the grain grower. The reduction in freight rates should save the farmers about \$25,000,000 this year on the crop, but this seems likely to be offset, in part, if not entirely, by what they will lose on freight carrying charges. To November 1 about 60,000,000 bushels of wheat alone had been moved from the head of the lakes and the loss to the farmers by excessive lake freight is estimated at least three cents per bushel. Of the total it was estimated that over 20,000,000 bushels had been moved from lower lake ports to seaboard at an excess over ordinary rates of about eight cents per bushel. The opinion prevails in trade circles in Winnipeg that much of this loss might have been avoided by the early suspension of the coasting laws and in this connection it is pointed out how easily the coasting laws were suspended in 1912 and 1913.

The agitation in Western Canada for Government banks appears to be petering out, following what seems very likely to prove an unsatisfactory experience in Manitoba and Saskatchewan. It is reported from Edmonton that money has been coming in so freely through the Alberta Provincial Savings Certificate system that there is not likely to be any further suggestion of adopt-

ing similar provincial banking schemes to Manitoba and Ontario. There is now an investment in the certificates referred to of nearly \$4,250,000. For the nine months this year the purchases totalled \$2,900,000 and withdrawals for the same period were \$2,400,000, some large amounts having been drawn out for reinvestment in bonds. Treasury officials take the view that they get this money with less machinery and over head expense than would be possible by operating savings banks.

Two years ago during a political campaign which put Hon. John Oliver back in the saddle for the second term as Premier of British Columbia, plans were outlined for the organization of a provincial banking system. However, the present situation is that what little official enthusiasm might have existed for the proposed system at that time has waned so much that it is not likely to be revived again. The opinion seems to be growing that private industry in British Columbia has languished more because of an appreciation of the investment possibilities rather than because of reluctance on the part of the banks and other financial establishments to finance enterprises designed to capitalize the country's resources. The Government is now making an effort to obtain more British capital for investment in hydro-electric and pulp enterprises. Also the favorable tariff treatment of Canadian lumber in the Fordney-McCumber schedule is expected to lead to an inflow of American capital in British Columbia and shingle manufacturing enterprises. The larger cities too are convinced that American tourist traffic is very profitable and direct advertising campaigns are conducted to attract sightseers into the province. These campaigns, it is declared, have justified themselves in actual results.

On the basis of the statement of affairs of the Manitoba Farm Loans Association for nine months ending August 31, bankers and business men conclude that the project is not working smoothly. A profit for the period, of \$40,000 as compared with \$43,000 for the previous year is shown and the balance sheet indicates a surplus of \$126,000, as the difference in interest on mortgages collected and outstanding and the interest paid together with administration expenses. But of the payments due approximately \$170,000 was in arrears August this year. This compares with \$114,000 which had been collected up to November, 1921, out of \$296,000 due in the annual period. In addition there

are arrears of \$23,000 from 1920 and a sum also from the year before that.

Altogether it is argued that the figures show that not half enough money, including both principal and interest, was collected in 1921 to pay the interest on the association's outstanding bonds and administration expenses. And this situation evidently continues to exist.

The second annual report of Manitoba's Provincial Savings Office seems likewise to ignore some important economic factors and business principles affecting its success. The deposits of \$4,384,000 are in the main held and used by the Government itself. But it is evident that \$3,200,000 shown to be held by the provincial treasury is actually the sum devoted to agrarian loans.

The Manitoba Government, acting through the board of trustees under the Provincial Savings Act solicits deposits by the public and lends such money to the Rural Credit Societies, but instead of the board of trustees getting the securities of the Rural Credit Societies, the Government, through the provincial treasurer, exchanges these securities for "short-date treasury bills" The Provincial Savings Act authorizes the board of trustees to use the money left by depositors "in making loans under the Rural Credits Act," or otherwise; deposits are guaranteed by the province. Bankers question its need if the system be sound.

MOLSONS ANNUAL REPORT

The contraction in business activities is reflected in the report of the Molsons Bank for the year ended September 30, 1922. The outstanding reduction is in current loans which have been cut down from \$47,477,515 to \$41,267,980, a decline of \$6,209,535. Another item that shows a decrease is savings deposits, down from \$48,491,558 to \$44,618,422, or a little less than \$4,000,000. Call loans show a decline of a little more than \$1,000,000. Government securities are reduced from \$6,360,440 to \$5,177,808; and municipal securities from \$3,949,000 to \$1,372,000. Assets as a result show a decrease of \$10,454,000, from \$81,911,000 to \$71,456,000.

The profits for the year have been well maintained showing only a small drop from \$752,000 to 682,000. This represents, before deductions for taxes, depreciation, pension fund, etc., a return of 17.05 per cent. on the capital stock as compared with 18.80 per

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 - - - - - 5,000,000.00

cent. in 1921 and 20.5 per cent. in 1920, the latter standing as the high mark in profits in the bank's history.

Profit and Loss Account

	1922	1921	1920
Net profits	\$682,104	\$ 752,389	\$ 322,718
Previous balance.....	187,355	518,092	275,435
Total	\$869,459	\$1,270,482	\$1,098,153
Less—			
Dividends	\$480,000	\$ 480,000	\$480,000
Government tax	75,000	55,000	70,000
Pension Fund	38,141	38,126	25,061
Charity Fund			5,000
Subscription	10,000	10,000	
To reserve		500,000	
Total deductions	\$603,141	\$1,083,126	\$580,061
P. & L. balance.....	\$266,318	\$ 187,355	\$518,092

BOOKLET ON SUCCESSION DUTIES

The Crown Trust Company, Montreal, has issued a very well-prepared booklet "Succession Duties in the Province of Quebec". A copy of this booklet may be had by anyone interested, upon request to the bank.

BANK OF TORONTO

The Bank of Toronto has declared a regular quarterly dividend of 3 per cent., payable December 1 to stock of record November 10.

OPENS VERA CRUZ OFFICE

The Bank of Montreal announces the opening of a branch at Vera Cruz, Mexico. The bank has been established in Mexico City since 1906. The New York agency of the bank is at 64 Wall street.

CANADIAN BANKERS RE-ELECT PRESIDENT

The annual meeting of the Canadian Bankers Association was held in Montreal on November 10, the president, Sir Frederick Williams-Taylor of the Bank of Mon-



SIR FREDERICK WILLIAMS-TAYLOR

Re-elected president Canadian Bankers Association

treal, presiding. Representatives of all Canadian banks were present. Sir Frederick Williams-Taylor was reelected president for the coming year.

CANADA'S PULP AND PAPER EXPORTS

The importance of the Canadian pulp and paper industry, and particularly the pulp and paper export trade is shown by the fact that for the year ended April, 1922, these exports had a total value of over \$180,000,000—a figure exceeded only by exports of wheat and agricultural products—according to an analysis of the trade by the Paper Division of the United States Department of Commerce.

The Canadian pulp and paper industry as of December 30, 1920, official figures, employed an invested capital of over \$347,000,000, of which slightly more than one-half was in the Province of Quebec. Production capacity was over 1,200,000 tons annually. In the first six months of 1922, Canadian mills produced over 516,000 tons of news-

print, as compared with 612,000 produced by the United States mills. Although 1921 and 1922 have been years of universal industrial depression, the Canadian newsprint output during the first six months of 1922 was 98.6 per cent. of mill capacity.

CANADA BANK RESOURCES

The Bank of Montreal statement as of the end of October shows total assets of \$718,569,566, of which \$417,819,498 was in liquid form. Of 124,388,190 in cash \$47,244,865 was in gold and silver coin. Deposits total \$605,617,749. Profits for the year were \$4,756,668.

The Imperial Bank of Canada's half yearly statement shows deposits at \$91,106,971; combined cash and quick assets \$53,520,449, and profits for the six months, \$638,003.

DOMINION PARK BANK

The Dominion Park Bank has declared a dividend for the year of 5 per cent. payable November 2 to stock of record November 1.

Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of The Bankers Magazine, published monthly at New York, N. Y., for October 1, 1922.

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., 253 Broadway, New York; editor, E. H. Youngman, 253 Broadway, New York; managing editor, E. H. Youngman, 253 Broadway, New York; business manager, J. R. Duffield, 253 Broadway, 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., 253 Broadway, New York; W. C. Warren, 253 Broadway, New York; W. H. Butt, 253 Broadway, New York; E. H. Youngman, 253 Broadway, New York; J. R. Duffield, 253 Broadway, New York; K. F. Warren, 253 Broadway, 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 29th day of September, 1922.

JOHN EDSON BRADY,
Notary Public.

My Commission expires March 30, 1924.

BOOK TALKS

Special Section of The Bankers Magazine

JULY 1922

PEOPLE do not think about the same subject very long nowadays. They think in looser terms. They read the newspapers more, which is in itself a good thing, but the reading of serious books is too much crowded out by it.—Benjamin M. A. Anderson, Jr.

The Education of a Banker*

By Benjamin M. A. Anderson, Jr., Ph.D.

I AM GOING to ask your indulgence if I talk very informally and perhaps ramble a little in what I have to say. I want to talk about the education of a banker, which means in very large part, the education of a man; because if there is any man who is called upon to be an all-round man, a citizen, a good-fellow, a man of the world, it is the banker. What I shall say will have special reference to education itself rather than to banking.

I want to make a sharp criticism first of all of one phase of modern education that is doing a great deal to spoil the human mind. I mean the insistence that education shall be tested in the practice of the week following the lesson, the insistence upon getting something immediately practical every time you go to the classroom, every time you read a book, every time you acquire a bit of knowledge.

We are accustomed to the proposition that a thing is all right in theory, but that it is practically wrong. This involves a fallacy in the very statement. If a thing is right in theory it will work out in practice. If it won't work out

in practice the theory is wrong, the theory is incomplete, the theory is badly worked out, or the theory is based upon an insufficient amount of information. Try it out in practice. If it won't work, revise the theory. If a theory is spun out of thin air and has no facts behind it, it is at fault both as theory and as the basis of practice. A theory that grows out of practice, checked against facts, revised in the light of these and other facts, a theory which finally becomes an expression of a great multitude of facts, is one of the most practically useful things that a man can have, because it is a shorthand that saves an immense amount of work. It embraces a multitude of facts. If you've got it, you've got the facts.

Detailed methods of banking shift frequently. New devices and new methods which make for greater economy and efficiency are constantly being devised. A text-book describing in detail the routine of a great city bank ten years ago might easily be very misleading today, but a good book on banking principles written forty years ago may easily be immensely illuminating today. The banker who has mastered principles is not confused by changing conditions. Indeed, he welcomes new conditions; they give him

an opportunity to show his mastery of banking, an opportunity to prove his mettle, an opportunity to solve interesting problems. I do not mean to question the need for accurate detailed knowledge of the job which one is doing. The banker must know the facts with which he works and must know them with accuracy and precision. But there are two ways of knowing facts: one may know them by sheer brute force of memory with tremendous exertion, or one may know them easily and adequately by seeing them hang together as the illustrations of a body of principles. The man who knows principles gathers facts easily because facts have meaning for him. He chooses the facts which are significant and he refrains from burdening his memory with facts which have no meaning and are of no use. Except in the light of principle there is no way of telling which facts are worth while and which are not.

Principles are labor-saving devices. The busy banker, for whom study is, in any case, a difficult matter accomplished at odd hours and spare moments in the midst of heavy pressure, is the last man on earth who can afford to dispense with that greatest of all labor-saving devices—clear, theoretical, logical reasoning.

We used to have a great deal more theoretical thinking and logical reasoning on the part of the great masses of men than we have today. I can recall when I was a boy that the farmers in the Blue Grass country, where I grew up, would reason pretty logically about two main topics of thought. One was constitutional law and the other was theology. They

(Continued on page 5)

*Delivered before the Chase Bank Club, reprinted from *The Chase*.

BOOK TALKS

EVELYN M. WINANS, Editor
Monthly Book Section

THE BANKERS MAGAZINE
71-73 Murray St., New York

JULY 1922

AT THIS time of year the publishing houses are suggesting the titles of books that they believe are just the thing for you to take along on your vacation for light reading. Although we know from the start that it is going against precedent to suggest that you include heavier reading, we are doing it very deliberately. For after all we feel that it is easier to apply yourself to a study when you have more leisure than it is to do so after a day's work in the office.

Last year we laid out a course of reading for ourself when away on a vacation, and though the books did not happen to be business books, nevertheless they were ones that are not taken up lightly to read. To be enjoyed fully they had to be read carefully and thoughtfully.

We sat on the grass under the trees to read, and spent a goodly portion of the vacation in becoming acquainted more thoroughly with certain authors whom we had neglected heretofore. We really enjoyed the vacation more than any other and returned to the city feeling that a pleasant task had been accomplished, but a complete rest enjoyed withal.

Incidentally there was a gain of more than two weeks for we learned what we had been missing and during the ensuing year followed out the course of reading begun so advantageously on a two weeks' vacation.



IF YOU have meant to take up a course of business reading in any particular study, you will find that it is much easier to begin during your vacation than you had at first thought. Summer evenings are long and restful. You don't want to let your brain atrophy entirely just because it is a little warm. Provided you turn your thoughts away from your ordinary daily task, business reading is not going to make your vacation or summer one whit less restful. If you are aiming for something better in life, don't lie down on the job during these months, but adapt your spirit to the weather.



THE ANNOUNCEMENT that a bank library has been created in the Cleveland National Bank Savings and Trust Company appeared in "The Window", the house organ of the bank. In order to organize the library along the best lines the librarian visited the Cleveland Federal Reserve Bank which has the reputation of maintaining one of the best banking libraries in the country. The library is not to be a "fiction reservoir", according to the item, nor is it to be com-

prised entirely of technical, ponderous material. Both kinds are to be found there; but, for the most part the material available treats upon banking, current events, commerce and trade.

In the memorandum sent out by the president concerning the establishing of the new department he says:

A library has long been needed by the bank, and naturally will quickly develop into a very important cog in the wheel of our organization—especially, if its facilities are used extensively by all of our employees.

All books and publications which are now coming to the bank will be gathered together by the librarian, properly catalogued, and kept always available for immediate use. It will also be the duty of the librarian to go over, as completely as possible, all of this material with the idea of calling the attention of the officers and employees to the news particularly relative to their work.

There will gradually be built a reference library on all banking subjects, and it is our wish that all employees feel free to use the library and to consult with the librarian as to their plan of reading and study on banking subjects.



MEN DIFFER in power and achievement, not so much because of an absolute difference in mental capacity, but because the man who achieves success uses his capacities and the man who fails does not.—*Joseph Irwin France.*



THE BEGINNING of knowledge is the appreciation of our ignorance, and the man who thinks he is always right is hopeless as a student.

The Education of a Banker

(Continued from page 1)

used to dispute with great subtlety and refinement of logic about such questions as these: Is infant baptism ordained of God? Is baptism for the remission of sins? Is baptism by sprinkling or pouring Scriptural baptism or is immersion necessary? Is the doctrine of original sin justified by Scripture? These farmers debated the question, as did Webster and Calhoun, whether the States did, or did not have, a right to secede. In the four corners of the Constitution, which they knew by the way, they could find their reasons. They read the Bible, and they knew the Bible; and they read the Constitution, and they knew the Constitution—two excellent documents very little known to the modern world, unfortunately. Now that type of reasoning has gone out of fashion, and the sources of authority, the clergyman, the lawyer, the member of Congress, or the public man, who used to discuss these questions, have lost their authority very largely in the modern world. Instead of a definite orderly body of thought, and definite centers of authority in question that the people were interested in and talking about, we have now a great mass of loose ideas floating about and shifting constantly. People do not think about the same subject very long nowadays. They think in looser terms. They read the newspapers more, which is in itself a good thing, but the reading of serious books is too much crowded out by it.

With the disappearance of the old type of logical thinking based on documentary authority, with the multiplication of subjects for the public to think about, with the rapid crowding of one event upon the heels of another, which the daily newspaper, the telegraph, and the cable have brought, and, above all, with the coming of the

BANKING AUTHORS



T. D. MacGREGOR

Vice-president Edwin Bird Wilson, Inc., New York

MR. MacGREGOR was graduated from Syracuse University in 1902. For several years he was a newspaper reporter and editor before entering the field of advertising. His first bank advertising was done for the National Bank of Commerce in St. Louis in 1907. He later joined the staff of THE BANKERS MAGAZINE. For the past few years he has written a monthly article on bank advertising for "The Burroughs Clearing House," which goes to every bank and trust company in the United States and Canada. For nearly five years he has been vice-president of Edwin Bird Wilson, Inc., advertising agency, specializing in financial publicity, and in this and previous agency connections he has served hundreds of banks and trust companies, large and small, in their advertising. He has written advertising not only for many country banks, but also for such leading institutions as the Guaranty Trust Company and the Bankers Trust Company of New York and the Continental and Commercial Banks of Chicago.

Mr. MacGregor's previous books are: "Pushing Your Business," "2000 Points for Financial Advertising," "Bank Advertising Plans," "The Book of Thrift," "The New Business Department," "Bank Advertising Experience." The first three mentioned are now out of print, but the most valuable material in them is to be found in revised form in his new book, "MacGregor's Book of Bank Advertising."

BANK ADVERTISERS, ATTENTION !

At last a complete, well rounded book on financial advertising has been written and published. Bankers have long looked for such a work and most of them have been morally certain that when it did appear the name of T. D. MacGregor would be on the title page as author. Consequently the announcement of

MacGREGOR'S BOOK OF BANK ADVERTISING

was received with interest by the entire banking fraternity.

THIS 400-page book is really a cyclopedia of bank and trust company advertising, although not arranged in that form. It is thoroughly illustrated and is in part a revision and re-arrangement of material from several of the author's previous books, but also contains a wealth of new material, the result of Mr. MacGregor's ever-widening experience and observation in this field. It contains thousands of paragraphs which can be used as actual material for building banking, trust, investment and safe deposit advertising.

THE chapter titles of "MacGregor's Book of Bank Advertising" are: Copy and Typography; Advertising Mediums; Advertising Commercial Banking; Services; Savings Account Advertising; Trust Advertising; Safe Deposit Advertising; Bank Emblems; Investment, Real Estate, and Insurance Advertising; Building Bank Business by Letters; Miscellaneous Bank Advertising Ideas.

BANKERS PUBLISHING CO.

P. O. Box 557, City Hall Station, New York

I enclose \$5.00 for a copy of "MacGregor's Book of Bank Advertising." It is understood that if this book is not satisfactory I may return it within 10 days and you will refund the money.

Name

Bank

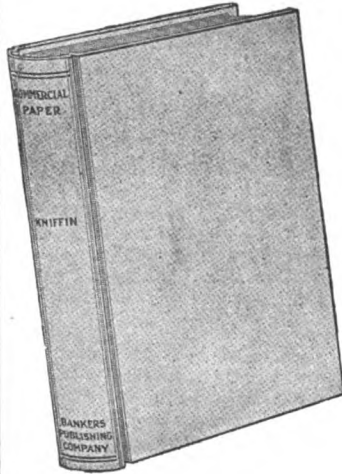
Town

THE BANKERS MAGAZINE—BOOK TALKS

moving picture, which brings before the mind a series of rapidly shifting images, but leaves little time for reflection upon any of them, American public opinion has become much more formless, inchoate, and un-dependable than it used to be in the days when men had firm, clear, and lasting convictions upon a few fairly simple topics of thought.

Public opinion today is rather strikingly illustrated by a story I got from a friend who had been down in Arkansas. He was going through the hickory woods when he saw a lot of hogs rushing back and forth, in one direction and another, following one leader and then another, never getting anywhere, hollow-eyed and gaunt. He watched them a while and then passed on farther and came to a clearing. In the midst of the clearing standing by a solitary hickory tree he saw a man whom he supposed to be the owner of the hogs. He called out, but the man did not answer. He went up to him and asked him what was the matter with the hogs. The man whispered: "You see, I've lost my voice. I used to call those hogs at feeding time, but after I lost my voice I used to beat on this tree with a stick. They would come at feeding time. This worked all right till spring came, but then the woods got full of woodpeckers, and those hogs have gone crazy."

We have something of that same sort of thing in the modern world. Old authorities are gone, and where is the authority that can take their place? The old methods of reasoning are gone. The old sources are gone—we do not look to the Bible, or to the Constitution, to solve the present-day social and economic problems. We do not feel that texts written so long ago have very definite bearing on the question of whether we should pay a soldiers' bonus, or whether we should cancel the inter-allied debt, or whether we



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Seventy pages of actual financial statements, some favorable, some unfavorable, with complete analyses printed on facing pages, explaining in detail why it is safe or unsafe to invest in the paper.

Illustrations of forms, including trade acceptances, letters of credit and advice, trust receipts (various forms), bailee receipts, etc.

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- | | | |
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| <p>MacGregor's Book
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Department
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and you will refund the money.

Name..... Bank.....
Town.....

THE BANKERS MAGAZINE—BOOK TALKS

should have a tariff, or whether we are going to have good business in the next six months. Interests have shifted. In place of the old authority and the old type of thinking, that have gone, we must build up a new authority and a new and more effective type of thinking.

I propose the banker as one of the most important leaders of public opinion in the coming decades. And I propose that the banker shall train himself as very many bankers now are training themselves every day. The coming banker should be prepared better than the existing banker, particularly in the matter of public questions affecting business and affecting the economic legislation of the country. It means that he has got to theorize. He must know his economics. He must be able to analyze cause and effect.

The banker is a man of high public purpose. He is a man of much wider vision by virtue of his training and by virtue of his activities than almost any other business man can be, because he deals with many businesses. He does not know as much about any particular business as the man in that line, but he knows the general principles growing out of his contacts with many businesses. He is less selfish, as banker, than any particular business man, as business man, because he can prosper only when business in general is prospering. His interests are as broad as the interests of all his customers. But he must look beyond that. He must be big enough to subordinate the interests of his institution to the welfare of the country, that is to say, he must be a citizen first and a banker second if he is going to have a great position of authority in the making of public opinion. I am glad to be able to assert confidently that as my acquaintance with bankers grows I am finding an ever increasing number of bankers who are citizens first. I know of no pro-

fession which stands higher in its ideals of public service and public responsibility.



Books Received

INTRODUCTION TO ECONOMIC STATISTICS. By George Reginald Davies. Price delivered, \$1.75.

PRACTICAL EXPORTING; a handbook for manufacturers and merchants. By Benjamin Olney Hough. Price delivered, \$5.15.

THE HISTORY OF BUSINESS DEPRESSIONS. By Otto C. Lichtner. Price delivered, \$4.15. Partial contents: Vicissitudes of ancient commerce; Depressions in modern Europe: from the end of the Mediaeval period to the 19th century; Crises, panics and depressions defined; Our relations to foreign depressions; The labor question in depressions; Why cotton is a better barometer than pig iron; Profiteering.

INDUSTRIAL AND COMMERCIAL SOUTH AMERICA. By Annie Smith Peck. Price delivered, \$5.15. Information concerning every state of each country of the southern continent—their cities and ports and transportation systems; physical characteristics and natural resources; their products and possibilities, agricultural, mineral, stock-raising and forestry.

IS EUROPE PROSPEROUS? By Sir Henry Penson. Price delivered, \$1.40. The author sums up his impressions thus: "Germany has all the outward appearances of prosperity, but this prosperity has very little solid foundation."

EUROPE OF TODAY. By J. F. Unstead. Price delivered, \$2.15.

PROGRESSIVE PROBLEMS IN BOOK-KEEPING AND ACCOUNTANCY. By William R. Hayward and Isaac Price. Price delivered, \$95.

OUTLINES OF PUBLIC FINANCE.

By Merlin Harold Hunter. Price delivered, \$3.15.

THE ACCOUNTANT'S DICTIONARY. By Francis W. Pixley. Price delivered, \$17.65.

MONEY. By D. H. Robertson. Price delivered, \$1.40. Intended to convey some conception of the general principles of thought which economists apply to economic problems; The merits and drawbacks of money; bank money and the price-level; the war and the price-level; the foreign exchanges; monetary policy.

HISTORY OF ECONOMIC THOUGHT. By Lewis Henry Haney. Price delivered, \$3.65.

SUPPLY AND DEMAND. By Hubert D. Henderson. Price delivered, \$1.65. Partial contents; The economic world; utility and the margin of consumption; cost and the margin of production; risk-bearing and enterprise; capital; labor; the real costs of production.

BUSINESS TRUST AGREEMENTS AND DECLARATIONS OF TRUST. By Wilber Andrews McCoy. Price delivered, \$10.15.

AMERICAN COMMERCIAL CREDITS. By Wilbert Ward. Price delivered, \$2.65.

MONETARY RECONSTRUCTION. By Carl Strover. Price delivered, \$1.65. Practicability of sound paper money without any metallic base, and without any promise of redemption; stability of average purchasing power, with reference to commodities, the most necessary quality of sound money; comparison of monetary standards and systems; advantages of the proposed system.



EVERY MAN starting out in business will have to go over a hard road and find out its turnings for himself. But he need not go over his road in the dark if he can take with him the light of other men's experience.—Exchange.

What others say about this book

*St. Louis
Globe-
Democrat*

FOR a treatise on a technical subject handled in an interesting and understandable way, the students of commerce and finance owe thanks to Thomas J. Kavanaugh, vice-president of the Mississippi Valley Trust Company whose book, **Bank Credit Methods and Practice**, is a valuable addition to the published works dealing with the fundamental essentials of banking. To the man whose knowledge of bank credit systems is rather hazy, to the university student or to the banker who has felt the need of a concise reference book as an aid to the organization of his own credit department, this lucid exposition should be of especial interest.

The credit department of a bank, as construed in **Bank Credit Methods and Practice**, is the most important consideration before the banker, because it regulates the interchange between the bank and its customers. Wise regulation of loan extensions for the sake of the commercial borrower and the bank itself must be attained. The complex questions which enter into the relations existing between financial institutions and all business make up the points of study for the book. In addition, several chapters are devoted to a discussion of foreign credit, an analysis of the Federal Reserve System and model tables for use in solving specific problems which confront the credit department.

As a general introduction the author explains the theory of credit. He then proceeds to outline the three important considerations by which the banker gauges his customer as a credit risk. It is the duty of the bank credit man to analyze each prospective borrower from three angles of character, capacity and capital. Each branch of the credit risk is reactive on the other, and to a great extent they are coordinate, Kavanaugh points out. In the determination of these essential elements the author advises a personal study of each individual case and leniency just so far as the limit of safety allows.

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P. O. Box 557, City Hall Station, New York

I enclose \$2.50 for a copy of "Bank Credit Methods and Practice" by Thomas J. Kavanaugh. It is understood that if this book is not satisfactory I may return it within 10 days and you will refund the money.

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BOOK TALKS

Special Section of The Bankers Magazine

SEPTEMBER 1922

The Bank Clerk of the Future*

By Walter L. Dunham

Vice-president Dime Savings Bank, Detroit

I HAVE been asked to write an article on the Bank Clerk of the Future. It would seem to be more appropriate and pleasing to write on "The Future of the Bank Clerk". The two phases of this subject, however, are so closely connected that the consideration of the one involves the consideration of the other.

There are certain qualifications, general in character, that go to make up the ideal bank clerk, and at the same time contribute largely to the success and rapidity with which a bank clerk becomes an officer. Named somewhat in the order of their importance, these I regard to be: Honesty, ability, personality and appearance.

Honesty involves more than the faithful accounting of whatever funds may be intrusted to the custody of a clerk. It involves moral and legal honesty. Moral honesty might be judged by the rectitude of a person's conduct while outside the range of influence created by the person under whose direction he is working. It goes deep down into the consciousness of an individual and is a measure of his loyalty to the institution that employs him. Its volume may be judged by words or deeds concerning his institution performed or uttered in moments of relaxation. It has to do with that inner consciousness which directs the very actions of a person when he is speaking. It must be clear to most people that when they wish to arrive at precisely the

state of a person's honesty they are influenced a great deal more by the manner in which a thing is said than by the words themselves. You have heard men say "Good morning," with actions that would be more suitable if the words were a positive insult, so that we might summarize moral honesty as dealing with motives and not with words, which is another way of saying that the bank clerk of the future who has "a future" must carry with him into the employ of an institution the motives of loyal support as a prerequisite of advancement.

Legal honesty might be considered a necessity in the sense that good eyesight or hearing is a requisite, and I am happy to say that my experience has been that bank clerks enter the em-

ploy of an institution with a high sense of legal honesty and a firm resolve to progress in that institution with the employment of every legitimate means, and with a knowledge that a strict accounting to the employer is the only pathway by which they can go forward, serving faithfully the institution that employs them with a proper regard for the distribution of work, play and rest.

Ability is a large subject and one closely connected and associated with the activities of the A. I. B. No institution was ever founded with a higher conception of what training will do to advance the ability of a bank clerk, and no bank clerk can afford to overlook the possibilities contained in the training that is freely offered by the A. I. B.

It would no doubt surprise many a bank clerk to know what a little difference exists in the ability alone between a bank

(Continued on page 4)

GIVE me work to do,
Give me health.
Give me joy in simple things.
Give me an eye for beauty.
A tongue for truth,
A heart that loves,
A mind that reasons,
A sympathy that understands.
Give me neither malice nor envy
But a true kindness
And a noble common sense.
At the close of each day
Give me a book
And a friend with whom
I can be silent.

—Scottie McKenzie Frasier.

*Reprinted from the bulletin of the Detroit Chapter A. I. B.

BOOK TALKS

EVELYN M. WINANS, Editor

Monthly Book Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

SEPTEMBER 1922

IN a recent issue of the *Hibernia Rabbit*, the house organ of the Hibernia Bank and Trust Company, E. F. LeBreton, manager of the Decatur street branch of the bank, outlined a plan that the bank is inaugurating for the business education of its employees.

As an introduction to the plan, which is given here, Mr. LeBreton speaks of the need of education in business and its growing recognition by banks and other organizations. He says: "Each employee is a potential salesman of the bank's service, but he cannot be an efficient salesman of this service unless he is thoroughly informed about the various facilities of banks generally".

The subject of business education of employees, within their own organizations, is everywhere receiving more and more attention. The banks are no exceptions and the Hibernia Bank is giving serious thought and attention to this subject.

The realization is being felt more and more in these days of active competition that the personnel of the bank must be educated to the fullest extent in the business of banking and trained to the last degree of efficiency, if this competition is to be successfully met and the bank enjoy the progress it should.

As a bank has only service to sell and it is realized that now is a buyers' market, the

necessity of having the most efficient organization, capable of giving the very best service, becomes exceedingly clear. It is quite evident that to render this character of service it is not sufficient that each employee know his own work and department thoroughly; that he be in fact, letter perfect, let us say; but it is imperative that he be well informed about the duties of his fellow employees and the service offered by the other departments. Particularly, this is true in a large bank, such as the Hibernia which has sixteen separate departments, each functioning separately, but also co-ordinating as a whole, to give the proper kind of banking service.

Each employee is a potential salesman of the bank's service, but he cannot be an efficient salesman of this service unless he is thoroughly informed about the various facilities the bank offers as well as the functions of banks generally. Not only should employees be salesmen of their bank's service, but a thorough understanding of the economic functions of a bank will go a long way to combat the antagonism of some of the public who look upon banks as capitalistic organizations which in some unknown way are dangerous oppressors of the public.

With these views in mind, the management decided to inaugurate a program of education within our own bank. The writer wants to make it definitely clear at this point, that our program of education is not intended to supplant the American Institute of Banking as an educational factor. For we have always and will continue to urge and assist our employees to take the A. I. B. classes. The plan is designed to supplement the work of the A. I. B., and to accomplish two definite objects within our own organization; first—to drill each employee in his own job with a

view of making him as letter perfect as possible; second—to so familiarize each employee with the duties and functions of other departments that he can intelligently understand what these functions and duties are. This, it was felt, we could accomplish better by studying our own bank and our own methods, systems and records. A committee on education was appointed to work out a schedule and the following program in two parts was submitted and put in operation:

1 (a) That during the month of May, each department head drill the employees in his department in their individual duties.

(b) Each employee at the end of the month of instructions, to write a paper outlining in detail his duties and the relationship of his work to the rest of his department. These papers to be read by the committee with a view of compiling into a permanent form the duties of each employee in our bank. Enrollment for this part of the program is compulsory to every employee.

2 (a) Each officer in charge of a department to write a paper, outlining the work of his department, which is to be used as a basis in lecturing to the other departments.

(b) The sixteen departments were divided into three groups, according to the best available time for them to attend the lectures. A system of rotation was adopted by which each week, an officer in charge of a department will lecture to each group on the work of his department; in this way each of the groups will receive a lecture on the sixteen departments.

(c) At the end of the Inter-department lectures, the executive officers will deliver a series of four lectures on the principles and theory of banking, and the economic functions of banks. Enrollment in this second part optional.

THE BANKERS MAGAZINE—BOOK TALKS

This program has been in force several weeks. Many department classes have been held and much enthusiasm shown by the employees. It is our sincere belief that this campaign will be productive of much good and go a long way to render our employees more efficient and to give better and more satisfactory service to the public. A complete report will appear in the next *Rabbit*, after the courses have concluded.



"Business Letter Practice"

ISAAC PITMAN and Sons announce "Business Letter Practice," a new book on business letter writing by John B. Opdycke, author of "The English of Commerce" and many other texts on English and business subjects. The book is of particular interest to all who are in any way brought into touch with the business letter, and it will be found especially valuable by those who have to teach, compose, or dictate commercial communications of any kind. Among other distinguishing features of the book are: Upwards of four hundred illustrative letters; the treatment of all business letter writing strictly from the sales angle; a business letter lexicon of approximately one thousand words; a collection of interesting periodical articles on business letter writing; and an introductory symposium on the business letter by four notable captains of American enterprise. The book is comprehensive, and summarizes in readable manner the achievements of the better letter movement to date.



THE FIRST step in acquiring wealth is the consciousness of poverty, and that is why poor boys are so much more apt to be money makers than the sons of the wealthy.

BANKING AUTHORS



RUSSE L. F. PRUDDEN

MR. PRUDDEN was born in Lockport, N. Y., and obtained his preliminary banking experience in the Niagara County National Bank of that city. In 1916 he was graduated from the Wharton School of Finance and Commerce of the University of Pennsylvania, with the degree of Bachelor of Science in Economics. He then became connected with the National City Company as a correspondent, in their Philadelphia office. Shortly after the United States entered the war, Mr. Prudden joined the Naval Reserve Force and later received the rank of Ensign. Upon release from active duty in the summer of 1919 he joined the credit department of the Chemical National Bank of New York where he remained until recently when the sudden death of his father necessitated his retiring from banking temporarily.

Mr. Prudden is the author of a number of banking articles which have appeared in several of the financial magazines as well as in *THE BANKERS MAGAZINE*. His book "The Bank Credit Investigator" which will be published shortly, will be the first to appear devoted exclusively to the work and training of this important group in the banking field.

The Key to the Whole Financial Situation

THE ELEMENTS OF FOREIGN EXCHANGE

This book covers its subject in such a way that a man who knows little or nothing about it could pick up the book and within a few hours get a clear understanding of the causes which affect the movement of foreign exchange, its influence upon the money and security markets, etc.

Will give a clear idea of how foreign exchange works, without going too deeply into the subject and without dealing in technicalities.—*New York Evening Post.*

Especially adapted to the general reader desirous of securing a grasp of the essentials of a much misunderstood subject.—*Boston Transcript.*

The Bank Clerk of the Future

(Continued from page 1)

clerk and a bank officer. We are all by nature equipped to do the fundamental things in a manner that will carry us well on to success, so the development of our equipment is a thing that will determine our ultimate goal.

Every bank clerk is a potential bank president with practically all of the requirements for such an office. Most of those failing to attain success can by minute self-analysis practically arrive at the point where in their efforts to succeed they have digressed from the main issue and through some quality that has not been developed fostered the wrong standards that have been a bar to their progress. So that the training of natural ability that we may instantly discern the good and discard the evil is the ideal foundation upon which to build a bank career.

Third—personality: On first thought it would appear as if personality were a gift of the gods and not to be acquired. This is only true to a limited degree, some people possessing a pleasing personality without any effort, and the pleasing personality of other people representing the accumulated efforts of a great deal of tedious and patient work. The two enemies of personality might be given as intolerance and antagonism. We must all recognize the inherent rights of others, within reasonable limits, to do and say the things that to them appear sensible. In other words, be tolerant of their views, be tolerant of their actions, and be tolerant of their conclusions. Intolerance in one form or another has started the fire of every war in the history of this world. From the religious intolerance of the early days to the commercial intolerance of modern times. It goes hand in hand with antagonism and must

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I enclose \$1.60 for a copy of "The Elements of Foreign Exchange" by Franklin Escher. It is understood that if this book is not satisfactory I may return it within 10 days and you will refund the money.

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THE BANKERS MAGAZINE—BOOK TALKS

be minimized in the influence it exerts in the life of an individual. It lies within the power of every person to develop the qualities that will stifle intolerance and antagonism to such a point that they may be made notable to their friends and have the kindly, generous and friendly atmosphere of personality that would not only render their individual duties a pleasure, but will establish them in a high place in the affection of their acquaintances.

Fourth — appearance: Appearance is a matter so personal that it is difficult to establish rules that apply equally to any number of people. While it may be easy for the person of means to give a pleasing appearance in his dress, it is possible for a person of very limited means to so dress that their clothes will claim for themselves no special attention, and this, after all, is the ultimate aim of all well-dressed persons.

In conclusion, in my opinion, we should all be reminded that we shall be judged not only by the company that we keep, but the company that keeps us, so that the pursuit of a successful career in the banking business should be founded on the honest pursuit of unwavering devotion to the institution by which we are employed, and a full and complete development of the attributes that we possess, minimizing those that in no way contribute to our success, and enlarging upon those that are stepping stones to further progress.

I would also like to emphasize again the feeling that, as a class, bank clerks do not exist. They are merely in that position as a training to higher responsibilities, and the opportunity to grasp those higher responsibilities rests entirely with the man or woman who may be for the time being employed as a bank clerk.



BANK LETTERS

By W. R. Morehouse
and
F. A. Stearns

100
Specimen
Letters

Price \$10.00

Letters which will bring new business—will cause your depositors to increase their balances—will reopen dead accounts and encourage despondent savings depositors—will soothe an angry customer—will win you the friendship of banks in other cities—letters to fit many situations in your business life, written by an expert, after hours of careful thought and planning, and based on many years' experience. The actual equivalent of results achieved when you employ a correspondence expert at five thousand a year.

BANKERS PUBLISHING CO., P. O. Box 557, City Hall Station, New York.

I enclose \$10.00 for a copy of "Bank Letters". It is understood that if this book is not satisfactory I may return it within 10 days and you will refund the money.

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*The first book to appear, exclusively
devoted to the Paying Teller's and
Related Departments*

THE Paying Teller's Department

By **Glenn G. Munn**

Lecturer at the American Institute of Banking; formerly in charge of
educational work, Chase National Bank of New York

IN this book the organization, functionings, routine, forms, methods and processes of the paying teller's department, with their interrelations, are set forth. Not only are the functions explained, and the technique described, but also the transactions out of which conditions arise, which, if not understood and interpreted by the paying teller in accordance with banking law and custom, might involve the bank in a loss.

A PARTIAL listing of the table of contents: Organization of the department, cash reserves and requirements, unit paying-receiving system, principles of cashing checks, legal and illegal irregularities of checks, certifications, stop-payments, alterations, forgeries, sources of money supply, currency shipments, money-counting, devices for protection, etc. One of the most useful features of the volume is a complete analysis of the various kinds of United States money, with charts exhibiting the denomination, denominational portrait, legal tender, redemption qualities and security of each. An exposition of the technique of counterfeiting and raising bills, together with the principles by which counterfeits and raised bills are detected, will be valuable to clerks charged with the counting and inspection of money.

THE book will prove useful as a handy manual of reference to bank officers, paying tellers, assistants and money clerks, who wish to clarify, crystallize and "check" their knowledge of their work. To the assistant tellers and other clerks who some day hope to become paying tellers, it will be well-nigh indispensable. It should also prove useful to the business man or layman who daily draws, accepts, deposits or cashes various credit instruments with little real understanding of what responsibilities continue, or what protection he has, after he affixes his signature, as maker, acceptor or indorser. In this connection court decisions are cited.

BANKERS PUBLISHING CO.

P. O. Box 557, City Hall Station, New York

I enclose \$1.25 for a copy of "The Paying Teller's Department" by Glenn G. Munn. It is understood that if this book is not satisfactory I may return it within 10 days and you will refund the money.

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THE BANKERS MAGAZINE—BOOK TALKS

Books That May Interest You

IN A LETTER written to the *Publishers Weekly* a man who was confined at home for many weeks because of an accident told of having been asked by a friend what he was reading. As the writer believed that others might be interested in his list of books, he gave it, and we are reprinting it here.

Tastes vary, and the reader may not have chosen some of those listed, but it is interesting to know what others like. If you are led to read any of the books with which you may not be acquainted, they may stand a chance of becoming your favorites, too.

Incidentally, the writer said that the newspaper got very short shift—five minutes each day.

The list is:

Shakespeare, "Hamlet"; Marco Polo, "Travels"; Dean Hole, "Life and Letters"; Harold Spender, "Life of Lloyd George"; John Ruskin, "Praeterita," 3 volumes; W. J. Locke, "Morals of Marcus Ordeyne"; Pliny, "Letters"; Alexander Irvine, "God and Tommy Atkins"; Livy, "History of Rome"; Augustine Birrell, "Obiter Dicta," 2 volumes; Tom Moore, "Poems Written in Bermuda," "Life of Wedgwood the Potter"; Sir Walter Scott, "Quentin Durward"; L. P. Jacks, "Essays"; Roberts, "Noblesse Oblige"; Saint Francis of Assisi, "Hymn to the Sun"; Anatole France, "The Red Lily"; Henri Murger, "Bohemians of the Latin Quarter"; Kingslake, "Eothen"; St. Augustine, "City of God"; Suetonius, "Lives of the Caesars."

And if that list did not appeal to you, here is another which Upton Sinclair in "The Book of Life" has chosen as thirty-two books which we should all read before we die:

Mark Twain, "A Connecticut Yankee in King Arthur's Court"; Charles D. Stewart, "The Fugitive Blacksmith"; W.

Clark Russell, "The Wreck of the Grosvenor"; R. L. Stevenson, "Treasure Island, Kidnapped"; Jack London, "The Sea Wolf," "The Call of the Wild," "Martin Eden"; Joseph Conrad, "Youth"; H. G. Wells, "The War of the Worlds," "When the Sleeper Wakes," "The Sea Lady," "The Adventures of Mr. Polly," "The Food of the Gods," "The Island of Dr. Moreau"; Upton Sinclair, "The Jungle," "King Coal," "Jimmie Higgins," "100 Per Cent."; Theodore Dreiser, "Sister Carrie"; George Moore, "Esther Waters"; "Frank Norris, "The Octopus"; Brand Whitlock, "The Turn of the Balance"; De Foe, "Robinson Crusoe"; Fielding, "Tom Jones," "Jonathan Wild the Great"; Thackeray, "The Adventures of Barry Lyndon"; Marmaduke Pickethall, "The Adventures of Hadji Baba"; Blasco Ibanez, "The Fruit of the Vine"; Frank Harris, "Montes the Matador"; Fredrik van Eeden, "The Quest"; Tolstoy, "Resurrection."

How Can I Keep My Job ?

THIS IS a momentous personal problem for every one of us—how can I keep up with my job?

In my opinion, the happiest people are those who just fit their jobs, and the most successful people are those who are bigger than their jobs.

But the undeniable fact is that the great mass of us are smaller than our jobs.

How can we tell whether we are or not?

Well, we can do so by applying to ourselves a few test questions, such as these:—

Am I improving my methods of work?

Am I active or passive? Am I finding better ways or am I in a rut?

Am I learning from lectures, magazines, or books?

No matter how large your job is, there are books that can teach you how to do it better. And as long as you live you must continue to be a student.

There is no job too small to be improved. And there is no job but what the worker may be smaller still.

Every worker who does his job carelessly, wastefully, destructively, is smaller than his job.

Do I regard my job as a task, or as an opportunity?

Am I constantly trying to do a little bit less or a little bit more?

This is a great test question, that applies to every person alike. It measures your character as well as your ability. It comes very near to telling exactly what sort of person you are.—*The Teller*.

Books Received

BOOKKEEPING AND BUSINESS MANAGEMENT. By Ferdinand William Risque. Price delivered, \$2.65.

THIRTY PRACTICAL LESSONS IN ADVERTISING AND SELLING. By Guy Richard Hubbard. Price delivered, \$1.15.

THE BUSINESS MAN'S GUIDE TO ADVERTISING. By A. E. Bull. Price delivered, \$.85.

SPECULATION. By Thomas T. Hoynes. Price delivered, \$2.65. Its sound principles and rules for its practice.

LUNDBERG'S PERPETUAL ACCRUED INTEREST CALENDAR. By Alfred J. Lundberg. Price delivered, \$7.65. A daily calendar for finding, without computation, the accrued interest on Liberty bonds, in denominations of \$50, \$100, \$500, and \$1000; \$1000 bonds paying interest semi-annually, quarterly or annually, on any day of the month; interest computed on the basis of 360 days to the year.

BANKING
Questions 403-413

Q. 403. Has any individual a right to engage in the banking business?

A. 403. In the absence of any statutory provision, the business of banking is open to all individuals.

State Bk. v. San Francisco, 143 Cal. 276.

Q. 404. Has a corporation the right to engage in the banking business?

A. 404. A corporation cannot engage in the banking business unless the power to do so is granted in its charter or in the statute under which it is incorporated.

McCarter v. Imperial Trustee Co., 72 N. J. L. 42.

Q. 405. Has the legislature the power to regulate and control the business of banking?

A. 405. Because of the nature of the business of banking, and its relation to the fiscal affairs of the people, the legislature may under the

Bankers Guide Book

By W. R. MOREHOUSE

A Handy Volume
with Flexible Cover

Price \$3.00

THE book is just what its name implies—a banker's guide book—containing 1190 questions and answers carefully classified and indexed, of which 999 pertain to practical banking problems which are apt to arise any day in your work. The other 191 questions and answers deal with bank business building methods and service.

It is a valuable reference book for every banker. Especially adapted for educational work among employees, and a special price is given when ordered in quantity.

John E. Brady, editor of *Banking Law Journal*, collaborated with Mr. Morehouse in the preparation of the book. As can be seen in the above reproduction, legal citations to leading court cases accompany the answers.

BANKERS PUBLISHING CO., 71 Murray St., New York

I enclose \$3.00 for a copy of the "Bankers Guide Book" by Morehouse. It is understood that if this book is not satisfactory I may return it within 10 days and you will refund the money.

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BOOK TALKS

Special Section of The Bankers Magazine

OCTOBER 1922

"THERE'S only one thing that'll mix
with business an' that's printer's ink"

—Abe Martin

Business Books for Profit and Pleasure

THE AMERICAN Library Association has published a twelve-page booklet which was compiled by Miss Ethel Cleland of the business branch of the Indianapolis Public Library. The introduction is so readable that we are reprinting it in full for the benefit of those who may not have had a chance to see the booklet.

READING FOR PROFIT AND PLEASURE

This list of books is not at all comprehensive of even the choicest in the field of business literature. It is, rather, a suggestive list, to whet the appetite for more—a sample package of some of the best lines. In its compilation particularly there have been avoided,—text books, out of date books, books too new to have had their value proved, books overfull of unbaked theories, purely technical books, too highly specialized books and, above all, books that are not read and liked. It is, in fact, a list of books on general business and on processes common to most forms of business that have been found to be popular, and deservedly so, among business men who read.

Read the books in this little list—and others like them—for profit. That's all right. The more profits in business, the better.

But read them also for pleasure—the pleasure of seeing how the other fellow tackles the problem he shares with you.

Read them for inspiration—

business literature is a vast experience meeting. Hear some one tell how he managed to turn the tide the way he wanted it to go.

Read them for understanding—whoever helps you understand your fellow men—or yourself for that matter—better, ought to be your friend for life.

Read them for efficiency—your own and that of those working for you. Let the psychology professor and the expert accountant and the statistics field show you their bags of tricks. Ideas in books aren't copyrighted, you know.

And above all read them for breadth and background—no business, just as no person, stands or falls alone. By studying business in the large and being familiar with all its phases and the work of others, you will know your own particular job better.

Read for pleasure, for inspiration, for efficiency, for background and the balance sheet will show that profit in dollars and cents is not the only profit in business books.

Borrow the books at your library or buy them.

The verse quoted at the head of this article was also a part of the introduction to the list of books which follows. Some of these books are old friends, in that they have been recommended many times before but we believe that only proves their worthiness.

Miss Cleland has veered away from the ordinary in the headings of the several groups of books, and has made them a bit individual.

A GREAT GAME

Marketing Problems. By M. T. Copeland.

Distribution viewed as a whole from producer to consumer.

Men Who Are Making America. By B. C. Forbes.

"History is the essence of innumerable biographies."—Carlyle.

The Great Game of Business. By J. G. Frederick.

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Special Section of The Bankers Magazine

DECEMBER 1922

"The Romance and Tragedy of Banking"

AT A BANQUET given by the District of Columbia Bankers Association, Thomas P. Kane, Deputy Comptroller of the Currency, sat next to a Justice of the Court of Appeals of the District. During the course of the evening the conversation drifted to the subject of problems that confront the Comptroller of the Currency in the supervision of the national banks, some of which Mr. Kane related to the Justice, who thought them so very interesting and entertaining as to suggest that one who has been connected with the Comptroller's office in an administrative capacity as long as he has, must know of many incidents similar to those related, which, if assembled in book form would make a most interesting volume.

Although Mr. Kane has passed the age for retirement from the Government service, and his duties as Deputy Comptroller are of a very exacting and confining nature, he found time during his leisure moments to follow the suggestion of the Justice, and write an exceedingly interesting book of about 600 pages, which contains many problems and incidents of a varied nature in the history of the Comptroller's office, from the date of its organization in 1868, to the present time.

The book is written in narrative form and has just been published by the Bankers Publishing Company of New York under the title of "The Romance and Tragedy of Banking".

It covers the history of all large, important and sensational

national bank failures, embezzlements, defalcations, robberies, etc., such for instance as the Fidelity National Bank of Cincinnati, the result of Harper's attempted corner of the Chicago wheat market, the wrecking of the Oberlin National Bank by the celebrated Cassie L. Chadwick by use of notes bearing the forged signature of Andrew Carnegie, with photostat copies of the notes and fictitious agreements.

The question of branch banking which recently has received such widespread discussion, pro and con, by bank officials, state and national, and by financial journals, is discussed, and some of the reasons are stated which induced Comptroller Crissinger to take such a radical departure from the position on this important question which the Comptroller's office has maintained without exception from the beginning of the national banking system to the close of the administration of his immediate predecessor.

The proposed abolition of the office of the Comptroller of the Currency, which was so per-

sistently agitated during the administration of Mr. Williams, and which is said now to be only slumbering while awaiting a more favorable opportunity for its revival, and the transfer of the duties and functions of the Comptroller to the Federal Reserve Board and supervision of National Bank Examiners to the Federal Reserve Banks, are strongly combatted and the evil and dangerous effects that would inevitably result from such a change are vigorously pointed out.

The principal reasons advanced by those who favor this proposition are stated to be economy and more effective and efficient administration. It has been contended that the work of the Comptroller's office is an unnecessary and expensive duplication of that of the Federal Reserve Board and of the Federal Reserve Banks.

In disproof of this contention the organization and nature of the duties of each bureau are clearly set forth in detail and it is shown that there is no duplication of work by either bureau and that the Comptroller's office is much more

(Continued on page 3)

WHEN a touch of frost creeps in the air
And the northwind's roaring bugles blare;
When the long, gray evenings gather down
From the hills that shadow the walled-in town;
When the dripping eaves in a bleak refrain
Chant the wail of a winter's rain,
Oh, where is the poet left to sing
A song of dream in the land of Spring?
A song of dream that may compare
To a pipe—a book—and an easy chair?

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